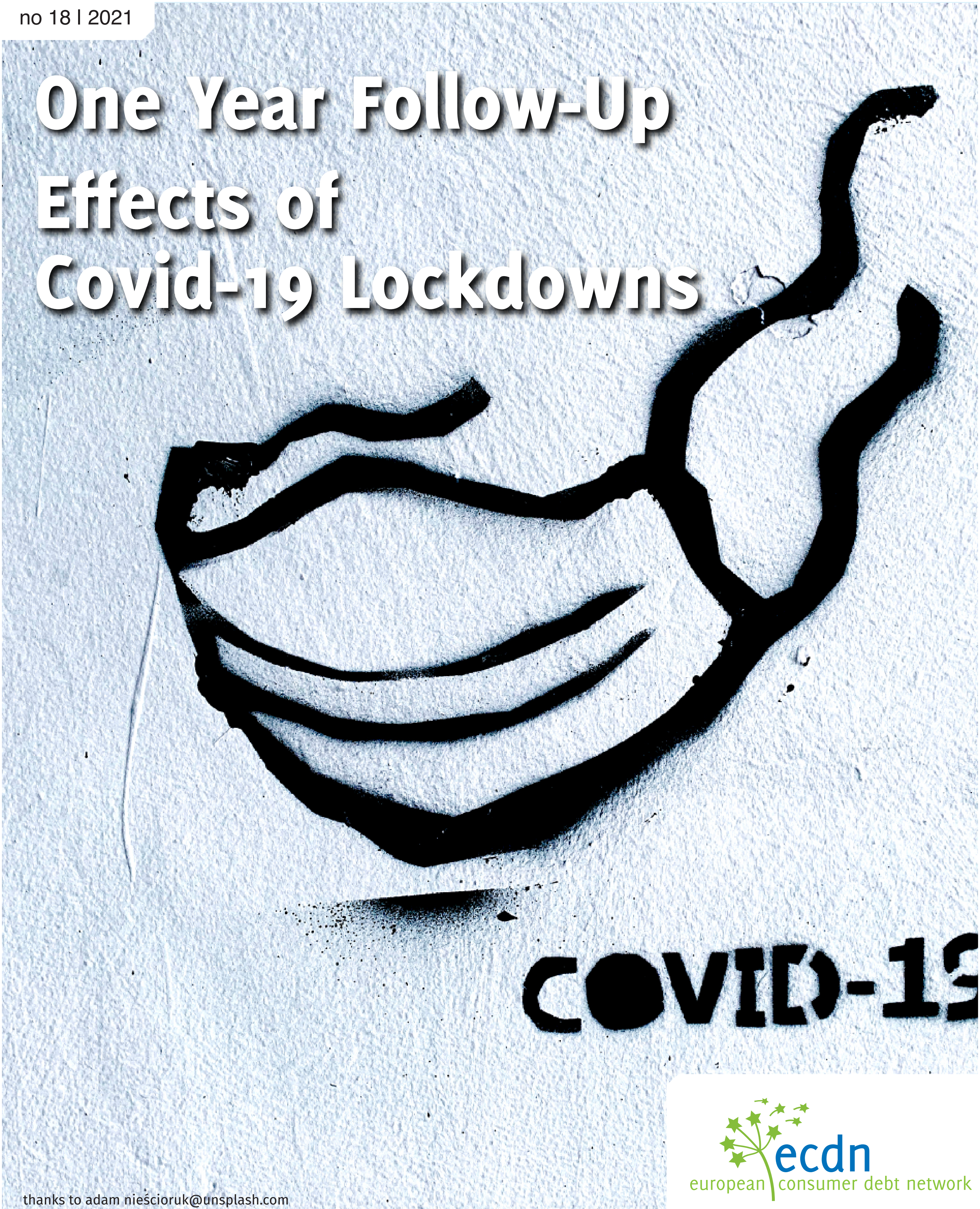
# MONEY MATTERS

no 18 | 2021

## One Year Follow-Up Effects of Covid-19 Lockdowns



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## Editorial

When ECDN published Money Matter Issue No. 17 „Debt Advice in Times of the Covid-19 Pandemic“ in May last year, there were around 1.317.000 diagnosed Covid-19 cases and around 157,000 Covid-related deaths in Europe.  The last week of February 2021 the figure has climbed to 22,5 million cases and 547.000 deaths.[1] The number of infections has increased by a factor of 17 in the past eleven months. In contrast, the number of Corona-related deaths has only increased – and this is the positive message – by a factor of 1.7

Many of the governments' aid measures have been limited until the beginning of July 2020, but they have not taken into account that a second wave of infection may come, much stronger than the one in spring 2020. In autumn and winter 2020, this second wave of infection reached new highs – and at different times in the individual countries. With the exception of Sweden, the European countries have reacted to the increase in the number of infections with lockdowns of varying severity (see table). These lockdowns have left many people, many households and many shops and businesses in dire financial straits – despite the government support payments that have been used to alleviate these difficulties. Feedback from those affected says that the support payments were and are too low, that the application process is too bureaucratically complex and that the payments are sometimes only made months later.

The financial wellbeing has declined as a result of the lockdowns, this is the message of a European survey. Around half of the 24,000 respondents say they have **never before** felt as anxious about their financial wellbeing as they do today (47%). Correspondingly, 35% tell in that survey they have lost income as a direct result of the crisis.[2] The lockdowns have massively endangered many flourishing branches (e.g. restaurant and hotel business, event and tourist business, cinemas, theaters, galleries, music and peformance art).

But there is more to say. The scant evidence available so far indicates that **social inequalities** are a factor in COVID-19. For the US and the UK, the reported findings indicate the presence of socio-economic inequalities in infection risks as well as the severity of the course of the disease, with socio-economically less privileged populations being hit harder.

An increased risk of infection has been related to crowded living conditions and typical civilization morbidities like cardiovascular diseases (for example coronary heart disease and hypertension), lung diseases (such as chronic bronchitis), diabetes and obesity.[3]

Analyses of cause of death statistics from England and Wales confirm this finding: in its report from 12 June 2020, the national statistical office, after analysing 46,687 COVID-19-related deaths, finds that people from the most deprived regions had a roughly twice as high risk of dying from a SARS-CoV-2 infection than people from the least deprived regions

A classified analysis by the Joint Biosecurity Centre (JBC), a British government agency, produced in January 2021, concluded that people in poorer areas were less likely to be able to self-isolate because they could not afford to lose income. **Deprivation** and **ethnicity** were for the first time recognised as risk factors for severe Covid-19.

In our previous issue we predicted that the financial  and personal consequences of the Covid-19 crisis wiill remain visible for a long time to come. In this 1-year-follow-up issue we have again collected scientific information from twenty European countries. The reports impressively demonstrate how severe the impact of the pandemic is, especially for so-called financially „vulnerable“ consumer groups, such as young adults with less savings to fall back on, those with low income who are already on strict budgets or precarious workers. There is emerging evidence of a growing social divide associated with the pandemic.

Nils Behrndt, Director for Consumers at DG Just, summed up what this situation means for debt counselling: „The ongoing pandemic is amplifying the need for the development of high-quality independent debt advice services across the EU. Although it is too early for updated and aggregated data on the economic impact of the pandemic and its financial consequences, it is obviously expected that debt will increase at all levels and that the capacity of many debtors to repay will be generally reduced. The consequences can be detrimental to debtors, creditors and society at large.“[4]

Dieter Korczak
Editor

1 https://www.ecdc.europa.eu/en/cases-2019-ncov-eueea

2 Intrum 2020: European Consumer Payment report. https://www.intrum.com/media/10154/intrum-ecpr-2020.pdf

3 Wachtler B et al: Socioeconomic inequalities and COVID-19 – A review of the current international literature. Journal of Health Monitoring 2020 5(S7) DOI 10.25646/7059

4 At the online seminar series "Good practice in debt advice", January 2021

| Country | Total Population in mio. | Registered Corona Cases | Registered Deaths with/by Corona | Corona Deaths › 70 years | Date for first lockdown | Date for second lockdown | Date for third lockdown |
|---|---|---|---|---|---|---|---|
| Austria | 8,9 | 412181 | 7777 | 84,6 (75+) | 16.03-14.04 | 17.11-06.12. | 26.12-07.02 |
| Belgium | 11,5 | 700000 | 20933 | 81,7 (75+) | 18.03-11.05. | 02.11.- to date | |
| Bulgaria | 6,9 | 217000 | 8944 | | 13.03-11.05. | 27.11.-31.01. | |
| Denmark | 5,7 | 197208 | 2071 | | 11.03.-15.04. | 07.12.-28.02. | |
| Germany | 83,1 | 2180000 | 54498 | 89,1 | 17.03-05.05. | 28.10.-to date | |
| Estonia | 1,3 | 41966 | 398 | | 13.03.-17.05 state of emergency | | |
| Finland | 5,6 | 43616 | 660 | 86 | 16.03.-16.06. | 08.03.- to date | |
| France | 65,2 | 3110000 | 74456 | | 17.03.-11.05. | 28.10.-15.12. | |
| Greece | 10,4 | 154000 | 5724 | | 23.03.-01.06. | 07.11.-15.01. | 10.02.-16.03. |
| Hungary | 9,6 | 362000 | 12198 | | 16.03.-16.06. | 09.11.-09.12. | 08.03.-22.03. |
| Ireland | 4,9 | 196780 | 3120 | 92,7 (65+) | 28.03.-29.06. | 21.10.-04.12. | 24.12.- to date |
| Italy | 59,6 | 2553032 | 88516 | 86,25 | 09.03.-28.05 | 08.10.-05.11. | 06.11.- today, local lockdown |
| Latvia | 1,9 | 66241 | 1195 | 73 | 13.03.-19.06 | 09.11.-06.04. | |
| Lithuania | 2,7 | 179000 | 2716 | | | 15.12.- to date | |
| Malta | 0,4 | 17903 | 267 | | No lockdown … | … but measures of containement | |
| Netherland | 17,4 | 978260 | 14086 | 90,6 | 12.03.-15.06. | 14.10.- to date | |
| Norway | 5,5 | 61191 | 556 | | March to April | December to January | |
| Poland | 37,8 | 1490000 | 36054 | | 01.04.-06.06. | 28.12.-14.02. | |
| Portugal | 10,1 | 669000 | 11305 | | 18.03.-02.05. | 09.11.-28.12. | 15.01.-16.03. |
| Romania | 19,2 | 719000 | 18015 | | 16.03.-14.05. | 06.09.-07.02. | 12.02.- to date |
| Sweden | 10,1 | 560000 | 11452 | | | | |
| Slovakia | 5,4 | 241000 | 4361 | | 16.03.-20.05 | 19.12.-24.01. | 03.03.- to date |
| Slovenia | 2 | 162000 | 3425 | | 16.03.-15.05 | October to date | |
| Spain | 47,3 | 3005487 | 78926 | 97,2 | 14.03.-20.06. | 25.01.-08.11. | 09.11.- to date, delegated to regions |
| Czech Republik | 10,7 | 956000 | 15791 | | 14.03.-20.04. | 09.10.-03.12. | 27.12.- to date |
| Ukraine | 43,7 | 1240000 | 23307 | | | 29.08.-28.09. | 24.02.- to date due to zones |
| United Kingdom | 67,8 | 3817176 | 106158 | | 20.03.-13.05. | 31.10.-02.12. | 04.01.- to date |

# Relevant Studies in Austria

by **Stefan Angel**, Institute for Social Policy, Vienna University of Economics and Business, stefan.angel@wu.ac.at

**Austria Corona panel project**

The study is based on a panel survey with a sample of 1500 respondents, which represents the socio-demographic structure of the Austrian population. Panel survey means that the same people are interviewed repeatedly in order to be able to monitor changes in a time of rapid upheaval. Between the end of March 2020 and the beginning of July 2020 the survey was conducted in a weekly rhythm, from then on the interval was successively increased and since August 2020 the data are collected monthly.

**Some results:**

- Seven out of ten people wanted to reduce their individual consumption – and this was independent of income losses
- Between February and September 2020, the average net household income for the population has not yet recovered to pre-Corona levels.
- Young people (<30) were particularly hard hit by loss of income.
- Higher-level service occupations and self-employed people with medium-sized to larger companies (with 11+ employees) recorded income gains more often than the average.
- People with a higher level of education realized more income gains.

