





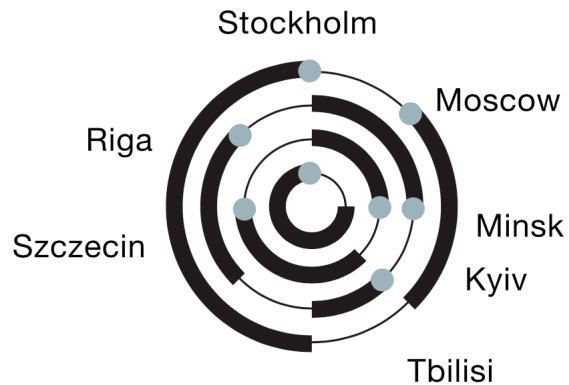
Addressing the COVID-19 Pandemic in Eastern Europe: Policy Responses Across FREE Network Countries

FREE NETWORK WEBINAR | 28.05.2020

Agenda

-  Introduction of FREE Network and Speakers
-  COVID19 Situation in the Region
-  Policy Response to COVID19 Economic Slowdown
-  Discussion and Q&A session

FREE Network



Stockholm Institute of Transition Economics (SITE)

Center for Economic and Financial Research (CEFIR at NES)

Belorussian Economic Research and Outreach Center (BEROC)

Kyiv School of Economics (KSE)

International School of Economics at TSU Policy Institute (ISET)

Center for Economic Analysis (CenEA)

Baltic International Centre For Economic Policy Studies (BICEPS)

Speakers



Jesper Roine, Professor at the Stockholm Institute of Transition Economics (SITE / Sweden)



Sergejs Gubins, Research Fellow at the Baltic International Centre for Economic Policy Studies (BICEPS / Latvia)



Natalia Volchkova, Director of the Centre for Economic and Financial Research at New Economic School (CEFIR@NES / Russia)



Yaroslava V. Babych, Lead Economist at ISET Policy Institute (ISET / Georgia)



Tymofiy Mylovanov, President at the Kyiv School of Economics (KSE / Ukraine)



Lev Lvovskiy, Senior Research Fellow at the Belarusian Economic Research and Outreach Center (BEROC / Belarus)



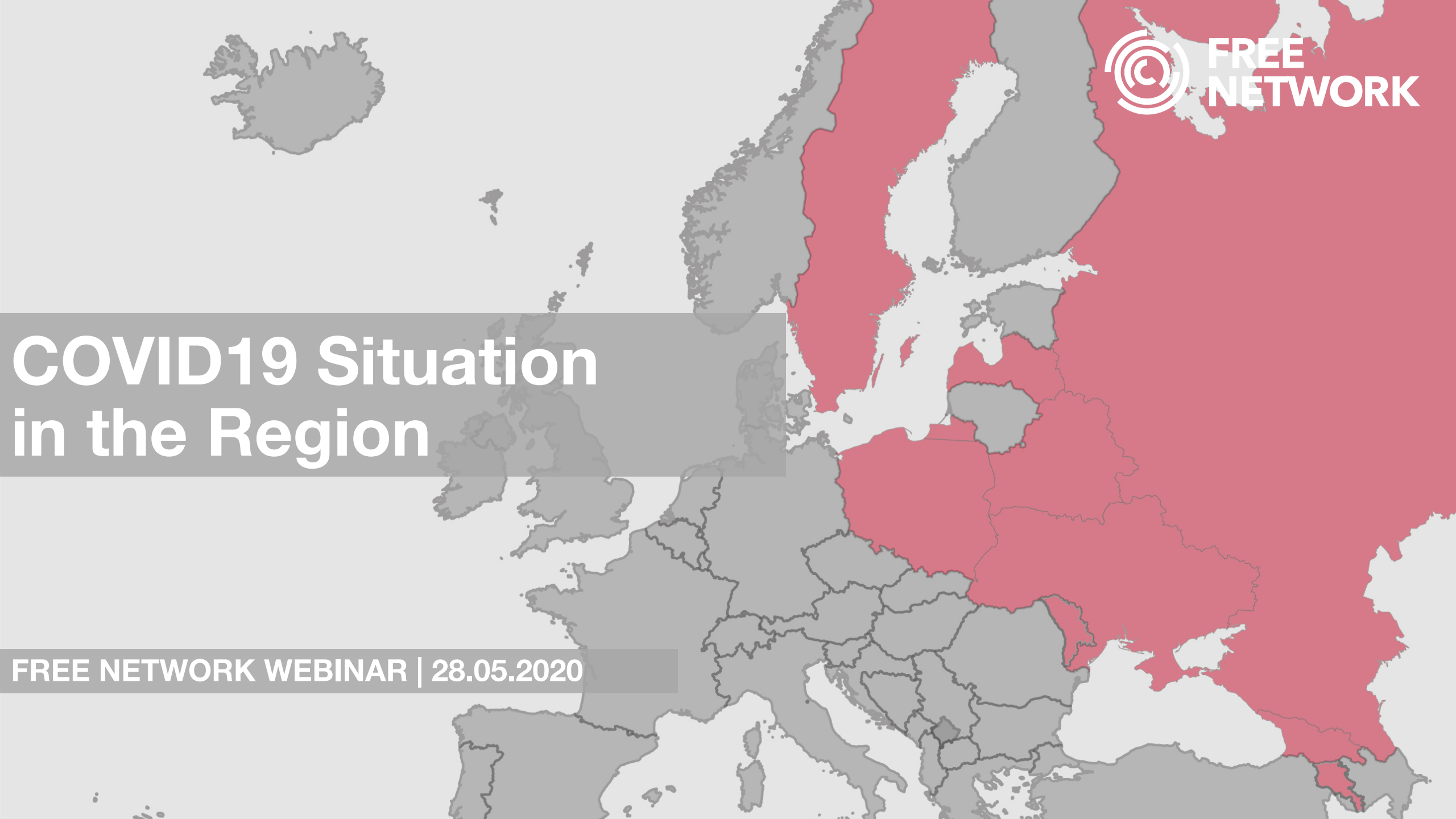
Michal Myck, Director of the Centre for Economic Analysis (CenEA / Poland)



Torbjörn Becker, Director of the Stockholm Institute of Transition Economics (SITE / Sweden)