**Akcovid Study** https://inprogress.ihs.ac.at/akcovid/

In June 2020, a panel study was started in which 2,000 people between the ages of 20 and 64 living in Austria were asked about their current situation compared to their situation before the start of the Corona crisis (data collection in the period June 18 to July 2, 2020). The age limit is due to the specific focus of the study on the working population or on families with children. A follow-up survey is planned for January 2021.

**Main results hitherto:**

- Single parents with children under the age of 18 are very much under pressure. While around 15% found it difficult to make ends meet before the corona crisis, this was around 38% in June 2020. More than a quarter of single parents have already had to fall back on savings or run up debts.
- In sum, population groups who had a lower social status or a weaker economic position before the start of the corona crisis appear to be more affected by the economic effects of the corona pandemic. Particularly, freelancers and the self-employed, are also looking into a very uncertain financial future.

**Outlook**

Current economic prognoses on the economic consequences of the COVID-19 outbreak are highly volatile and marked by a high uncertainty. So far Austria has not been hit extremely hard economically. For the future an increase in psychological issues is expected. Many commentators and experts from debt counseling services and creditor organizations expect an increase of private bankruptcies in the second half of 2021. Yet bankruptcies are delayed due to the debt protection measures mentioned in my previous report (MM 17/2020). However, many of these measures are about to end now or in the first half of 2021.

**Further references from the University of Vienna**

- https://viecer.univie.ac.at/en/projects-and-cooperations/austrian-corona-panel-project/ is a comprehensive data source
- https://bprainsack.medium.com/the-coronation-of-austria-part-13-ede9457d4118 This is also a recent summary of this data
- and this https://bprainsack.medium.com/

**From the Institute for Advances Studies**

- https://www.ihs.ac.at/about/public-relations/news/ihs-resources-covid-19/

# Bulgaria Report

by **Bistra Vassileva**, Professor of Marketing, University of Economics-Varna, bistravas@gmail.com

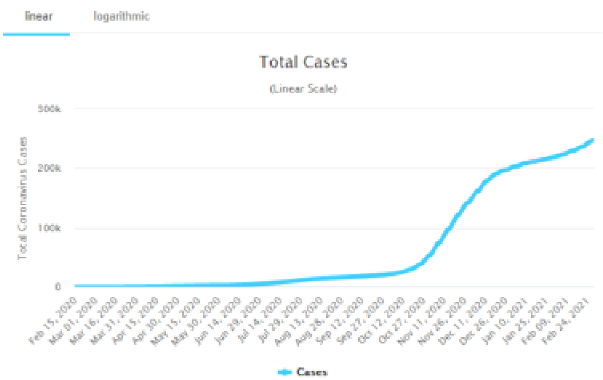



Figure 1. Total Coronavirus Cases in Bulgaria
Source: https://www.worldometers.info/coronavirus/country/bulgaria/

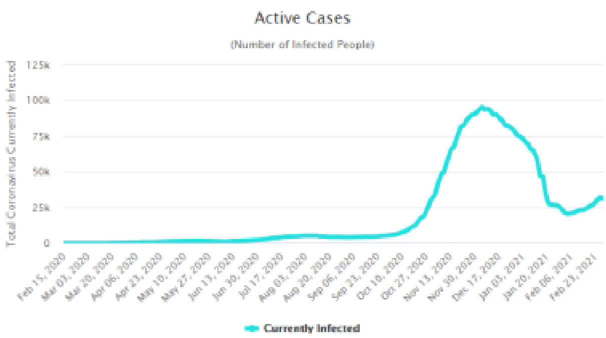



Figure 2. Active Cases in Bulgaria, Number of Infected People
Source: https://www.worldometers.info/coronavirus/country/bulgaria/

Bulgaria is following WHO and ECDC guidance on threat mitigation. Grocery stores and pharmacies remain open. Supplies including food and medicine remain plentiful. Kindergartens, nurseries and schools for elementary students are open. Beginning February 4, 2021 students from 5th to 12th grade are gradually starting in-person classes at school under a phased schedule. University students are taught remotely. Group celebrations with the presence of more than 15 people indoors and outdoors (including weddings, balls, baptisms, etc.) are not allowed.

All persons must cover their mouth and nose with a mask in all indoor public spaces (including hospitals, pharmacies, administrative institutions, shops, malls, churches, museums, and all public transportation including railway, bus and metro stations, and airports, etc.) as well as in open public spaces where there is a crowd of people and impossibility to observe a physical distance of 1.5 m. Scarves or substitute face coverings are no longer allowed in place of a mask.

1 https://www.worldbank.org/en/country/bulgaria/overview

**Challenge to the Bulgarian Economy**

Apart from the purely medical aspects, the pandemic and the related restrictions posed a very serious challenge to the Bulgarian economy. The size of this challenge could be convincingly illustrated by the changes in the Total Business Climate Indicator for the country (Table 1).

The worsening business climate (accompanied by the forced closure of some businesses such as retail shops and restaurants) and the inability of others to act at full capacity resulted in significant changes in the labour market marked by a sharp increase in the unemployment rate in April. Then, less than 13,000 people were hired while over 87,000 (2.1% of the working age population) were registered as newly unemployed. The unemployment rate reached 9% in May and decreased slightly to 8.3% in June.

According to the World Bank[1] in the current period, the ongoing pandemic is currently forecast to drag the economy into a recession in 2020. Poverty is projected to increase, given the job losses and rising vulnerabilities associated with the crisis and

| | January | February | March | April | May | June | July | August |
|---|---|---|---|---|---|---|---|---|
| Total Business Climate Indicator | 28.5 | 27.7 | 24.0 | -17.7 | -5.9 | 5.5 | 8.0 | 8.5 |
| Business Climate in industry | ↑ 26.8 | ↑ 26.8 | ↑ 21.6 | ↓ -10.2 | ↘ 1.2 | → 10.9 | → 11.0 | → 11.2 |
| Business Climate in construction | ↑ 30.3 | ↑ 30.8 | ↑ 32.2 | ↓ -13.4 | ↘ 3.9 | ↗ 18.3 | ↗ 16.5 | ↗ 16.7 |
| Business Climate in trade | ↑ 41.6 | ↑ 41.0 | ↑ 34.4 | ↓ -17.6 | ↘ -1.4 | → 14.4 | ↗ 20.8 | → 17.9 |
| Business Climate in service sector | ↑ 17.0 | ↑ 12.4 | ↑ 10.3 | ↓ -36.8 | ↓ -34.3 | ↓ -27.3 | ↘ -19.1 | → -14.5 |

Table 1. Dynamics of the Business Climate (in %) in Bulgaria (January – August 2020)
Source: http://www.co-plan.org/wp-content/uploads/2020/12/Socio-economic-Effects-of-COVID-19-in-Bulgaria-A-Spatial-Analysis.pdf, p.103

the possible negative impact of rising minimum wages on employment among the unskilled. The poor are more vulnerable to health shocks because they often have less access to health care and lower savings to protect them from a financial catastrophe.

**Critical Aspects**

The pandemic has empirically revealed two aspects: local governments were faced with uneven socio-economic challenges within their territories (the spatial discourse); and local governments have a crucial role to play in managing pandemics and other emergency/disaster events (the governance discourse). Both of these aspects suggest for the continuous need of local governments to improve their disaster risk reduction strategies and management actions. Some critical aspects that need to be considered include: the behaviour of key economic entities; fluctuations in businesses producing basic goods and necessities; possible changes in the economic identity of the region; and social structures, attitudes, and responses of citizens. The governance discourse of the COVID-19 crisis encompasses not only timely and efficient coordination between national and local authorities, but also constructive dialogue between regional/local governance, citizens, and diverse stakeholders.

# Case Study:

## Coronavirus pushes Bulgaria's Roma further into the shadows

Extract from an article by Jonah Goldman Kay, November 23, 2020

The pandemic has hit Bulgaria's Roma particularly hard. When case counts started spiking in late March and early April, authorities moved quickly to institute sweeping lockdowns in Roma neighborhoods. In Fakulteta, residents were barred from leaving the neighborhood, with military police barring the exits.

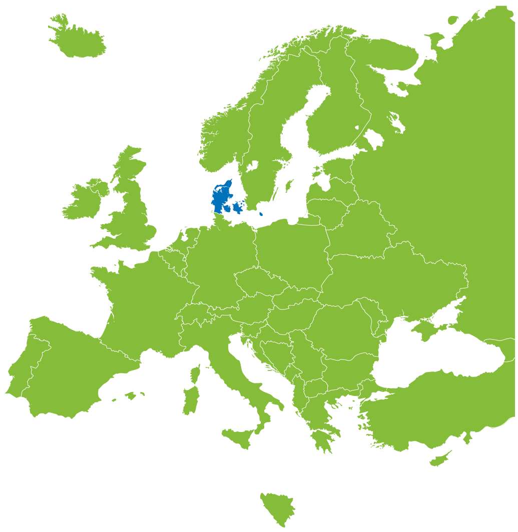
Roma neighborhoods, most of which are technically illegal settlements, are only marginally connected to local infrastructure. Even the large neighborhoods, like Fakulteta, lack essential businesses like supermarkets and pharmacies. Under lockdown, residents who would otherwise travel to nearby neighborhoods to stock up on essentials were stuck with the scant supplies of their corner stores and whatever produce local merchants could find.

The strict restrictions exacerbated already glaring disparities between Bulgaria's Roma and non-Roma populations: Some 74 percent of Roma families in Bulgaria already live below the poverty line.

This problem isn't specific to Bulgaria: Between March and June, the European Roma Rights Centre (ERCC) identified 12 countries across Europe in which Roma communities faced movement restrictions or disproportionate impacts from emergency measures (e.g. Belgium, Hungary, Italy, Romania, Slovakia). A disproportionate number of Roma are employed in the gray market. Without contracts or regulations governing their employment, Roma employees were in many cases the first to be laid off when the pandemic hit. Many of those who were lucky enough to keep their jobs at first lost them later when lockdown measures barred them from showing up. In order to leave their homes, police required they be able to show documentation of employment, which most workers on the gray market were unable to provide. As families struggle to make ends meet, students are likelier to drop out of school because they can no longer afford the fees, perpetuating a cycle of poverty in the community. The looming economic disaster is likely to lead to cuts in social funding and to mass evictions, which right-wing politicians tend to implement in Roma communities after periods of social or economic turmoil.

https://www.politico.eu/article/coronavirus-pushes-bulgaria-roma-further-into-the-shadows/

# The Social Divide driven by Corona in Denmark



by **Sebastian J. Loper,** The Social Legal Aid, and **Bjarne A. Jensen**,Copenhagen Business School, secretary@ecdn.eu

Denmark shares characteristics with most other European countries. The overall numbers hide a large discrepancy between how hard different business sectors and groups of the labour force are hit. Tourism, restaurants, and travel businesses are severely hit and have been so since mid-March 2020; some will undoubtedly close or file for bankruptcy. With the most recent lockdown, cultural and leisure activities together with many retail businesses have again come under pressure. Various compensation packages have to some extent kept distressed businesses floating and limited the number of layoffs, because companies have been able to recoup a share (capped in absolute amount) of the wage costs of their employees against not firing them. On the other hand, some sectors seem to flourish, e.g. artisans, where the activity in the building and reconstruction industry is booming – as is the housing market in general, favouring home owners relative to renters.

The situation for the labour market reflects a divide well-known from previous economic crises. The unskilled workers and younger people with looser connections to the job market are hit relatively hard by unemployment. The same is true for some ethnic minorities, in particular Middle Eastern and North African immigrants. This is not only due to a relatively high share of these groups being employed in e.g. hotels and restaurants, but seems to be systematic across industries. There are clear differences in the infection intensity, geographically as well as socially. People with health and elderly care jobs, employees in the transport sector and in retail businesses etc. are naturally more exposed to being infected than those that can mostly work at home. This partly (but only partly) goes along with that lower income groups typically have jobs with higher exposure to other people, e.g. clerks, taxi drivers etc, and also live in areas with a higher population intensity than average. The general social divide with respect to health conditions is well-known and involves a variety of issues such as housing, work-life related exposures and lifestyle-related conditions, which are unrelated to COVID-19. But such pre-existing conditions can naturally affect the vulnerability to infectious diseases. The infection intensity is highly correlated with population density and reinforced by (low) income levels, a combination that is found in the bigger cities for unskilled workers and some ethnic minorities.

**How has debt advice been impacted?**

In Denmark, free debt advice is provided by voluntary organisations around the country; the funding is mainly provided by the state, but in some cases, funding is also provided by private companies and trust funds. This has ensured a relatively stable economic situation for the Danish debt advice organisations. Most of the organisations have their own rented offices, while others rely on lending office space from public institutions such as libraries. The latter have been hit hard by COVID-19, as the lockdown of libraries have effectively eliminated their options in providing debt advice. The organisations with their own office spaces have mostly stayed open during the lockdown, but they have had to scale down their work considerably due to the pandemic, also limiting physical access to the offices of the over-indebted clients who need help. All have had to become creative in their way of counselling and in most cases, online and phone counselling have become the predominant method.

Denmark has no household protection measures for indebted people. Welfare payments are supposed to be able to cover the most needed expenses, and the public authorities have an obligation to ensure that an affordable place to live is made available. It is expected that the Danish economy will recover during 2021 with an expected GDP growth of 2,8% in 2021 after a decrease in 2020 by 3,8%, and a further growth of 3.1% in 2022. These forecasts were made before the most recent lockdown started a few days before the Christmas season, a gradual reopening started on March 1st, where retailers were allowed to reopen though with restrictions. However, the uncertainty around the speed and effect of reopening is outspoken, and it is important also to keep in mind that these numbers were presented before the vaccination plan was initiated and before the problems with vaccines from Astra-Zeneca and Moderna.

**Studies and reports**

There have not been made many reports or studies during the past year in Denmark. The only major report is the Economic Report (in Danish) by the Ministry of Finance, which detailed explains the economic situation of Denmark in 2020 and how COVID-19 have affected the economy.

**What will happen in 2021?**

Shortly after Pfizer's vaccine was approved by EMA, the Danish government and health authorities presented an ambitious vaccination plan: By mid-February they planned to vaccinate 100.000 people every day. With that speed and a forecasted additional supply of vaccines from Astra-Zeneca and Moderna they expected the last Dane to be vaccinated in early July. First in line were the elderly (people above 85) and the staff taking care of them. After that the vaccine will gradually be made available to the rest of the population depending on age and the health risk if infected by COVID-19. This plan did not seem to be able to come to fruition, among other reasons due to the conflict with Astra-Zeneca and Moderna; but the most recent development in the supply situation has restored some confidence in the time perspective, and the newest estimates say that the last Danes will be fully vaccinated in mid-July.

The economic forecasts for 2021 vary somewhat among different analysts, and they are frequently revised. An official one from the Treasury was made in Dec. 2020; it shows that lockdowns have hit the different industries and the economy as a whole. Another example is the online blog (in English) by Prof. Jesper Rangvid at Copenhagen Business School, where he throughout 2021 have posted blogs on the Danish economy and the impact of COVID-19.

## Sources

**Ministry of Finance** (2020) „Økonomisk Redegørelse December 2020", FM.dk https://fm.dk/media/18340/oekonomisk-redegoerelse_december-2020_web.pdf

**Rangvid, J.** (2020) „Rangvid's Blog", www.Blog.rangvid.com

# The financial and psycho-social side-effects of lockdowns in Finland

by **Heikki Hiilamo**, National Institute for Health and Welfare,
Professor of Social Policy, University of Helsinki, heikki.hiilamo@helsinki.fi

**1. COVID-19 in Finland**

By February 11th, 2021 Finland had 49,165 reported COVID-19 cases in total. The tested samples amounted to approximately three million tests. Cumulative number of reported deaths associated with the disease was 708. Around 85 percent of the death have occurred among people above 70 years. After the outbreak in the Spring of 2020 the number of cases dropped towards the summer and did not start to increase before late Autumn. Finland experienced full lockdown between March 16th and June 16th. After that Finland was able to continue without lockdown measures until November, when Helsinki district, followed by a few other districts announced partial lockdown measures.

Relatively speaking the COVID-19 situation in Finland has remained as one of the best in Europe. The low number of deaths have been attributed to high-quality specialized health care and to successful measures to protect those with the highest risk of serious COVID-19 infections. However, Finnish economy has greatly suffered from restrictions. The social and psychological effects have also been severe. Vaccination started in Finland on December 26,2020. Vaccination pace was slower than expected. By early February 2021 only 180.000 people were vaccinated (population above 16 years is around 4,5 million).

**2. Empirical Surveys**

There have been a number of empirical surveys on how households have been affected by measures to restrict the spread of the virus. The FinSote survey collected during the autumn 2020 indicate that the impact of the coronavirus epidemic and the associated restrictions on the welfare and services of the population varies considerably across different regions in Finland[1]. Differences concern, for example, how the epidemic has weakened the economic and social situation of the population, how the epidemic has affected lifestyles and how therapy appointments have been postponed or cancelled. FinSote survey data collection started on 15 September. The results reported here are based on 16,600 responses received by the end of November.

According to the survey one in five people between 20–74 years of age has experienced that the coronavirus epidemic has weakened the economic situation at least to some extent. The coronavirus epidemic has been the most serious in Uusimaa region. However, the economic impacts are not limited to the Helsinki Metropolitan area; also Southwest Finland and Lapland have experienced slightly more economic worsening than the country on average. Lapland has important holiday resorts and ski centres which have suffered from the absence of tourists from abroad.

The survey shows a decrease in social interaction and an increase in the feelings of loneliness everywhere in Finland. However, the feeling of loneliness has increased the most in

1 https://thl.fi/en/web/thlfi-en/-/the-impact-of-the-corona-epidemic-on-everyday-life-and-use-of-services-is-highest-in-uusimaa-region

Helsinki, where on average 44% of the respondents feel that loneliness has increased, which is clearly a higher proportion than in the country as a whole (32%).

As for the health-related effects, one out of five (22%) therapy appointments to a physician or nurse did not taken place as planned after March 2020. Cancelled or postponed visits are likely to lead to the accumulation of service needs. Physical activity has been reduced especially in people over 80 years of age

Another survey shows that arguments between partners caused by the coronavirus increased the prevalence of experiencing violence in families with babies[2].

**3. COVID-19 and household debts in Finland**

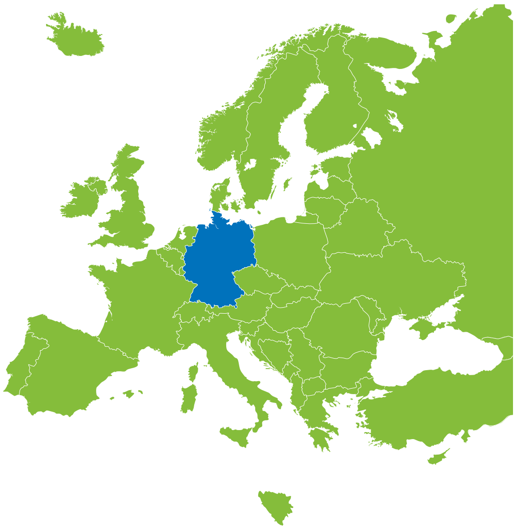
During the first quarter of the year 2020 there were 389.500 people with bad credit reports. By the end of the year the number had increased to 392.200. Legal aid as well as financial and debt counseling is offered through online chat. The temporary interest rate cap of 10% applied to consumer credits has been extended to September 2021. The same goes for the ban on direct marketing of consumer credits applies to consumer credits falling within the scope of application of chapter 7 of the Consumer Protection Act. The right of a creditor to petition for bankruptcy was restricted until the end of January 2021.

**4. Outlook for 2021**

There will be an increase in the number of over-indebted persons and households. There will be an clear increase in insolvencies on the restrictions were removed in February 2021. There will be a greater need for debt advice.


2 https://thl.fi/en/web/thlfi-en/-/arguments-between-partners-caused-by-the-coronavirus-increased-the-prevalence-of-experiencing-violence-in-families-with-babies

# The financial and social sideeffects of lockdowns in Germany



by **Dieter Korczak**, GP-Forschungsgruppe, dieter.korczak@gp-f.com

After the first wave of Covid-19 infections in March/April, the spread of virus calmed down in summer 2020. From October onwards, the infections then rose steadily. Though the second lockdown started at October 28, a sharp increase in Corona cases was not prevented. From that date on, the number of infected people exceeded 100,000 cases every week until the second week of January 2021.

The causal chains have not yet been conclusively clarified. Outbreaks are being reported from various districts throughout Germany, particularly in nursing and long-term care homes, hospitals, occupational settings, celebrations and church services. Additionally, in many districts, there is an increasingly diffuse spread of SARS-CoV-2 without traceable transmission chains. According to a review of the RKI students are not „drivers“ of the pandemic. Therefore school measures (closings/reopenings) must be placed in the context of the overall regional incidence in the population.[1]

From March, 2020 until December 2nd, 2020, 29.1 million Germans have been tested by PCR-tests. The test is executed in case of symptoms (e.g. cough, fever, rhinorrhoea) or (possible) exposition to Covid-19 as well as in nursing homes, hospitals, doctors' surgeries for staff, patients and visitors on medical prescription. The test can also be made voluntarily as a self-pay.[2] The number of confirmed infection cases was 1.115 million persons (3,8%).[3] At January 31, 2021, 40,7 million persons have been tested, 2,32 million persons have been Corona-positiv registered. The Corona-associated death rate was 2,45% of the infected persons (56.945 death). Of all deaths, 89% were among people aged 70 years or older, with a median age of 84 years. This is more or less the average longer life expectancy of men aged 65 and over.

Vaccination started at December 26,2020 in Germany. Until March 1st, 4,250 million persons (2,5% of the population) had received their first vaccine dose. 2,169 million had received already the second dose.

**2. Empirical Surveys – Results**

There have been a number of empirical surveys on how households will be affected by the lockdown measures in the course of 2020. In June 2020, 44% of the working population were worried about their finances. The burden of childcare has risen sharply for 41%. For 30 percent, income has decreased compared to February 2020.[4]

A national online-survey in October 2020 showed that 35% of the adult respondents expressed a loss of income due to Corona. 25% were afraid of not being able to meet their financial obligations.[5]

1 Epidemiologisches Bulletin 13/2021. Online Pre-Print https://www.rki.de/DE/Content/Infekt/EpidBull/Archiv/2021/Ausgaben/13_21.pdf?__blob=publicationFile

2 https://www.rki.de/DE/Content/InfAZ/N/Neuartiges_Coronavirus/Teststrategie/Nat-Teststrat.html

3 Böttcher S., Oh D.-Y. et al.: Erfassung der SARS-CoV-2-Testzahlen in Deutschland. Epid. Bull. 2020, 49:14-20

4 Results from the study „Leben und Erwerbstätigkeit in Zeiten von Corona“ by the Institute for Employment Research, June 2020

5 Creditreform: SchuldnerAtlas Deutschland 2020. Krefeld November 2020

The second wave of Covid-19 infection is unsettling consumers in terms of economic and income expectations, as the current GfK consumer climate shows. In January 2021, 54% are very worried or rather worried about their personal economic future. This means that the value is again as high as in the first wave in April 2020. [6 7]

A study by the Hans Böckler Foundation also shows that lockdowns increase social inequality. 32% of the labour force reported losses in household income during the Corona crisis in June 2020. People with already low incomes are almost twice as likely to suffer losses as people with high incomes. Households with a monthly net income below 1,500 euros were affected significantly over 40%, while only around 26% of households with a net income of over 4,500 euros reported financial losses.

The following groups are particularly affected by the financial losses: Self-employed and freelancers, employees in the hospitality industry, people in atypical and precarious employment (e.g. agency workers, mini-jobbers), single parents and families with migration background.[8] In November 2020, the self-employed (30%), mini-jobbers (26%), short-time workers (48%) and the unemployed (55%) in particular perceive their financial situation as extremely burdensome. 44% of short-term workers are afraid of losing their job.

Since the beginning of the Corona crisis, 44% of short-time workers, 40% of the self-employed, 29% of mini-jobbers and 50% of the unemployed have had to draw on their savings, if any. Overall, 53% of short-time workers have existential worries.[9] If financial concerns are present, physical violence against women occurs in 8.4% and against children in 9.8% during the pandemic. [10]

One group that is also particularly hard hit by the lockdown measures are university students. A student survey showed that immediately before the Corona pandemic, 57% of the students surveyed were employed. Almost 40% of these students were in a more difficult employment situation (21% of all students surveyed): they had been dismissed, given unpaid leave or had their working hours reduced.

The income situation of the parents has also worsened for 32 percent of the students. Especially for international students and students from non-academic families, the employment and financing situation has become more difficult in the wake of the Corona pandemic. [11]

**3. Debt advice**

The work of the debt counselling centres was made more difficult by the economic and social restrictions of the lockdowns; familiar work processes no longer functioned in many places. As a result of the municipal responsibility for debt counselling, there were no uniform concepts and guidelines for the challenges that arose.