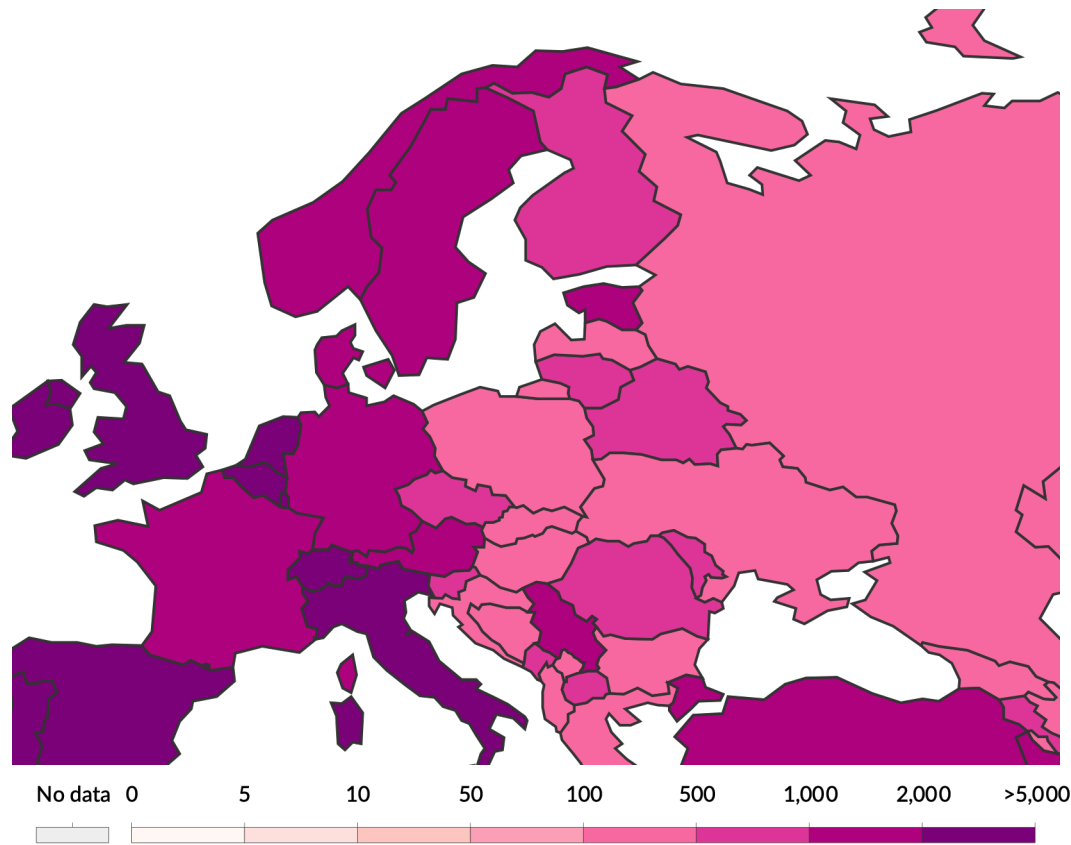
COVID19 Situation in the Region

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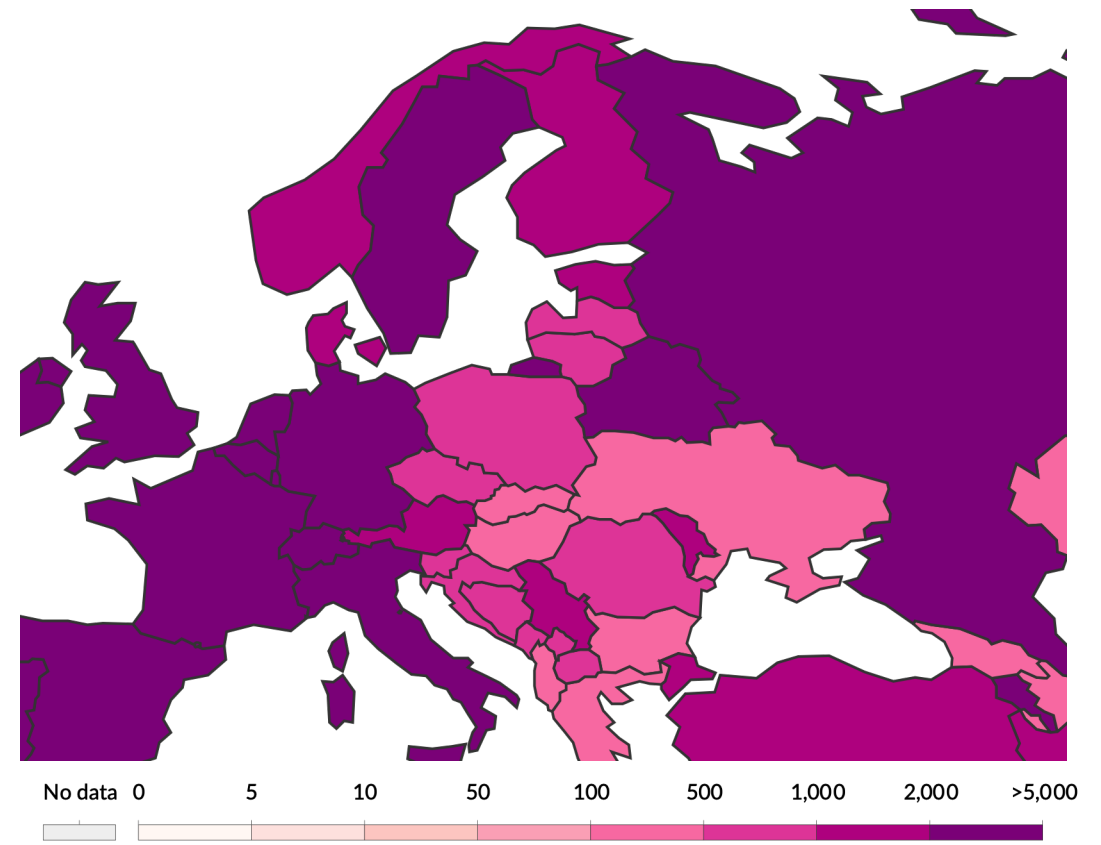


Total confirmed COVID-19 cases per million people

COVID-19 cases as of 25th of April, 2020



COVID-19 cases as of 25th of May, 2020

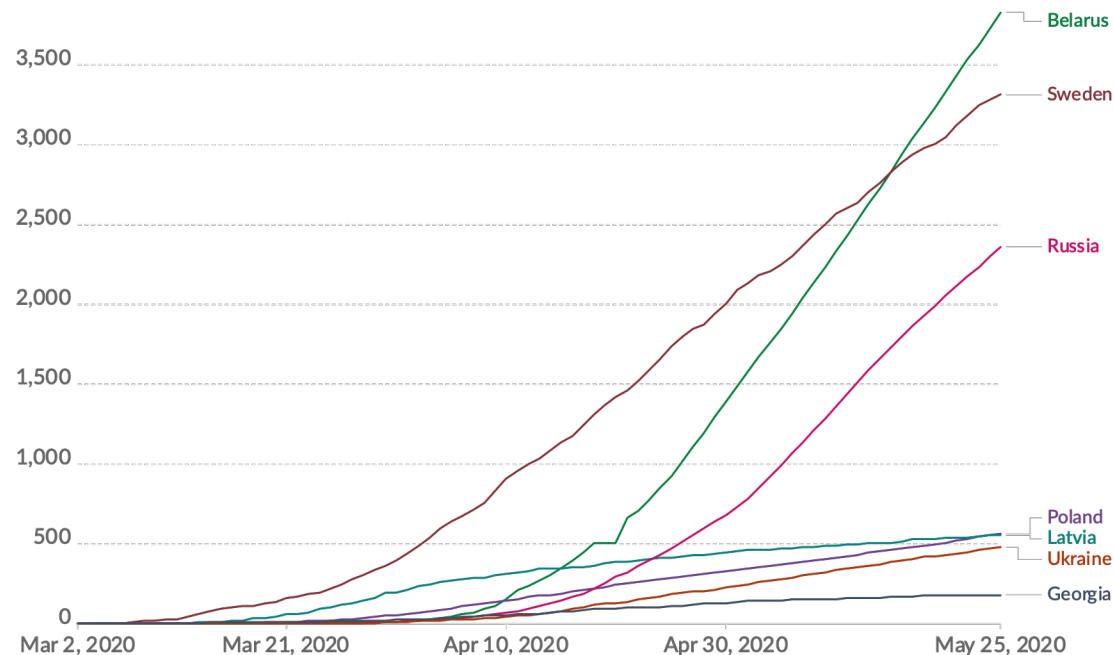


*The number of confirmed cases is lower than the number of total cases. The main reason for this is limited testing.