The majority of the debt counselling centres switched to home-office, which made it more difficult to handle documents in a way that respected data protection. The obligation to wear a mask was a barrier to communication, and the resulting limited facial expressions and gestures impaired the building of trust. The counselling was therefore limited to existential problems as far as possible under the given framework conditions.

On the other hand, the lockdown has led to creative, mostly digital solutions being found. Telephone or web-based counselling was introduced and/or further developed. However, this can also result in access barriers for clients with a lack of language skills, digital equipment or digital literacy.

**4. Discussion**

Currently, the 7-day incidence and the fear of viral mutations are the decision drivers for policy. The crucial question remains almost entirely unanswered: where do people become infected? The indicators for the risk situation - number of positive tests, reproduction rate, 7-day incidence – are not evidence-based. The key benchmark for the 7-day incidence is 50 new infections per 100,000 inhabitants. This means that there should be a population risk if 0.05% of the population is infected within one week. In the Minister Presidents' meeting with Chancellor Merkel on 9 February 2021, the reference value for new infections was lowered to 35/100,000 inhabitants. From a scientific point of view, this indicator is not valid for assessing the incidence of infection in both variants, as the estimated number of unreported cases of infected persons without symptoms is four to six times higher.

The question of whether a lockdown is more effective than following the hygiene rules (keep your distance, ventilate, wear a breathing mask) is debatable. Scientists at Stanford Univer-

6 https://www.gfk.com/hubfs/GfK_Press_Release_Weihnachten%202020.pdf?hsLang=de (10.02.2021)

7 https://www.gfk.com/press/Harter-Lockdown-laesst-Konsumklima-einbrechen?hsLang=en (10.02.2021)

8 https://www.boeckler.de/pdf/p_wsi_report_62_2020.pdf (10.02.2021)

9 Pusch T., Seifert H.: Stabilisierende Wirkung durch Kurzarbeit. Wirtschaftsdienst. Heft 2/2021

10 https://www.tum.de/die-tum/aktuelles/covid-19/artikel/article/36053/ (10.02.2021)

11 Becker, K./Lörz M.: Studieren während der Corona-Pandemie: Die finanzielle Situation von Studierenden und mögliche Auswirkungen auf das Studium, DZHW 09/20

12 Bendavid E., Oh C. et al.: Assessing Mandatory Stay at Home and Business Closure Effects on the Spread of COVID 19; European Journal of Clinical Investigation. Open Accccess. 05.01.2021

sity did not find significant benefits on case growth of more restrictive NPIs.[12]

According to the analysis by Chaudhry et al. the factors that correlate most strongly with Covid-19 death outcomes are average age, the extent of income inequality and obesity rates. Each additional year in the average age of the populations led to a 10% increase in Covid-19 deaths. Every percentage point increase in obesity rates led to a 12% growth in Covid-19 deaths In contrast, every percentage point in the direction of a more equal distribution of income in the population leads to a 12% decrease in Covid-19 deaths.[13]


A systematic review indicates that smokers are more likely than non-smokers to have a severe course of corona infection and 2.4 times more likely to require admission to the intensive care unit.[14] The results of another study suggest that cumulative exposure to cigarette smoke is an independent risk factor for hospital admission and death from COVID-19.[15] The Centers for Disease Control and Prevention published that adults of any age with the following conditions are at increased risk of severe illness from the virus: cancer, chronic kidney disease, COPD, Down syndrome, heart conditions, immunsuppression from solid organ transplant, obesity, pregnancy, sickle cell disease, smoking and type 2 diabetes.[16] The resources available in the health sector remain largely unconsidered in the public discussion about the dangerousness of the virus and the usefulness of the control measures. The health offices are understaffed and poorly equipped technologically.

There has been a shortage of nursing staff in old people's homes, nursing homes and hospitals for years. In 2012, the need was forecast at 337,000 additional nursing staff until 2020.[17] Instead, the number of vacancies in elderly care has increased by 71%, in nursing by 40% between 2012 and 2018. The nursing gap is mainly cushioned by overtime. 82% of workers in elderly care and 87% of workers in nursing had overtime in 2018.[18] Hospitals as well as old people's and nursing homes have been continuously privatised and economised over the past decades. Since nursing homes account for a significant proportion of all deaths from Covid-19, there appears to be a direct causal link here with the nursing shortage. Social, mental and psychological well-being has been an elementary component of the concept of health since the WHO definition in 1948. A major criticism of the current health policy in Germany is that these aspects of health – as has been seen – are completely neglected.

## 5. Outlook for 2021

- There will be an increase of over-indebted persons and households
- The number of short-time workers will remain higher than before Corona level
- There will be an increase of insolvencies
- There will be a greater need for debt advice
- Due to the already exhausted capacity, it is very questionable whether the debt counselling centres can cover the demand
- If the speed of vaccinations remains the same as before (daily 60.000 get the second dose), herd immunity will not be achieved in Germany until the end of 2023 at the earliest.

13 Chaudhry R., Dranitsaris G. et al: A country level analysis measuring the impact of government actions, country preparedness and socioeconomic factors on COVID-19 mortality and related health outcomes. Lancet. Vol. 25, 01.08.2020

14 Zhou F., Yu T., Du R., et al. Clinical course and risk factors for mortality of adult inpatients with COVID-19 in Wuhan, China: a retrospective cohort study. Lancet. 2020. doi:10.1016/S0140-6736(20)30566-3.

15 Lowe K. E. et al: Association of Smoking and Cumulative Pack-Year ExposureWith COVID-19 Outcomes in the Cleveland Clinic COVID-19 Registry. Research Letter. JAMA Internal Medicine. 25.1.2021

16 https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-with-medical-conditions.html (12.02.2021)

17 Korczak D.: Gesundheitswirtschaft – Status und Perspektiven in Bayern. Hrsg. Bayme-vbm-vbw. München 2012

18 Berufsgenossenschaft für Gesundheitsdienst und Wohlfahrtspflege: Pflege in Deutschland – 2012 bis 2018, Hamburg 2020

# The financial and economic effects of lockdowns in Hungary

by **Judit Simon**, Professor of Marketing, Corvinus University Budapest, judit.simon@uni-corvinus.hu

**1. Coronavirus situation – Facts**

The official facts of the pandemic situation in Hungary (25.02.2021):

| | |
|---|---|
| · tested people (since March 2020): | 3,577,770 |
| · number of total confirmed infected: | 424,514 |
| · number of recovered: | 315,781 |
| · number of active coronavirus cases: | 84,061 |
| · number of deceased: | 24,672 |

According to infectology experts, the official data are not reliable and the number of infections is much higher. The cause of this is first of all the unsatisfactory number of tests, but also the lack of detection of causal chains. Vaccination has started, and about 3% of the population has now been vaccinated. The willingness to be vaccinated is rather low, but the tendency is increasing, according to surveys[1]: in November 2020, 15% of those surveyed supported vaccination, in February 2021 the number was 40%. The improvement in vaccine acceptance can be explained by the better information and the rolling out of vaccines in Hungary, but this level is still not satisfactory.

Partial lockdown measures have been in force since 9 November 2020:

- Curfew between 8:00 p.m. and 5 a.m.
- Private and family events may not exceed a group size limit of 10 people, not counting those below 14 years of age.
- Ban on visits to hospitals and elderly homes.
- All shops and services, with the exception of pharmacies and petrol stations, must close at 7 p.m.
- Mask-wearing is mandatory in the public spaces of all settlements with a population of above 10,000.
- All forms of assembly are forbidden.
- Primary schools and kindergarten are open, but secondary schools and universities are closed and are using online teaching
- The government has extended the state of „epidemiological preparedness" for six months.

**2. Economic and debt situation – empirical surveys – results**

As Hungary is an open economy, the impact of the turndown in the world economy and the lockdown of the country itself may be significant. Forecasting the impacts of the expected economic crisis can be done only on a very uncertain and rapidly changing basis. Accordingly, there are many different estimations that change in time and according to research institute. We present here the estimation and forecast of the GKI Institute.[2]

According to the COVID 2020 survey of TÁRKI,[3] the lockdown has affected the employment status and income of the population: 18% of individuals reported significant income losses

1 Survey of the Central Statistical Office in November 2020 and February 2021.
2 Forecast made in December 2020.
3 The COVID 2020 survey of TÁRKI was conducted between 25 April and 3 May on a representative sample of 878 individuals through telephone interviews.

because of the lockdown. The biggest decline (26%) was measured in the 40-59 age group.

The perceptions and expectations of people became more pessimistic when the second wave began: about 61% of people were worried about their own financial situation: this number is the highest among the 17 countries investigated by GfK.[4]

| all numbers in percent | 2020 | 2021 |
|---|---|---|
| GDP | - 6 | 3,7 |
| Industrial production | - 8 | 4 |
| Investments | - 10 | 4 |
| Consumption | - 2,5 | 3 |
| Inflation rate | 3,4 | 3,5 |

Expectations about job losses are higher than the official unemployment data suggest. Official unemployment reported by the Central Statistical Office is 4.3% for 2020, but the number of people seeking jobs – according to the estimations of experts – may be double this figure or more. This can be explained by the difference between officially registered unemployed people and the real number of people without jobs or who are employed for much less time than 40 hours per week. In the latter case, salaries may be significantly lower. The other reason for this difference is unregistered people without a job. The lack of registration may be explained by many reasons: partly due to the maximum three months a claimant may remain in the registered system of unemployment (financial support may be paid only for a maximum of three months). After this time, people may not be maintained on the register although they have not found a job. The other reason for non-registration is that registration can only be done online, and the people in the hardest situations are less able to register this way, thus they do not appear in the system.

The debt situation is related to the economic situation of households. The payment moratorium for loans that was introduced in 2020 has been extended until the end of June 2021, thus the debt situation does not presently seem to be not so critical. According to a forecast by the National Bank,[5] the proportion of households not being able to pay back their loans may rise significantly following the expiry of the moratorium. Based on the data reported by banks, in June 2020 more than one half of all outstanding household loans were affected – to various degrees according to types of loans – by the suspension of repayment introduced by the end of the year. The moratorium is most typically applied in the case of personal loans, and involved more than 70% of the loans in the loan portfolio last June. The participation of mortgage loans affected by the moratorium is somewhat lower: 45% for housing loans, and 53% for home equity loans. According to the calculations of the National Bank, around 60% of the approximately 2.7 million household customers with loans outstanding in June 2020 (and disbursed before 19 March) – i.e. 1.6 million customers – took advantage of the moratorium at least for one of their loans.

The survey also confirms that the socio-demographic situation of customers participating in the moratorium is less favorable than those who have continued to make repayments. The distribution of debtors participating in the moratorium indicates that, first of all, it is young people who are over-represented (27% of the latter are below the age of 35), whereas this proportion is 20% in the case of those not participating in the moratorium. The share of debtors living in smaller settlements who are participating in the moratorium is 30%, compared with 27% of households who are continuing repayment that live in such settlements. In terms of the occupation of the main earner, entrepreneurs and part-time employees account for a higher proportion (15%) of customers participating in the moratorium, whereas the share is much lower (8%) in the case of non-participants. In addition to this, full-time employees are underrepresented among those participating in the moratorium: the figure of 68% of the former is less than the 74% of those who continue to make repayments.

**3. Debt advice**

The Central Bank is providing financial consulting services free of charge, available in offices in Budapest, other big cities, and in some small cities. In the pandemic situation most offices are closed, so the availability of these services is very limited and the most vulnerable groups have even less access to the latter. The system of private-debt-related advisory services is underdeveloped.

**4. Outlook for 2021**

- There will be an increase in over-indebted persons and households
- There will be an increase in insolvencies
- There will be a greater need for debt-related advice
- Due to the lack of debt advice services, cases of indebtedness do not appear to be being handled sufficiently
- Because of the unreliable information about the vaccination plan, it is very hard to forecast the time it will take until a state of herd immunity in Hungary is reached, but it is sure that it will be significantly longer than suggested by official forecasts.