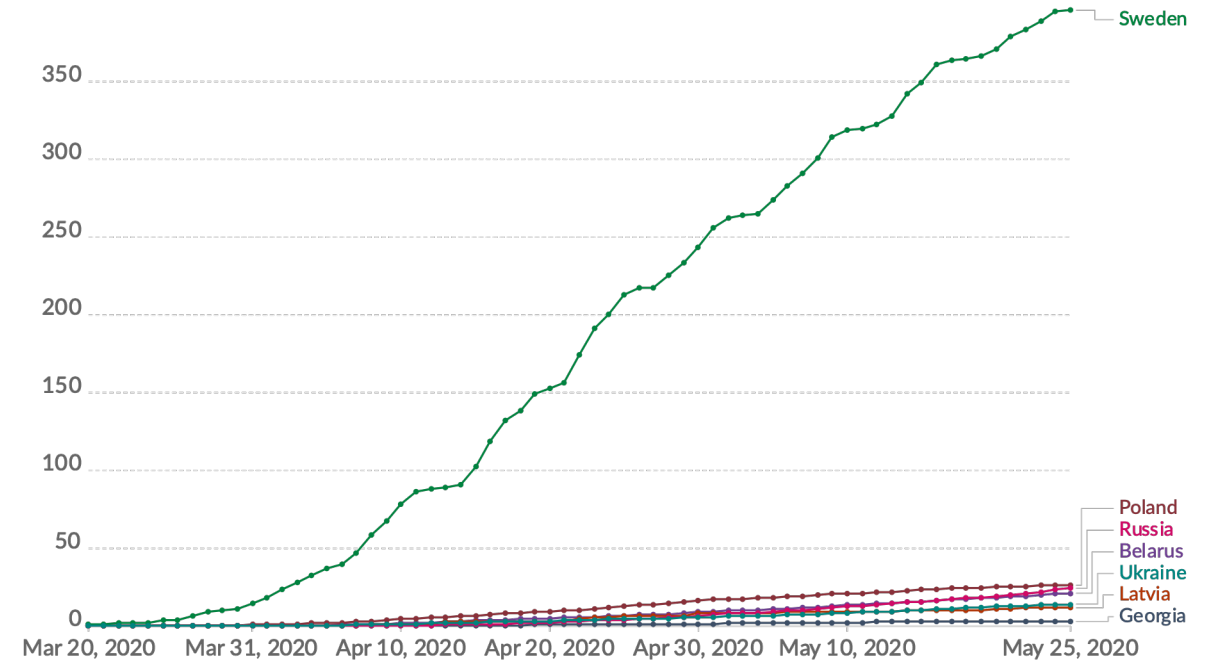
Data source: ECDC. Visualisations:
OurWorldInData.org/coronavirus • CC BYa

COVID-19 cases and deaths per million people

Total confirmed COVID-19 cases per million people in FREE Network countries as of 25th of May, 2020



Total confirmed COVID-19 deaths per million people in FREE Network countries as of 25th of May, 2020

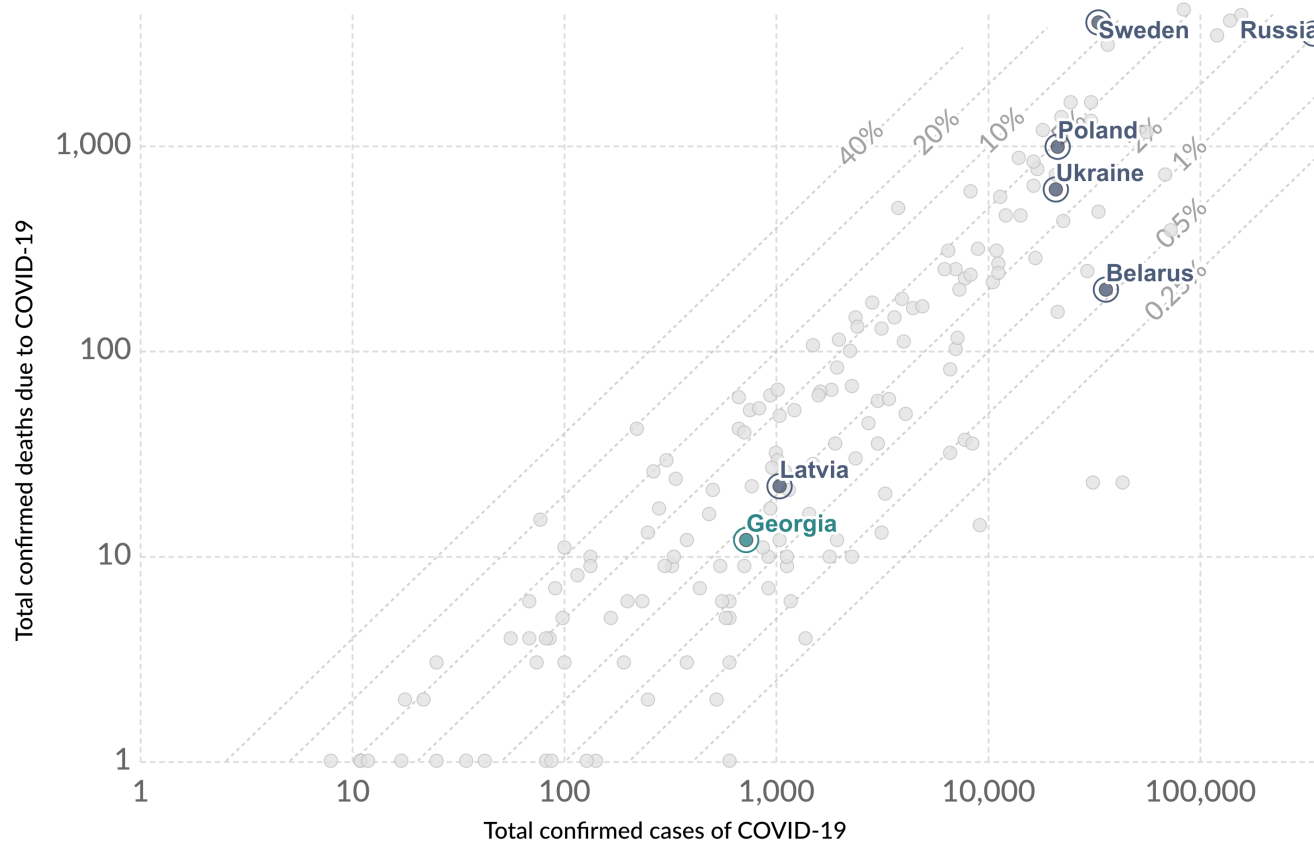


*Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true total number of deaths from COVID-19.