4 Interview with Tünde Turcsán, director of Household Panel Division of GfK Hungary, in Portfolio, 27 October 2020.

5 Financial Stability Report of the Hungarian National Bank, November 2020.

# Ireland Report

## February 2021

by **Stuart Stamp**, Independent Social Researcher & Research Associate, Department of Applied Social Studies, Maynooth University, stuart.stamp@mu.ie, (with assistance from: Paul Joyce, Senior Policy Analyst, Free Legal Advice Centres (FLAC), Dublin)

**COVID-19 trajectory and public health response**

Ireland is currently (mid-February) experiencing its third major „Level 5" COVID-related societal lockdown, which commenced in late December and is due to continue into March at least. As a result, only essential retail and services are permitted to open, schools remain closed, household visits are banned, and travel is severely restricted. This third lockdown is as a consequence of a pre-Christmas spike in infections resulting from: (i) the easing of „second lockdown" restrictions in early December; (ii) increased social/family interactions in the run-up to Christmas, and; (iii) the emergence in Ireland of the more transmissible UK strain. This combination resulted in more cases being reported in the month of January than throughout the whole of 2020.

The current (third) lockdown has rapidly driven down cases, and there are indications that schools and the construction sector may begin to re-open in the coming weeks; however the prevalence of the UK variant means that societal re-opening will likely be slow and cautious. As to the future, Ireland's vaccination programme is underway and with a ramping up during the 2nd quarter anticipated, current – albeit tentative – indications are that depending on supply, logistics and take-up, the programme will be well advanced into the general population by mid-summer, with most adults vaccinated by September/October.

**Economy and society**

Initial predictions of a significant GDP downturn associated with COVID did not come to pass; indeed, the Irish economy actually grew slightly in 2020 as a result of a strong rebound over the 3rd quarter when restrictions were eased. Unemployment, however, remains a major issue, with the Central Statistics Office recently reporting that while the standard measure of monthly unemployment was 5.8% last month, the COVID-19 adjusted rate was around 25% if all claimants of the Pandemic Unemployment Payment (PUP) are classified as unemployed. As of 2nd February 2021, a total of 479,633 people were in receipt of the PUP and though this figure continues to rise, it remains below the peak of 598,000 recorded at 5th May last year. The leading PUP claimant categories illustrate the sectors of the economy hardest hit by the pandemic and associated measures, such as accommodation and food service activities, wholesale and retail trade, and construction.

A further 343,800 employees received a „furlough" payment by way of the State's Employment Wage Support Scheme (EWSS) in January 2021 alone. Taken together, these initiatives have cost around 10.5 Billion Euro to date, with public debt as a whole projected to be in the region of 240 billion Euro by the end of 2021, or around 47,700 Euro for every person in the State. Economic growth is predicted for the coming year – one current estimate puts it at around 4.8% – but such predictions are heavily caveated and contingent on the path of the virus itself. Many small businesses have already closed, with more closures and redundancies expected once supports are withdrawn.

There is emerging evidence of a growing social divide associated with the pandemic, with indications that it has impacted more severely on marginalised groups including precarious workers, Travellers, young people from disadvantaged backgrounds, and those who find it difficult to access and/or use information technology. An important mental health dimension is also identifiable, with significant proportions of both men and women experiencing loneliness, depression, anxiety, and stress. Our fear is that once (hopefully) the pandemic and such feelings subside, many will encounter similar impacts associated with the personal debt problems that are currently accumulating.

**Household protection measures**

Household protection measures including a prohibition on evictions and moratoria on utility disconnections have been re-instituted, hence household-level supports and protections remain broadly similar to those instituted during the first lockdown in March 2020. A notable exception is that since the end of September, Irish banks no longer entertain payment break applications despite being permitted to do so, and now place the emphasis on a “case by case” approach to assisting those reporting financial difficulty, an approach which some have criticised as unworkable in the current circumstances. Nonetheless, measures as a whole, allied to the suspension of most court processes, appear to have resulted in personal debt problems being widely incubated.

**Debt advice**

The „debt incubation“ hypothesis is supported by a piece of market research carried out to inform the national, state-funded network of Irish Money Advice and Budgeting Services (MABS). This survey, conducted around three months into the pandemic, found that around 3/4 of those reporting financial difficulty pre-COVID were now finding things more financially difficult … (if the fraction is causing problems, maybe replace with 75%) The report concluded that as many as 78,000 such adults would be likely to contact MABS in the future as a result of difficulties accumulating during the pandemic.

Emerging data from MABS services further supports these findings. Although new presentations fell in April-June (Q2) with the introduction of restrictions and support measures, calls rose substantially (by over 60%) when society re-opened over the summer and certain creditors began to seek forgone debt repayment (Q3), before dropping again when the second lockdown and associated protections were re-introduced (Q4). This trend suggests that if and when vaccinations and restrictions combine to allow for the economy to re-awaken, the full extent of problems will begin to become apparent. If estimates of a 60% growth in new debt advice clients in the UK are in any way accurate in an Irish context, MABS, together with our legal system and associated processes, will once again come under strain as happened in the period following the Global Financial Crisis.

**Conclusion**

There is much to commend about the policy response to the pandemic to date from an income and household support perspective. However, these supports are time limited, and likely to taper and be withdrawn later this year as the economy and society reopens, albeit gradually. This withdrawal/re-opening confluence is likely to be the crunch time when creditors begin to look for concrete proposals to discharge liabilities incurred during moratoria and payment breaks. Associated debt collection/enforcement activities and presentations to debt advice services are likely to spiral, and we have already witnessed a foretaste of what is to come with the increase in new MABS presentations when society reopened last summer.

The signs are that a broader pool of precarious workers will be among those most affected as the full extent of COVID-related business closures, redundancies and unemployment becomes apparent. The likely result is a large cohort of newly over-indebted people, adding to the thousands of households still dealing with legacy debt from the previous Crisis and those continually marginalised. The current hiatus provides time for our systems, processes and services to ready themselves for the ‘spike’ that may be to come. However, we sense a policy complacency in this regard, which must be replaced by one of urgency if we are to make sure that people emerging from the trauma of the pandemic do not encounter more as a consequence of circumstances beyond their control.

References provided to ECDN and available on request.

# Short notice about Italy

by **Germana Giombini** Department of Economics, Social Science and Politics (DESP), Università di Urbino Carlo Bo, germana.giombini@uniorb.it

| | |
|---|---|
| **Bank of Italy: The main results of the extraordinary survey on Italian families in 2020** | Published June 2020 |
| Three Surveys by CATI, CAWI, „Diagolatore“ | April May 2020 |
| Respondents: N= 3 079 | Age: >=18 years |
| **Main Results:** | |
| Loss of income due to Corona | More than 50,00% for the 15% of respondents. Loss larger for self-employed workers. |
| Fear of not meeting financial obligations | 40,00% |
| Insufficient liquid financial resources to be able to remain at the poverty line for 3 months in the absence of other income | 55 % |
| **Bank of Italy: The main results of the second extraordinary survey on Italian families in 2020** | Published November 2020 |
| Surveys by „Diagolatore“ | August September 2020 |
| Respondents: N. 2300 (900 the same of the first survey) | Age: >=18 years |
| **Main Results:** | |
| Loss of income due to Corona | For less than 30% of respondents. Loss of 50% for the 6% of respondents. |
| Problems of meeting financial obligations | 30% (mortgages) 40% (rents) |
| Insufficient liquid financial resources to be able to remain at the poverty line for 1 months in the absence of other income | 30 % |
| **Consequences for debt advice** | |
| Law 3/2012 intervenes precisely in favor of citizens who find it impossible to fulfill the obligations contracted, such as the repayment of the loans, taxes and other duties. | It becomes necessary the disclosure of all the tools for resolving the over-indebtedness crisis governed by the Law 3/2012. |

# Short notice from Latvia

by **Inna Romanova**, Professor of Finance,
Scientific Institute of Economics and Managment University of Latvia, inna.romanova@lu.lv

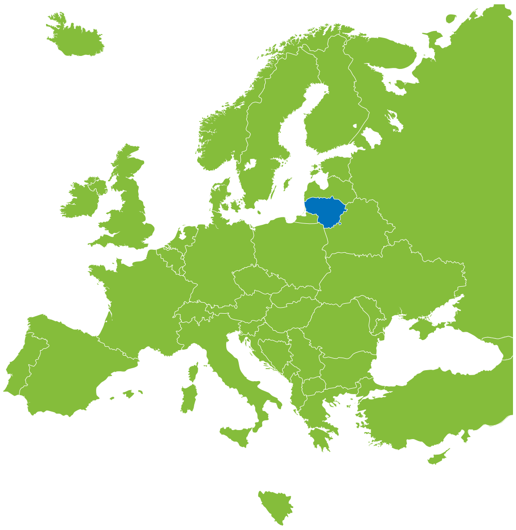
## Social support in Latvia during the state of emergency [1]

| | |
|---|---|
| **Crisis benefit** | offered by the municipality to those who are unable to provide for their basic needs during the state of emergency (additionally 50 EUR for each child under the age of 18). |
| **Downtime support** | 500 to 1000 EUR[2] (additionally 50 EUR for each child under the age of 24). |
| **Sickness benefit** | · available to people who cannot work remotely and<br>· have a child under the age of 10 who is studying remotely or the kindergarten group is closed;<br>· take care for children with disabilities under the age of 18;<br>· take care for an adult with a disability (if a day center service is not available due to Covid-19).<br><br>Sickness benefit is calculated as 60% of the average salary for the previous 12 calendar months. |
| **Parental benefit** (max.700 EUR) | · available to parents with a child up to the age of one or one and a half years. |

Economic indicators of Latvia: https://tradingeconomics.com/latvia/indicators
Research results are expected in March 2021 after the completion of the National research program (September 2020 – December 2020). Preliminary research results are available only in Latvian.

1 https://covid19.gov.lv/atbalsts-sabiedribai/ekonomika/socialais-atbalsts-arkartej-as-situacijas-laika
2 from January 1, 2021.

# Lithuania after a year of Covid-19 pandemic



by **Daiva Skuciene**, Social Policy Department, Vilnius University, daiva.skuciene@fsf.vu.lt

In Lithuania, the second wave of pandemic was more intense compared to the first one. During the second wave of the pandemic, which begun on the February of 2021, the cases of infection fluctuated between 300 and 700 cases per day with 10-20 deaths registered every day. Vaccination is going slowly due to the slow EU centralized provision of vaccines. Around one hundred people get their first vaccine every day. At the moment, there are 135 thousands vaccines used, which covers around 4% of countries population (11/02/2020).

The lockdown of economy, which started on 15th of December in 2020, continues in Lithuania. Lockdown restrictions include the closure of various trade (non food trade is available online) and services sectors, the restriction of movement between municipalities and the transfer of educational activities to online platforms. The sectors that have suffered the most are catering, tourism and recreational and cultural sectors.

In general, unemployment has significantly increased in the country and has reached 16.3% (data of Lithuanian Statistics). One of the reasons for such an increase is an implementation of the job search benefits (of 200 Euro) provided by the Government. Nevertheless, the subsidies provided by the state have significatly reduced the scope of real unemployment that would have happened after the closing of various economical sectors.

Despite the lockdown of economy, the real GDP of the country had declined only by 0.8% during the I-III quarters of 2020 (Bank of Lithuania). The average wage has increased by 11% in comparison to the last year. The rate of personal savings has doubled in comparison to 2019. These numbers show that the income differentiation has all in all increased in the country – the part of population have lost their jobs, while the other part have increased their savings. About one fifth of countries inhabitants indicated that they experienced the reduction of wage, while 5.8% of inhabitants indicated that their wage has increased. About 10% have indicated that they had gotten an offer to work for the minimal wage. (November, 2020).

**Survey results**

According to the survey conducted in July 2020 (implemented by Spinter research, Antipoverty network in Lithuania, The Alliance of Lithuanian consumer): the income has significantly declined for 34,8% of Lithuanian people; 5.3% of people have indicated that they have lost their jobs, while 37,6% of people have indicated that one of their family members of relatives have lost their jobs; 11,4% have indicated that their income is no longer enough to purchase food, while 19,8% have pointed out that they do not have enough money to pay for the utilities; around 10% of the respondents have indicated a high probability of the necessity to apply for the loan or credit. 38,5% expressed the need to postpone the payments of their current credits and loans.

The survey conducted in November, 2020 by the VU researchers group (funded by the Research Council of Lithuania No.P-COV-20-29) shows similar findings: 7,4% of inhabitants were unable to pay their utilities bills once and 7,4% were unable to pay their utilities bills twice or more, during the lockdown; 5,7% of people were unable to pay their mortgage loan or rent once and 3,4% were unable to pay their mortgage loan or rent twice, during the lockdown; 8,6% of the respondents have indicated that payment of consumer loans, student loans and other credits was the biggest financial burden during the lockdown. 18.3% of respondents indicated that they had also experienced such burden but at a lesser degree.