Data source: ECDC.
Visualisations: [OurWorldInData.org/coronavirus](https://ourworldindata.org/coronavirus) • CC BYa

Total confirmed COVID-19 cases vs. deaths per million

cases).



Country	Total confirmed cases of COVID-19 (cases)	Total confirmed deaths due to COVID-19 (deaths)	Total Deaths per 100 Total Cases
Sweden	33459	3998	11.95
Poland	21326	996	4.67
Ukraine	20986	617	2.94
Latvia	1047	22	2.10
Georgia	730	12	1.64
Russia	344481	3541	1.03
Belarus	36198	199	0.55

* Both measures are expressed per million people of the country's population.
The confirmed counts are lower than the totals. The main reason for this is limited testing.

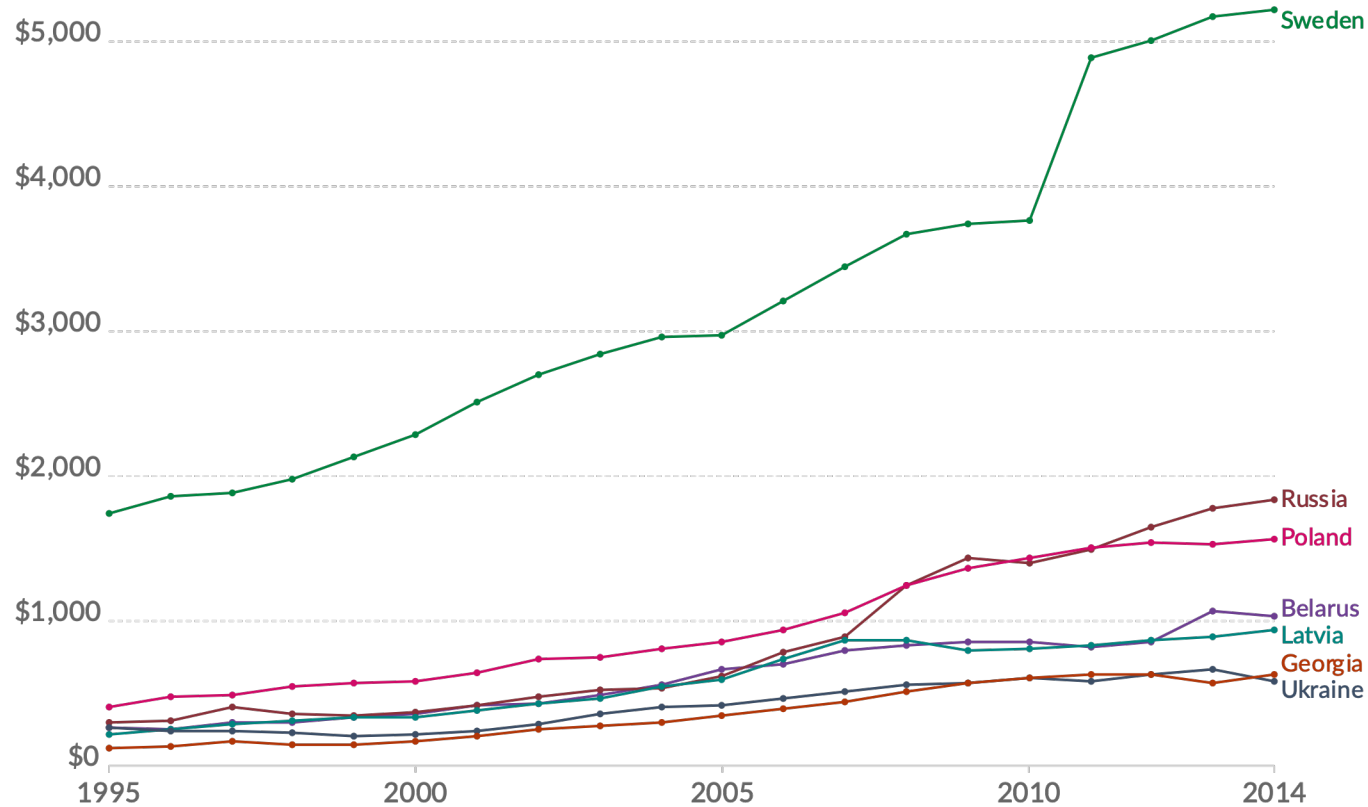
Time: as of 25th of May, 2020 Data source: ECDC.
Visualisations: OurWorldInData.org/coronavirus • CC BYa

Health Snapshot of the Region

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Annual healthcare expenditure per capita

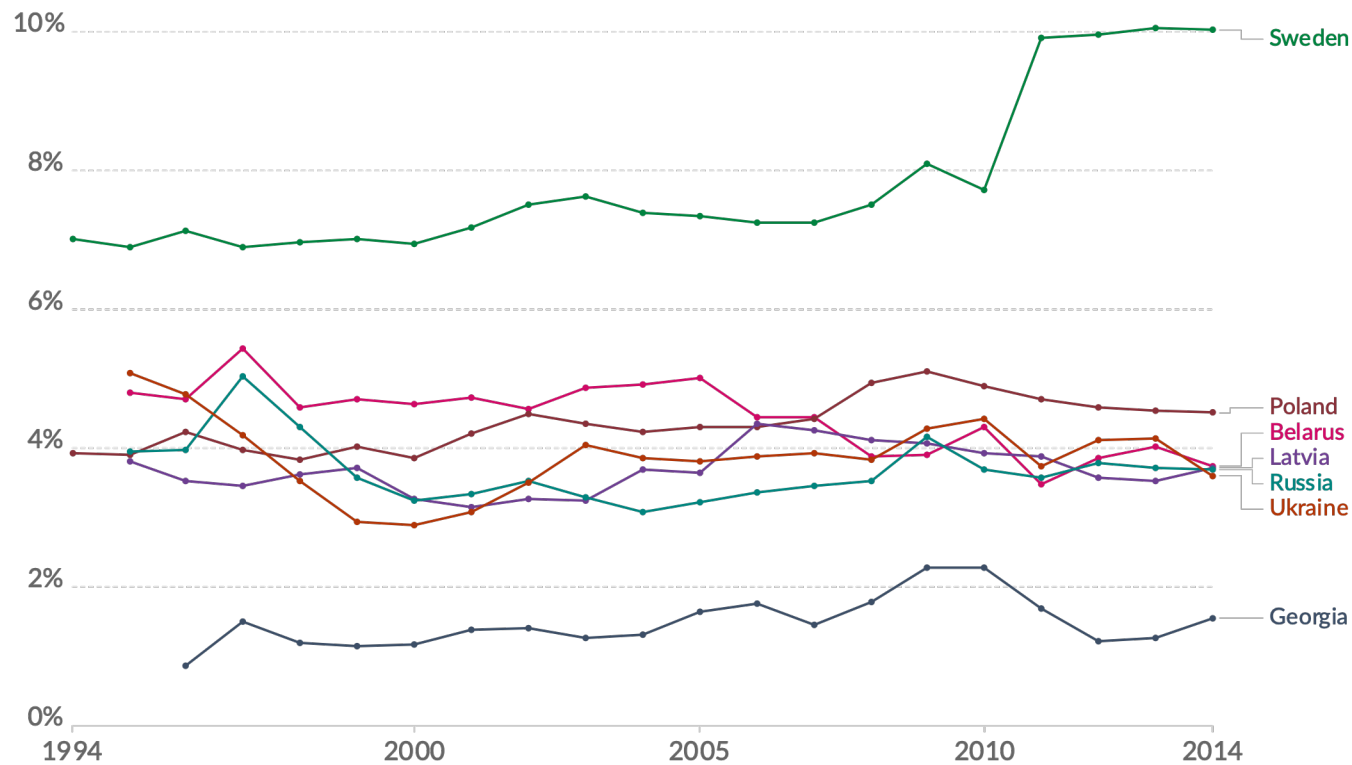
Adjusted for inflation and price differences between countries and expressed in constant international USD in 2011 prices.



Country	USD per capita
Sweden	5'218
Russia	1'835
Poland	1'570
Belarus	1'030
Latvia	940
Georgia	627
Ukraine	584

Public health expenditure (% GDP)

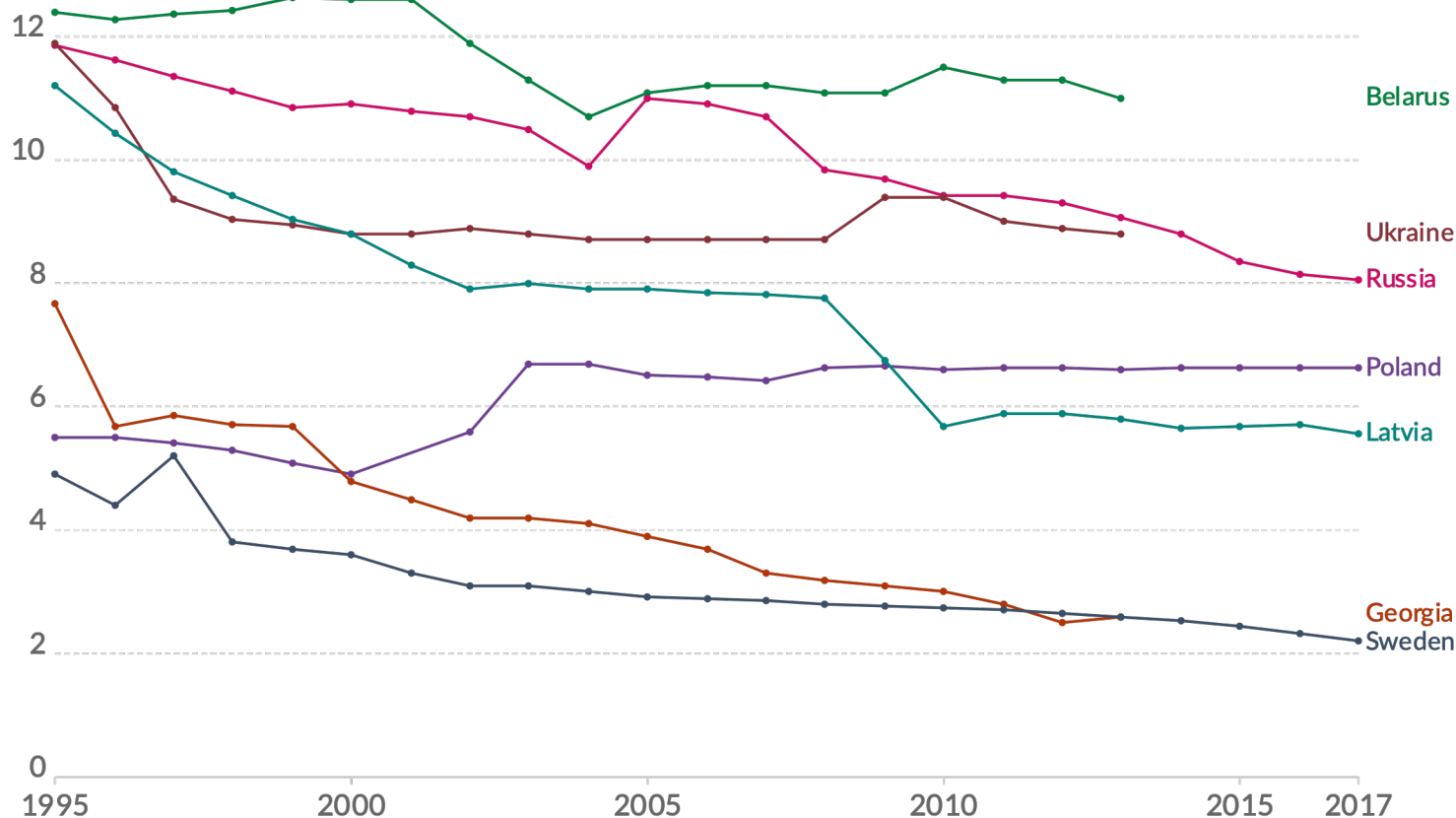
Public health expenditure includes: recurrent and capital spending (central and local levels), external borrowing and grants (including donations from international agencies and NGOs), and social or compulsory insurance funds.



Country	Expenditure % of GDP
Sweden	10.02%
Poland	4.51%
Belarus	3.74%
Latvia	3.72%
Russia	3.69%
Ukraine	3.60%
Georgia	1.55%

Hospital beds per 1,000 people

Hospital beds include inpatient beds available in public, private, general, and specialized hospitals and rehabilitation centers. In most cases beds for both acute and chronic care are included.



Country	Hospital beds per 1000
Belarus	11.00
Russia	9.07
Ukraine	8.80
Poland	6.61
Latvia	5.80
Georgia	2.60
Sweden	2.59

Policy Response in the Region

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Sweden 🇸🇪

Sweden has received much attention in international media as the country where “it is business as usual”. Not quite true, but it remains that most restrictions have been in the form of recommendations. In terms of responsibility, the day-to-day actions are decided by “*The Public Health Agency of Sweden*” not the government itself. “Ministerial rule” is explicitly forbidden.