**Debt advice**

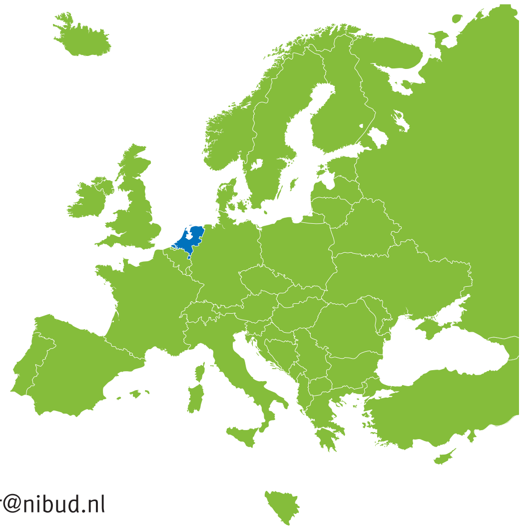
The debt advice for this group could be provided only by the commercial banks in Lithuania. The Government had only confirmed the postpone of loans and credits payments during the pandemia.  A collaboration between The Ministry of Social Security and Labour and Financial Ministry could be a more effective organ for debt advice services not only during the crises, but also permanently. Such change would be of benefit for the targeted groups which are unable to access services provided by the private sector.

As a consequence of Covid-19 pandemic, the biggest losses have been experienced by the people who have lost their jobs, have credit obligations, are small entrepreneurs or self-employees. The Government has supported self-employees based on the flat rate of 257 Euros per month.

**Outlook**

While the predictions for the post-lockdown economy in the Lithuania are optimistic – there is a 3,1% growth of GDP (Bank of Lithuania) expected. On the other hand, the recovery of catering, tourism and services sectors will not be easy, as they will have to return postponed taxes and other financial obligations. The other group that will experience difficulties in a similar way will be the people who had lost their jobs and postponed the payments of their credits and loans.

# Corona in the Netherlands



by **Marcel Warnaar**, National Institute for Budgetary Information, mwarnaar@nibud.nl

**Corona Morbidity Facts**

The corona virus started to spread in the Netherlands in February and March 2020. An important factor were winter sporters returning from the Alps and northern Italy. There was a large outbreak in the southern part of the Netherlands, where carnaval is celebrated. This turned out to be a super spreader. Quite soon, the virus spread all over the Netherlands, which caused the government to take more and more measures to stop the virus and to disburden the care system, called an „intelligent lockdown". During the summer months, the number of infections decreased and the measures were relieved.

Yet, from September on the number increased drastically, forcing the government to establish an other lockdown. This lockdown, which still lasts, is stricter than the one in 2020. It includes closing of shops with non-essential items, including bars and restaurants, the closing of schools and child care, a curfew from 9.00 PM till 4.30 AM. Measures were intensified in January 2021, because of fear for new variants of the virus, which appear to be more infectious.

Vaccination started in January 2021. The Netherlands was very slow in starting the vaccinations, as distribution of the vaccines was spread over different organisations. Still, the distribution policy of the vaccines is changing each day. At the beginning of February 2021, the mark of 1.000.000 of registered corona cases was reached. In reality, this number is much higher, as test capacity was scarce during the largest part of 2020. The number of registered deaths with corona  is about 14,000 until now.

Another measure comes from the Statistics Office. That measures the excess number of deaths compared to the average number of deaths in the past years. They estimate that in the first Corona-wave, about 9,000 people more died than in other years. The number of excess deaths in the second wave (until week 5) is estimated to be 9,700[1].

**Empirical Surveys – Results**

Nibud did four waves of polls throughout 2020 to measure the impact of corona on financial well-being. Studies were made in March[2], May[3], July[4] and November[5] 2020. Main conclusion of the studies was that 20-25% of the Dutch households experienced loss of income. Most hit were flexible workers, self-employed laborers in specific branches and young people. From those groups about 40-50% experienced less income and or less working hours.

Most households still seem to keep out of financial problems. Partly because of the supporting measures by the government and partly by cutting spending and by using their savings accounts.

On the other hand, the households with fixed labour contracts still got their wages. With less possibilities to spend (bars and restaurants closed, holidays abroad strongly dissuaded), savings reached an all-time high[6].

1 https://www.cbs.nl/nl-nl/visualisaties/welvaart-in-coronatijd/gezondheid-in-coronatijd
2 https://www.nibud.nl/wp-content/uploads/Nibud-rapportage-eerste-coronapeiling-2020.pdf
3 https://www.nibud.nl/wp-content/uploads/Nibud-Rapportage-coronacrisis-vakantiegeld-juni-2020.pdf
4 https://www.nibud.nl/wp-content/uploads/Nibud-rapportage-coronapeiling-juli-2020.pdf
5 https://www.wijzeringeldzaken.nl/platform-wijzeringeldzaken/publicaties/rapport-peiling-4-financiele-gevolgen-coronacrisis-wijzer-in-geldzaken-en-nibud.pdf
6 https://www.dnb.nl/actueel/algemeen-nieuws/dnbulletins-2020/ondanks-hogere-besparingen-stijgen-vrijwillige-aflossingen-van-huishoudens-niet/

Household consumption decreased with 6.6% in 2020. Branches facing severe losses in added value were hotels, restaurants, bars (-41%) and culture and recreation (-25%). Also production in the health care and welfare sector decreased (-5%). The care for corona-patients replaced care for other diseases and people did not dare to visit doctors during the pandemic.

**Debt advice**

From the beginning of the corona-crisis, a large increase of demand for debt advice was expected. However, this still has not become reality. The income support of the national and local government and the lenient way of creditors to allow payment pauses probably played a part in this.

Also, the Ministry of Finance lowered the maximum interest rate for consumer credit from 14% till 10%.

In early 2020, the support was given fast, without many rules or checking of the factual condition of the household or the firm. Now, the support is more targeted to the ones that really need it.

Yet, the municipalities, who are responsible for debt advice in the Netherlands, still fear for a tsunami of requests when the supporting measures end and people are faced with the remaining obligations to repay.

**Outlook for 2021**

GNP decreased with 3.8% in 2020. With the expected release of the lockdowns and the completion of the vaccination sometime this year, there is light at the end of the tunnel. According to the latest estimates is expected that GNP will grow with 3% in 2021.

This does not offset the loss of welfare in the past year. Unemployment will rise to 6% and the doom of a chain reaction of financial problems for firms and households is still there.

Moreover, it is expected that remaining health problems and youth falling behind in education and work experience will have longer-lasting effects on the economy.

# Coronavirus in Norway

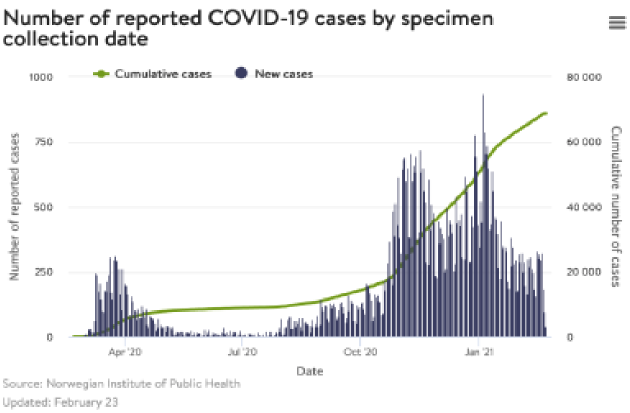
## Health effects and financial implications

by **John Todd**, University of Oslo, john.todd@jus.uio.no

The following data gives an overview of testing, cases, hospital admissions and deaths due to Covid-19 in Norway[1]:

| TESTED | REPORTED CASES | ADMITTED TO HOSPITAL | ADMITTED TO ICU | DEATHS |
|---|---|---|---|---|
| 3,769,671 | 68,758 | 2,668 | 502 | 608 |
| 23/02/2021 | 23/02/2021 | 23/02/2021 | 23/02/2021 | 23/02/2021 |

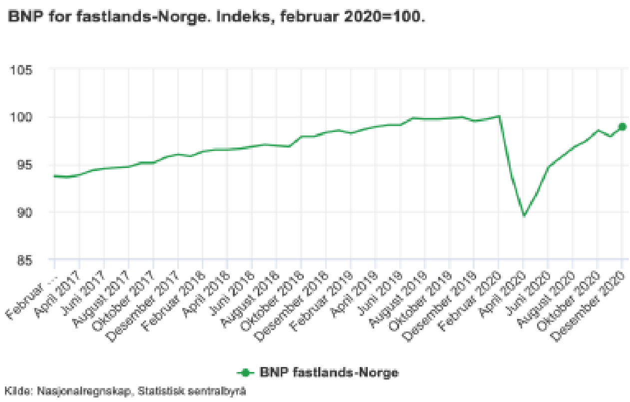
In terms of the timeline of the pandemic in Norway, the following chart shows a two-wave pattern, with a first crest in March-April 2020 and a second crest in December 2020-January 2021. It should be cautioned that the actual number of cases is likely to have been significantly higher than shown in the first wave because testing capacity was still being built up. Statistics Norway has observed that overall mortality in Norway has not been affected by the pandemic, with numbers of people dying in the first six months of 2020 being approximately the same as in previous years.[2]




Both waves have witnessed strict lockdowns, though strong efforts have been made to keep kindergartens and schools open, if with restrictions. Regarding vaccinations, Norway is participating in the EU's vaccination purchase scheme. As of 22 February, 293,280 people have received a first dose and 99,578 have received both doses[3].

### Financial implications

The following chart shows how GNP (for mainland-Norway, i.e. excluding the oil sector) has been affected by the pandemic[4]:




In terms of individual households, an early study implemented in April 2020 showed that nearly one in ten households were experiencing financial problems (some of which pre-dated the pandemic)[5]. A follow-up study published in October 2020[6] noted that

1 https://www.fhi.no/en/id/infectious-diseases/coronavirus/daily-reports/daily-reports-COVID19/
2 https://www.ssb.no/befolkning/artikler-og-publikasjoner/ingen-overdodelighet-i-norge-under-koronapandemien
3 https://www.fhi.no/sv/vaksine/koronavaksinasjonsprogrammet/koronavaksinasjonsstatistikk/
4 https://www.ssb.no/korona
5 https://www.oslomet.no/forskning/forskningsnyheter/koronakrisen-nesten-en-av-ti-har-okonomiske-problemer
6 https://www.oslomet.no/forskning/forskningsnyheter/en-av-fire-husholdninger-okonomisk-rammet-av-korona

25% of households had been affected by redundancies, dismissals, or loss of business income. By the end of June 2020, 15% of all households had no savings left (an increase from 9% in May).

The latest figures from NAV (the welfare and benefits agency) show that 209,700 people are registered as seeking work in Norway. The following chart gives an overview of unemployment figures over the course of the pandemic[7]:


### Debt advice

Debt advice is the responsibility of local municipalities in Norway, and as such the quality and availability of advice varies somewhat. There has not been any research published to date on how these services have been impacted by the pandemic. But we know that nearly all services have, for extended periods, been delivered remotely and/or at reduced capacity.

### Outlook

Similar to many European countries, the outlook depends on speed of vaccination rollout and the ability to maintain control over outbreaks of new variants of the virus. Certain sectors of the economy – and the people working on those sectors – continue to be particularly adversely affected (e.g. performing arts, hospitality, tourism). The assistant director of the Norwegian Directorate of Health has warned that the coming period may be the most difficult so far, given the risks created by the new, more infectious variants of the disease[8].

7 https://www.nav.no/no/nav-og-samfunn/statistikk/arbeidssokere-og-stillinger-statistikk/nyheter/400-flere-arbeidssokere-siste-uke

8 https://www.nrk.no/norge/nakstad_-_-de-neste-to-manedene-kommer-til-a-bli-veldig-vanskelige-1.15382397

# Message from Slovenia

## Most at risk are the low educated

by **Alenka Hebar Lavrič**, Prelomi – Institute of family therapy, counselling and education, Ljubljana, prelomi@siol.net

COVID 19 is an unprecedented situation we have never faced before. It is a world-wide pandemic that will bring- and has been bringing already-numerous changes to EU and other countries due to intensive polarisation of the world, and societies. The situation is sometimes compared with war and it is well known that any war is unjust, any war changes the relations of power between social groups, any war is an attack on social state. This has also been the situation in Slovenia.

The most endangered are those who are low educated with low qualifications. It has been estimated (no scientific research results however) that 40% of them have lost their job or have become redundant, dependent on social transfers. In this chaotic situation many have become victims of banks offering them „attractive" offers and attractive credits. Being in need they yield in and they fall into the spiral of over-indebtedness.