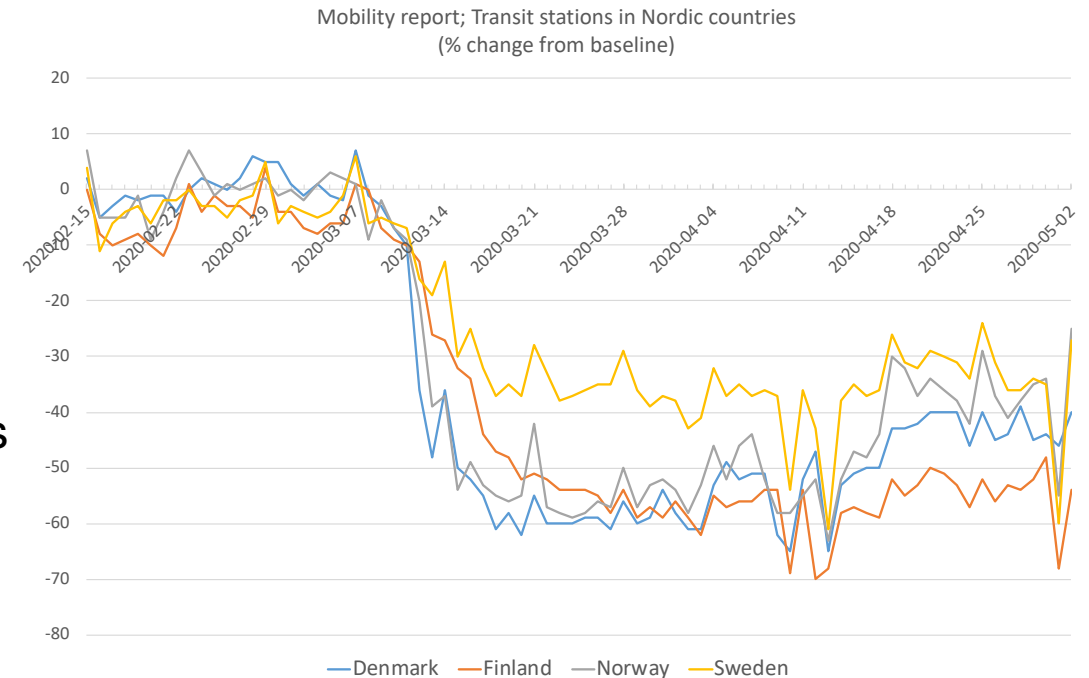
Key health policies

Overall policy: **Mitigate** and **protect the elderly**

11 March: Gatherings of more than 500 forbidden, recommendations about minimizing work in the office and “unnecessary travel” etc.

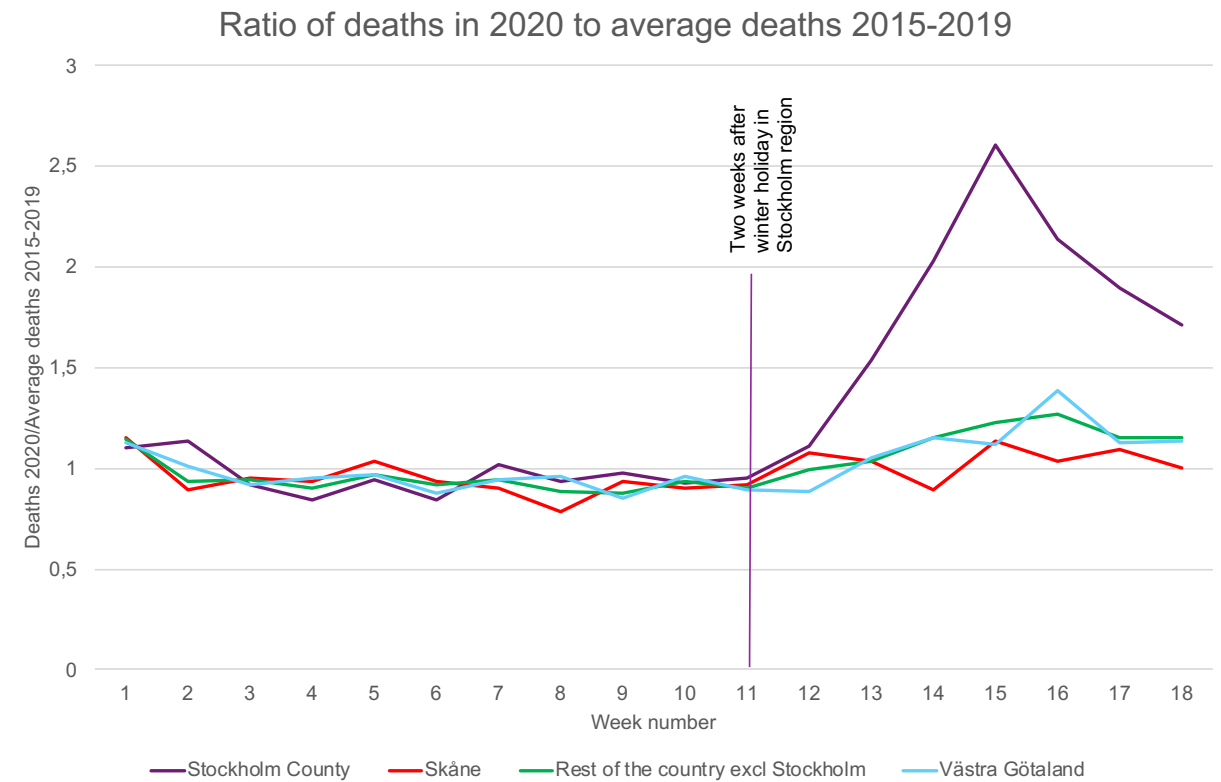
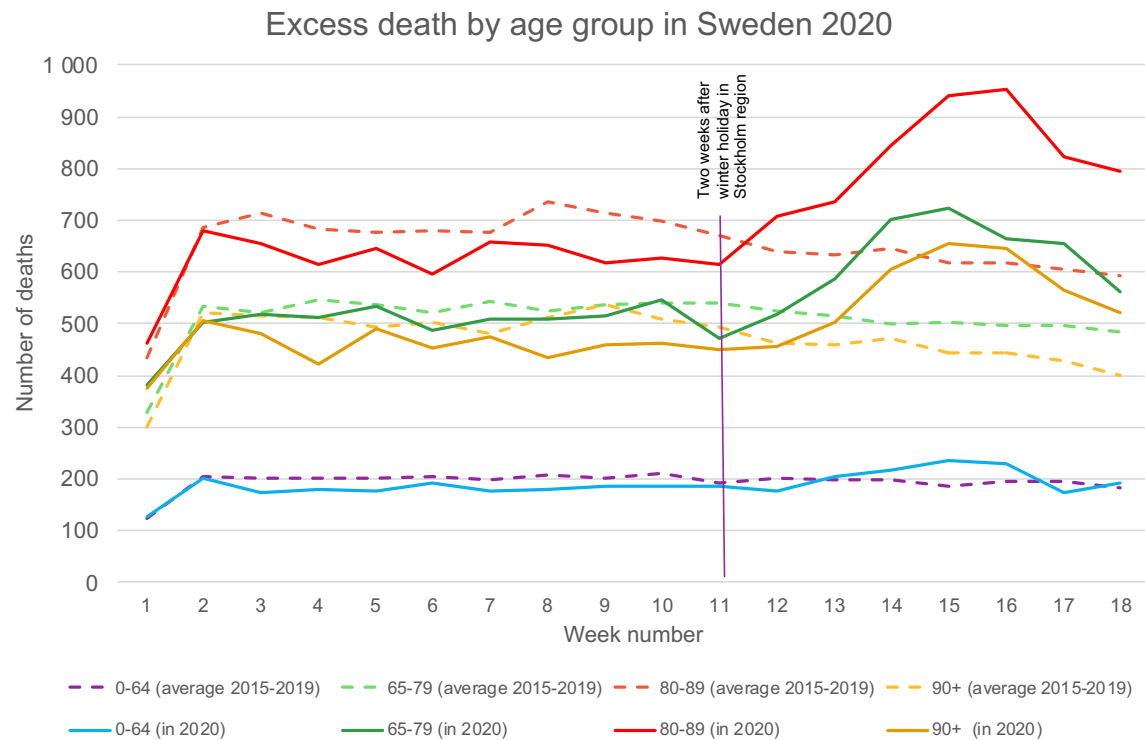
17 March: Recommends closure of universities and schools for children above the age of 15. Other schools and day-care remain open.

27 March: Gatherings of more than 50 forbidden.



Sweden 🇸🇪

Key dimensions behind aggregate death numbers (so far):



Sweden

Key economic policies

Many programs to protect both firms and employees (currently $\approx 4\%$ GDP);

Unemployment 8.1% in April (6.7% in April 2019) but true impact is in the "short-term allowance";

Public Debt at 35% of GDP gives a lot of fiscal room to "do everything that it takes".

Key policy issues discussed

Main issues at present: Many are critical about the handling of the situation (and think we should have done what other Nordic countries did);

Lack of testing remains a mystery (also for many who do not disagree with everything the Health Authorities have done);

On the economic side, the biggest issue is how Sweden should act vis-a-vis the EU.

Latvia

Latvia (1.9 mln inhabitants) has the 2nd and the 6th lowest rates of, respectively, mortality (23 deaths) and infection (1,057 infected persons) in the EU. Half of all cases are in Riga. Total number of tests: 103,553.

Key health policies

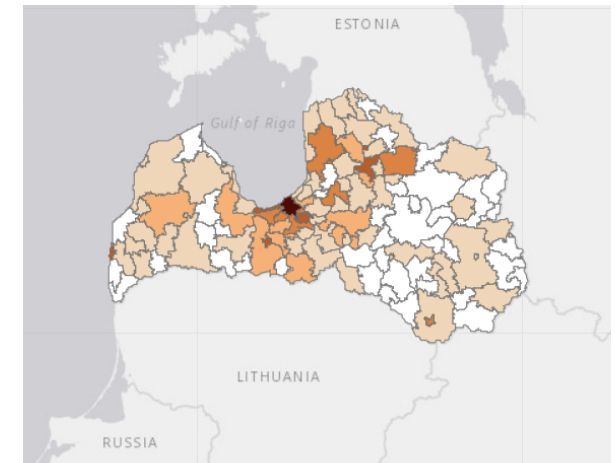
The first cases: 3 March (false positive?), then 8 March.

The emergency situation: 12 March (10 cases by that time).

(i) 2 meters distancing, (ii) All universities/schools are closed, (iii) Ban on all public events; theaters/museums are closed, (iv) Ban on meetings of more than 50 people, (v) Ban on international public transport (plane, bus, ferry); Riga airport and airBaltic are closed on 17 March, (vi) 2-week quarantine for everyone arriving from abroad.

Later on: Max 2 persons (30 Mar) / 25 people (12 May) meetings, suspension of planned medical services (25 Mar – 20 May).

Offices/kindergartens/supermarkets/cafes/parks/hair salons remain open, no internal travel restrictions, no compulsory masks in public transport until mid-May. Baltic travel bubble since 15 May.



Total number of registered Covid-19 cases across Latvia's municipalities

Latvia

Key economic policies

Government has consolidated €4.5 bln to fight Covid-19 crisis until 2023 (Latvia's GDP is €30 bln, state budget €10 bln): €1.5 bln to compensate for the drop in tax revenues, €2 bln for the allowances and infrastructure projects, €1 bln from private investments (subsidized loans?).

Key spending so far: (i) 70,000 idle allowance to affected workers/self-employed, €28 mln, (ii) Tax holidays for 9,000 firms, €163 mln, (iii) Loans and guarantees for firms, €233 mln, (iv) Equity investment to airBaltic, €250 mln, (v) €75 mln for road infrastructure projects.

Key policy issues discussed

Unemployment rate is 7.4% vs 6% in 2019, projected 11%. Projected GDP drop is around 6%.

Allocated funds do not reach people in a timely manner, average idle allowance is only €380, half of the average wage. Too strict conditionalities to get support – there should be no tax debts, 30% drop in turnover relative to 2019. Lack of additional support for the hospitality industry.

Russia 🇷🇺

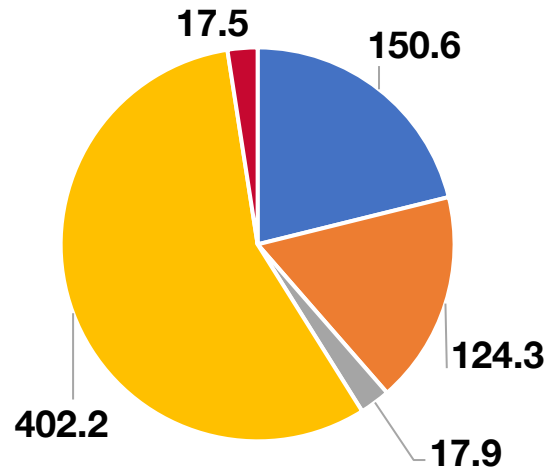
Key health policies

9.16 million tests (as of May 26), more than 350 thousand confirmed cases;

~36% of confirmed COVID patients recovered;

165,000 specialized beds organized for coronavirus patients with serious complications (66% are currently being used as of May 22).

Emergency investment in health, \$ mln.



- stimulus payments to medical workers who works with COVID-19
- treatment of epidemic diseases
- developing means of COVID-19 prevention and diagnostics

Policy Responses	Details
Schools, universities closures	Distant learning from the end of March 2020
Workplaces closures	March 30 - May 11 'non-working' days for non-essential workers, remote working if possible
Restrictions on public gatherings	Ban for events, self-isolation regime
Travel controls	Total border closure from March 30

Russia

Initiator	Measures	Date of announcement	Core recipients	Details in brief
Government	1 st package (\$14 bln)	25.03.2020	Vulnerable groups of population, business	Cash transfers to families with children; increased unemployment benefit; tax and credit payments deferral; support measures to SME in affected sectors; bankruptcy moratorium for 6 months; social tax rate decline for SME
	2 nd package (\$14 bln)	27.04.2020	Regions, population, business	Subsidies to regional budgets; subsidies and soft loans to SME to protect employment; decrease in property tax; auto renew of licenses; subsidies to backbone enterprises; interest-free bank loans to medium and large enterprises from affected sectors; affected sectors support; extra payments to medical specialists
	3 rd package (\$12 bln)	11.05.2020	Vulnerable groups of population, business	Tax deferral and for self-employed, SME and NGO; 2019 tax return for self-employed; soft loans to business; additional cash transfers to families with children; support for self-employed and NGOs; beneficial credit terms for NGO and SME and loan will be forgiven if employment is preserved in a year
Central bank		20.03.2020	Population, business, banks	Credit restructuring and penalty-free payment deferral for COVID-19 infected; decreased CB risk factor premiums against mortgages, especially for families with children; better credit terms for SME; reduction of the regulatory and supervisory burden on financial institutions

Georgia

Georgia is recognized as one of the rare success stories in fighting COVID-19 epidemic with limited resource.