There is a difference comparing the situation before COVID 19 and the present situation of many over-indebted households and individuals. They used to be over-indebted and they were turning to us for guidance, now they are overindebted as well while many other social and psychological disadvantages have appeared more forcibly. We continue dealing with different aspects and consequences of their over-indebtedness. Most frequently detected problems are: emotional problems, inadequate psychological relation to money, changes in marital status, the harmful impact of social networks where they become victims of criminal manipulation (particularly women), the bank procedures leading to evictions etc. Banks want their money back! Our clients have become seduced by the bitcoin promises of gains leading to catastrophic over-indebtedness. Since social transfers, salaries of the low qualified, pensions etc, have a tendency to be more or less on the same level, many do not care being unemployed and do not take action as to get employed. „It's not worth it' is their usual reply. Since the number of rapid and major social changes has increased considerably, most of our clients have stopped facing them. In extreme situations they turn for helps to centres of social work and protection which are public institutions. Being overloaded with work, these institutions give them some advice and occasionally they direct them to non-governmental organisations. Therefore, we get phone calls like: „Who can pay my debts". Nobody of course, but our role is to guide them, to take on some steps with them or their behalf, at court, to establish cooperation with other institutions dealing with mental health or health conditions. to talk to banks and show them possible solutions, in short to negotiate with them, to alleviate the banks often aggressive behaviour. We can do a lot, but we cannot pay their debts, of course. As institutions similar to ours all over Europe do, we try to be persuasive and dissuasive, and get our clients „out of their denial". We involve their spouse or parents, since we consider that over-indebtedness is a matter of family community. But today, this has become much more difficult. Never before have we got calls like „Help me, otherwise I will commit suicide, I cannot stand it anymore". The general situation, the COVID situation that seems to be endless has contributed to both deteriorated mental and economic health of our clients.

**Outlook**

Data on poverty in Slovenija are scarce. Personally I think that bigger problems will come to the end of this year and the next year. I belive that the consequences of over-indebtedness will be falt at the end of the year and next year. I notice that the creditors have already started to pay there debts as soon as the covid measures have relaxed a bit. I think the biggest problems will be due to the inability to pay running cost – rents are still extremely high and not falling. Operating cost are also too high. I belive that systemic measures will be needed.

# The financial and psycho-social side effects of lockdowns in Spain

by **Carlos Javier Zarco Pleguezuelos**, Professor of Banking and Consumer Law, Alicante's Law Society, czarco@icali.es

**1. Corona Morbidity – Facts**

After the first wave of Covid-19 infections in March 2020, the spread of virus calmed down in summer 2020. From October onwards, the infections then rose steadily. Though the second lockdown started at October 25, a sharp increase in Corona cases was not prevented. From that date on, the number of infected people has been continuously increasing, reaching an average of 41.270 cases per day (during the week of November 7th, peak of the second wave). In mid-December, a seroprevalence study suggested around 4.7 million people had been infected by the virus -- some 10 percent of Spain's population. Las but not least, there has been an average of 38.163 daily cases during the peak of the third wave January 22nd, 2021. The causal chains have not yet been conclusively clarified. Outbreaks are being reported from demonstrations of March 8th, during the 2020 Women´s day, celebrated in the main capitals of the country, even though several warnings had been issued from International Heath Institutions. Other outbreaks have produced also in nursing and long-term care homes, hospitals, occupational settings, celebrations, and households.

Spain became the first European country to record a million coronavirus infections on October 21 and reached the two million mark on January 7th. Infections then increased by another million in just over a month. Thanks to greats efforts by medical staff and the whole society, fortunately the third wave is clearly slowing down at the present day, as data of latter 14 days are clearly showing; 204.745 new cases, which currently represents 435 cases each 100.000 inhabitants, thus- although it is a still a high rate- at least it is far away from the 1.300 cases ratio showed in some regions during last January).[1] The per capita chart also highlights the extent of the third wave, which saw cases rocket upwards in January, recording more cases per capita at the end of January than it did even at the peak of its second wave in November. In addition, as regards the number of daily deaths, these have currently decreased too, from 441 the first of February to 73 (11th February).

As of March 2020, until February 2021, 11th, 2021, up 24.910.696 Spaniards have been tested by PCR-tests. In addition, 6.451,974 antigen tests, and other 3.033.431 quick antibody tests, plus 2,938,814 of other non-specified quick tests, have been made. The test is executed in case of symptoms or (possible) exposition to Covid-19 as well as in nursing homes, hospitals, doctors' surgeries staff, patients and visitors on medical prescription.

The test can also be made voluntarily as a self-pay. Spain saw a surge in infections at the start of the year 2021, with health officials blaming an easing of restrictions over the Christmas holiday. Since then, the incident rate has started to come down as regional governments, which oversee health care, have cracked down. Measures imposed include 10 pm curfews, the closure of bars and restaurants and bans on leaving or entering a region. The restrictions have helped to flatten the virus curve.

1 Ministerio de Sanidad/National Health Office: https://cnecovid.isciii.es/covid19/

The number of confirmed infection cases in Spain is, from the beginning up to the present moment (February 15th, 2021), 3.096.343 persons. Seroprevalence studies, which test for antibodies using a blood serum sample, suggest the real figure is far higher. According to Health Ministry data, the Corona virus has caused 67.000 deaths, but according to the INE (National Statistics Instituter) data (compared with mortality figures from official civil registry coming since previous four years), it should be 88.000 (compared to deaths of previous years). Furthermore, according to the National Association of undertakers, it could be 119.113 (until January, 19th). Of all deaths, 97% were among people aged 70 years or older, with an average of 83 years.)


Spain has so far vaccinated 2,8 million people since it began its immunisation campaign at the end of December and has fully inoculated 1.14 million people. Prime Minister Pedro Sanchez's government has vowed to have covered 70 percent of Spain's population by the summer's end, a goal reaffirmed by the government despite shortages and delays in vaccine supplies. If the goal is reached in time, it means that Spain will have vaccinated around 42 percent of its population of 47 million population by the middle of 2021.

The news come as a great relief as over 31,000 elderly nursing home residents have died of confirmed or suspected Covid-19 cases since the start of the pandemic. Spain's public prosecutor is currently investigating more than 200 cases of potential criminal mismanagement of the Covid-19 pandemic in nursing and old people's homes. As well as care home residents, Spain has also been vaccinating healthcare workers and those who need full time carers. The next lot of Spain's Pfizer-BioNTech and Moderna vaccines will be given to the over 80s. The AstraZeneca vaccine will be reserved for key workers under the age of 55, such as teachers, law enforcement officers, firefighters, members of the armed forces, furthermore pharmacists, physiotherapists, home assistance carers. With current infection rates in decline, there are now 321 Covid-19 cases per 100,000 inhabitants in Spain, causing several regions to progressively relax their restrictions.

**2. Empirical Surveys – Results**

There have been a number of empirical surveys on how households have been affected by the lockdown measures in the course of 2020. In June 2020, 44% of the working population were worried about their finances. The burden of childcare has risen sharply for 41%. For 30 percent of citizens, income has decreased compared to February 2020.

A national online survey, made to 1000 citizens in Spain, during October 2020, carried out by Intrum[2] showed that 43% of the adult respondents expressed a loss of income due to Corona virus (8% higher than the EU average). In addition, 25% were afraid of not being able to meet their financial obligations. More affected groups by loss of income are youth between 18-21 years (61%), and those between 38-44 years old (55%). Due to this situation, 64% of Spaniards have reduced their expenditure in non-essential goods. In addition, 45% of them have asked for some moratorium in their mortgages loans (vs 41 of EU average). Last but not least, 54% remains with less than 20% of their monthly income after having paid the household bills (rent/mortgage, electricity, water, phone, etc…).

The second wave of Covid-19 infection has unsettled consumers in terms of economic and income expectations, as the mentioned Eurobarometer on economic climate shows. In October 2020, 54% are very worried or rather worried about their personal economic future. This means that the value is again as high as in the first wave in April 2020. According to the Bank of Spain 40% of companies are experiencing great financial stress to cope with the crisis, and 25% are near the bankruptcy. The following groups are particularly affected by the financial losses: Self-employed and freelancers, employees in the hospitality industry (which is the 13% of the Spanish GDP, and has collapsed a 44% of its billing, reaching to 80% when it comes to pubs and disco's ), people in atypical and precarious employment (e.g. agency workers, mini-jobbers), single parents and families with migration background. One group that is also particularly hard hit by the lockdown measures are university students.

As regards the macroeconomic figures: General index of industry production has decreased a 9%, the per capita GDP has come back to 2015 level, public deficit has raised to 13%, official unemployment figure is 16% (but some economists are considering it to be a 26%, (due to the fact that there are still 800.000 workers subject to temporary job reduction schemes). Youth unemployment has raised up to 50%.

2 European Consumer Payment Report 2020. Intrum, December 2020.

**3. Debt advice**

The work of the debt counseling centers is currently more difficult due to the economic and social restrictions derived from lockdowns; familiar work processes no longer functioned in many places. As a result of the municipal responsibility for debt counseling, there were no uniform concepts and guidelines for the challenges that arose.

The majority of the debt counseling centers switched to home-office. The duty to wearing a mask is a barrier to communication, as a result, limited facial expressions and gestures impaired the building of trust. On the other hand, the lockdown has led to creative, mostly digital solutions being found. Telephone or web-based counseling was introduced and/or further developed. However, this can also result in access barriers for clients with a lack of language skills, digital equipment or digital literacy.

Bar societies (official lawyers corporations) have made remarkable efforts to update their members on consumers bankruptcy and second opportunity regulations and have opened new legal-free debt advice services for people with low income,

**4. Outlook for 2021**

- There will be an increase of over-indebted persons and households
- There will be an increase of insolvencies
- There will be a greater need for debt advice
- Due to the already exhausted capacity, it is very questionable whether the debt counseling centers can cover the demand
- If the speed of vaccinations remains the same than currently is, herd immunity will not be achieved in Spain until the end of 2024 at the earliest.

# The financial and psycho-social side effects of lockdowns in Ukraine

by **Olga Nosova**, Professor of Economics, V.N. Karazin Kharkiv National University, olgano59@gmail.com

**1. Corona Morbidity – Facts**

Estimated consequences of the first wave of Covid-19 infections in March/April in Ukraine demonstrated that the spread of the virus calmed down in summer 2020. However, on 26 August, the Government announced that a month-long travel ban to Ukraine. The second lockdown started (29 August to 28 September), and the ban has been imposed on foreigners seeking to enter the country in an attempt to contain the rise in Covid-19 infections. The government further extended the Covid-19 „adaptive quarantine" until 31 October, due to the worsening dynamic of new infections in the country. On 11 November, the Government introduced a weekend lockdown, starting from November 13 imposing the closure of all non-essential commerce as well as an obligation to wear a mask and have an ID in public spaces and on transport, limitation of public transport, and capacity limitations for gyms, cinemas, religious and cultural events to 24 January 2021. The government's quarantine and the emergency regime have been extended until 28 February 2021.

From 24 February four levels of epidemic danger, according to which certain restrictive measures, were established . Restrictions have been imposed localize the spread of Covid-19. The Ukrainian government introduced division of all regions in Ukraine, according to the incidence rate into four zones: „green," „yellow," „orange" and „red." Depending on the epidemiological situation in the region, either a light quarantine or a hard one were proposed. The local authorities received the right to strengthen anti-epidemic restrictions. The Central Commission on Technical, Environmental Safety and Emergencies makes decision to ease quarantine.

From March, 2020 until March 2nd, 2021, 6.948.980 Ukrainians have been tested by PCR-tests. The number of 1.357.470 laboratory confirmed cases of the disease. The total number of recovered from the coronavirus reached 1.176.918 persons. The mortality rate amounted 26.212 deaths of people infected with coronavirus. Over the past days in February 2021, the largest number of confirmed cases was registered in Ivano-Frankivsk (649), Chernivtsi (504), Vinnitsa (453), Transcarpathian (438) regions and in Kiev (463).[1] Vaccination started 24 February 2021, and more than 5 thousand people received first vaccine dose.

**2. Empirical Surveys – Results**

The study of empirical surveys of the Covid-19 pandemic impact on the economy and SMEs demonstrates a low level of health system prepared to the pandemic, as well as insufficient financial resources to purchase funds for tests, vaccines, and the deployment of additional hospitals.