Key health policies

Georgia moved early to detect imported cases of COVID-19: temperature checks for all persons arriving, moving fast on closing travel from known hotspots; mandatory 2-week quarantine of all Georgians arriving from abroad in government provided facilities from March 21st; local travel bans in identified hotspots within the country;

State of Emergency declaration: public transport closures; curfew; strict sanitation measures and strong social distancing rules. Steep fines for breaking the rules;

Restrictions on all vehicle movements and strict enforcement of social distancing rules in churches around the Orthodox Easter, but stopped short of prohibiting the Easter services;

Clear communication, sensible rules and enforcement resulted in strong public trust in the information coming from the authorities.

Georgia

Key economic policies

Government adopted support mechanisms (anti-crisis plans) for tourism and agriculture;

Two largest banks announced a 3-months grace period on loan payments for individuals and micro-businesses; the Central Bank announced easing lending restrictions for commercial banks;

Monthly cash payments to people who lost jobs; support on utilities payments; price fixing for specific food products.

Key policy issues discussed

Opening the country's borders as soon as possible for tourists;

Identifying out-of-the-box solutions for supporting the most affected industries and sectors post-COVID;

Identifying Georgia's place in the global economic and international trade landscape post-COVID.

Ukraine

Ukraine has performed 322,746 test for about 40 mln population. As of today, there are 669 deaths, 13,274 active cases, 8,439 recovered. KSE estimates put the total number of deaths, assuming the current health policies at between 900 and 10,000 by the end of the year. In case of no policies, the death toll could have risen to 120,000 people by the end of the year.

Key health policies

Timeline: First case on March 3, mid March policies are introduced, May 11 first restrictions removed;

Very strict quarantine rules, but poor enforcement;

No parks, no public transportation (except essential workers), all retail and services with the exception of groceries and only in supermarkets and pharma are shut down, schools, government services etc. are shut down, banks are allowed to operate;

Relaxed rules: public transport, parks, some services, marketplaces, etc. are allowed to operate under strict distancing and disinfection rules.

Ukraine

Key economic policies

Macroeconomic and financial stability support package - liquidity + long term refinancing;

Fiscal support package - tax holidays, unemployment and partial employment support, credit to companies;

Deregulation, with focus on the labor market.

Key policy issues discussed

Grant based support of industries;

Weaker monetary policy;

International trade promotion, import substitution, protectionism, localization in state procurement policies (obviously, inconsistencies).

Belarus

Belarus (9.5 mln inhabitants) official number of cases doubling every week till Apr 29, plateauing at 900-950 cases per day thereafter. Official death toll is low and stable at 4-5 deaths per day.

Key health policies

No quarantine, no borders closures, public events are not prohibited, religious holydays, soccer games, victory parade;

Individuals arriving from abroad must self isolate for 2 weeks;

Official policy: trace and isolate;

Commercial testing for COVID is not available;

No random testing.

Belarus

Key economic policies

Central Bank: financial regulatory easing;

Government: delay some tax payments for business;
decrease rent on state-owned commercial property.

Key policy issues discussed

Unemployment benefit (currently \$11-22, possible short-term increase to \$100);

Obtain loans from IMF, WB, China to finance economic programs;

2020 GDP is projected to fall by 4-6%;

Industrial production fell by 7% in April;

48% of individuals report decrease in income (representative for urban population).

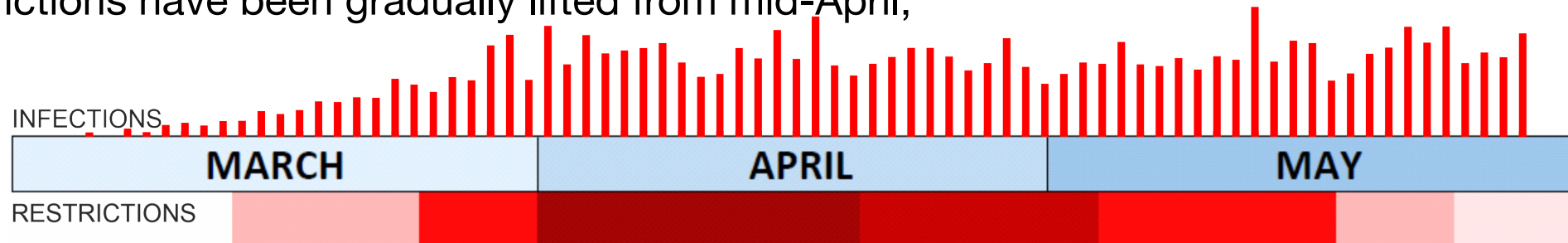
Poland 🇵🇱

Poland has succeeded in avoiding an eruption of infections, but so far the total daily cases remain at a stubbornly stable level (approx. 400 per day) – current infections localized mainly in one region (Silesia).

Key health policies:

One of the first countries in the EU to restrict non-essential traffic from abroad: from 15.03 foreigners banned entry and 14-day quarantine for all returning Poles. All air travel has been banned. Schools, universities, kindergartens closed on 12.03;

Most significant social distancing limitations in first half of April: ban on public gatherings (2+) including churches and all non-essential mobility, ban on access to parks, forests, restaurants, bars, hotels, museums, cinemas, gyms; restriction for <18s; face-masks obligatory in public. Restrictions have been gradually lifted from mid-April;



Limitations have been implemented without a declaration of an official state of emergency. Instead a state of epidemic risk and then a state of epidemic announced.

Poland

Key economic policies

Labour market support (3 months): cash transfers to self employed/civil contracts; SSC exemptions for small companies and self-employed; (conditional) wage support in cases of: "stoppage", 20% reduction in hours, significant reduction in revenue.

Liquidity support: delay of tax payments, deduction of 2020 losses from 2021 tax base, preferential financing and credit guarantees to SMEs and large corporations, subsidies with potential write-off conditional on continued operations.

Monetary policy: interest rates cut from 1.5% to 0.5%; reduction in rate of obligatory reserves.

Key policy issues discussed

Political calendar complicated the scene with the presidential election planned for 10.05: eventually called off in a constitutionally controversial fashion; controversies over liberty limitations without a formal state of emergency; privileges of the political elite drew a lot of attention;

So far little attention to welfare support issues and consequences for unemployment still uncertain;

Recent liberalisation of the labour code has raised concerns;

Medium term economic outcomes strongly dependent on exports and investment.

Discussion and Q&A Session

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