On 12 March 2020, 150 participants from 111 organizations took part in the survey „Ukraine Covid-19 business impact" organized by the American Chamber of Commerce in Ukraine and

1 https://www.pravda.com.ua/cdn/covid-19/cpa/

Deloitte.[2] Companies expect significant effect of the COVID-19: sales and cash flow slowdown (61%), difficulties with serving the customers/clients (52%) and normal business management (46%). Furthermore, among the possible negative effects, respondents noted limitations with traveling and public events, disruptions in the supply chain and price volatility. Almost 90% of companies are planning to limit business trips and allow employees to work remotely. However, only 19% of respondents noted that the virus will cause changes in people management (headcount optimization (12%) and compensation changes (7%). Nearly 80% of respondents say they prioritize office security, saying it's necessary to provide workers with disinfectants, disposable tableware and thermometers. The respondents – 24% of whom were company CEOs – believe that helping workers overcome psychological stress isn't a priority for companies. Only 22% of respondents says workers should be helped to cope with stress.

The main challenges while implementing the supporting actions could be summarized in the following: "Field" employees safety demonstrates the absence of masks, antibacterial agents on the market. Achieve company goals have administrative barriers, budgeting constraints, cancellation of business meetings and travels. Cybersecurity characterizes data protection, decrease in control and efficiency through remote work, delaying some projects and etc. The Assessment of the socio-economic impact of Covid-19 in Ukraine was prepared based on primary data collected by the United Nations Country Team (UNCT) through about 60 field surveys investigating various areas of impact, triangulated with secondary data from various sources.[3] If the findings of surveys are triangulated with data from national statistics, the picture that emerges is that of massive lay-offs of workers, which doubled during the January– April 2020 period compared to the same period in 2019 to the point where nearly 100.500 workers lost their jobs.

69% of Ukrainians have experienced the economic impact of Covid-19, according to a survey commissioned by UNICEF.[4] The study was conducted in the framework of the nationwide Ukrainian survey „Thoughts and views of the population of Ukraine" (Omnibus) in May-June 2020. A total of 2.000 interviews were conducted. Almost a third of respondents reported losing their jobs, while over half spent their savings and cut their expenses on food. People from rural areas, industrial workers, and households with unemployed members suffered the most.

### 3. Debt advice

UN OCHA in Ukraine reports that since the beginning of the pandemic, more than 80% households have lost income and in more than 40% of families, at least one family member has lost her/his job. Although there are no data on eastern Ukraine, the socio-economic consequences of the pandemic in the conflict-affected region will be destructive.[5]

The increase in the number of debtors can be attributed to several reasons. There are the debts of Ukrainians that arose during the quarantine and an increase in the percentage of debts sold by utilities and banks to professional companies. In 2020, the largest number of debtors appeared in the following categories: debt collection for utility bills – the number of such debtors increased by 36% over the year (57 thousand people). Collection of funds (for example, loans) – by 24% per year (150 thousand people). Collection of fines in cases of administrative offences in the field of road safety by 22% (96 thousand people).[6] According to the list from the State Tax Administration, updated in February 2021, there are 568,196 enterprises and entrepreneurs in Ukraine that have tax debt. During the month, their number has grown to more than 108,000.[7] World Bank projections show that, due to the Covid-19 epidemic, poverty in Ukraine could increase by 4%, reaching around 23% by the end of 2020. The new funds will help finance Ukraine's Covid-19 social protection emergency response by introducing fast cash transfers to individuals and households who have lost their jobs or income sources because of the pandemic. Poor households will receive benefits through the country's GMI Program. The loan also supports scaling up Ukraine's social protection over the next years. According to World Bank estimates, 60% of the Ukrainians who may fall into poverty because of the Covid-19 outbreak do not currently benefit from any existing social protection program.[8]

### 4. Outlook for 2021

Due to the Covid-19 pandemic, Ukraine may face worst recession in decades, leaving more than 9 million people in poverty. The employment will increase in the different sectors due to the Covid-19 pandemic, and will effect a loss of household income. There will be increase in insolvency. There will be a need of the debt management division in debt counseling centers. According to assessment of the speed of vaccination in Ukraine during 2021-2022, at least 50% of the population of Ukraine (20 million) will be vaccinated against Covid-19.

2 https://chamber.ua/wp-content/uploads/2020/03/AmCham_Deloitte_COVID-19_Mar2020_final-copy-EN2.pdf
3 https://ukraine.un.org/sites/default/files/2020-12/UN%20SEIA%20Report%202020%20%281%29.pdf
4 https://www.unicef.org/ukraine/en/press-releases/incomes-69-ukrainians-have-been-affected-covid-19-unicef-survey
5 https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/ukraine_humanitarian_snapshot_20201110- ua.pd
6 https://www.epravda.com.ua/rus/news/2020/12/14/669133/
7 https://news.dtkt.ua/ru/taxation/common/68124
8 https://www.worldbank.org/en/news/press-release/2020/12/11/world-bank-scales-up-support-to-ukraine-to-help-protect-low-income-families

# Short Notice

## compiled by Dieter Korczak

### United Kingdom

In U.K. the first virus infection peak was at March 2nd, 2020 with 6.391 new cases/day. Since that date the number was going down and started to increase again at the end of September 2020. As cause for the beginning increase the new virus variant B.1.1.7 was blamed. The U.K.peaked at January 6,2021 with 68.503 new cases/day. Since then the number of newly infected cases is continuously going down again. (March 2nd, 2021 6.391 new cases/day) Until March 1st, 20,478,619 persons were vaccinated with the first dose. 844, 098 had already received the second dose. At March 8, lockdown in U.K. will be slightly lifted. (schools and colleges reopen, two people from different households can meet outside for recreation)

The pandemic has impacted the economy in many ways. From lockdown restrictions shutting down many businesses to limits on mobility, voluntary and enforced, the economic impact has been severe. GDP declined by 9.9% in 2020, the steepest drop since consistent records began in 1948. Many of the schemes designed to support businesses, workers and households during the crisis are set to end in March or April 2021. The months following the UK's first nationwide lockdown in March 2020 saw 9.6 million workers furloughed and a record of 370,000 redundancies between August and November. On top of that, about 45% of those in work in February lost earnings in the first few months of the crisis. The number of people claiming universal credit more than doubled to 6.0 million by 14 January 2021. This is a 98% increase since 12 March 2020 (Universal credit is a single payment for each household, to help with living costs for those on a low income or out of work. Support for housing costs, children and childcare costs are integrated into Universal Credit. It also provides additions for people with a disability, health condition or caring responsibilities which may prevent them from working.)

Meanwhile, levels of household debt are soaring, with an estimated £10.3 billion worth of new borrowing and arrears attributable to the impact of the virus. As many as 6 million people fell behind on a household bill between March and August 2020. It is estimated there are 2.87 million people affected by coronavirus who are now at high risk of long-term debt problems.Those with financial commitments such as a mortgage who have experienced an income shock due to coronavirus are increasingly struggling: two in five(38%) of those in this group are now worried about paying for essentials later this year.

Existing protections are not supporting those in difficulty and coping strategies are making matters worse: one in three (33%) of those affected has borrowed to make ends meet, which may delay problems now but increases the likelihood of more severe debt problems later.

https://www.stepchange.org/Portals/0/assets/pdf/tackling-the-coronavirus-personal-debt-crisis.pdf

### Greece

The infection peak was in Greece with 3.277 new infections at November 19, 2020. The lockdown hits the catering trade particularly hard. Restaurants, taverns, cafes and bars have been closed since the beginning of November. Giorgos Kavvathas, chairman of the industry association GSEBEE, fears that of the 81,000 Greek restaurants around 40,000 will not survive the pandemic economically.

Things also look bad in the retail sector. According to estimates from industry circles, the existence of every fourth shop is on the line. There is great uncertainty in the Greek labour world due to the Corona pandemic. This is the conclusion of a recent poll conducted in January 2021 by the Greek polling institute Alco for the umbrella union of private sector workers (GSEE). According to the survey, 56% of respondents state that their income shrank during the pandemic. More than one in two respondents (54%) feel that the home office has a negative impact on workers' rights. Specifically, 65% state that such a way of working has a negative impact on the number of hours to be worked. 54% believe it affects their mental stability and 52% believe it affects their personal life. 40% suspect a negative influence on professional development and their income. 39% are pessimistic about keeping their job.

The negative mood was also confirmed by the Intrum report 2020. 49% of respondents lost earnings due to the pandemic. 66% say their finances are not secure enough to guarantee a stress-free life. 73% are more concerned about their financial well-being than they have been at any other point in their life. As of 24 February, 800,000 people have been vaccinated, of which 270,000 people have already received the 2nd dose.

## Estonia – (Press release Eesti Pank, 28/1/2021)

Despite the difficulties caused by the coronavirus crisis, both businesses and households have generally managed to repay their bank loans, or have taken the payment holidays that the banks proposed as a solution. Data from the Estonian Banking Association show that there were 715 million euros of loans with a payment holiday by the end of the year, which was 2.6% of the loan portfolio of the banks. There are now less than a quarter as many loans with a payment holiday as there were when the number peaked in June, indicating that payment holidays have generally not been extended beyond their planned end date.

The banks wrote down 92 million euros of loans issued in Estonia last year, or 0.3% of total assets. At the end of the year only a very small part of the loan portfolio of the banks to businesses and households was overdue by more than 60 days, at less than 0.5%. Although the quality of the loan portfolio has remained very good so far, it should be remembered that the crisis is continuing to hurt the economy seriously, and payment difficulties may start to appear only during this year.

## Belgium

With social restrictions, lowered supplies, and diminished demand, Belgium's economy has been directly impacted by the coronavirus pandemic. Many Belgian businesses had to shut down temporarily or have reduced staff numbers at work, resulting in 1.25 million people on temporary unemployment. For instance, the revenue loss in the tourism industry in Flanders and the Brussels-Capital Region was estimated at 1.7 billion euros in 2020.

Households encountering financial problems as a result of the coronavirus crisis could get a mortgage payment holiday or insurance premiums up to the month of September 2020. In addition, the banks offered a six-month moratorium on existing loans to Belgian businesses, the self-employed and private individuals facing payment problems as a result of the corona crisis. Until 28 February 416129 Belgians received the first vaccination dose, 272031 the second dose.

## France

During the second half of March, 4 million French workers applied for temporary unemployment benefits. As at April 2020, approximately 8.6 million employees in France were furloughed.The peak of new infections was with 86.852 at November 7, 2020. At the beginning of the second lockdown (end of October) it was guessed that vulnerable sectors are likely to sink further, including retail, aviation, tourism and hospitality, which make up over 10 percent of economic activity.

At February 25, 2021, a nightly curfew was set in force in metropolitan France and it was announced that twenty French departments are to be monitored with a view to introducing stricter Covid-related measures, such as a weekend lockdown as introduced in the Alpes-Maritimes and Dunkirk and its surrounding area. On March 1, 2021, 3,036, 605 people having received at least one Covid-19 vaccine dose. 1,639,282 are vaccinated fully with both doses.

## Portugal

Portugal has both the highest case rate (16,829 per million people) and death rate (340 deaths per million people). Portugal has a very atypical course of infection spread compared to the other European countries. The daily peak of new infections was reached on 28/1/2021 with 16,432 cases. During the following fourteen days there was a very significant and expressive decrease in the incidence. Tourism in Portugal is experiencing its worst crisis in decades. The number of overnight stays by travellers plummeted by 60% last year, falling to 1993 levels. The whole country suffers from this: the economy slumped by 7.6% last year. 60% are more concerned about their financial well-being than they have been at any other point in their life – that is after Greece the second highest rate in Europe. (Intrum report 2020) As of 3/3/2021, 632,450 Portuguese had been vaccinated with the 1st dose and 268,381 with the 2nd dose.

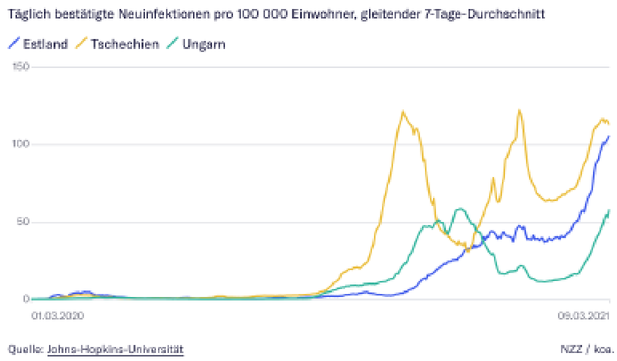
## Sweden

Though Sweden had as only country in Europe no hard lockdown the number of Corona related deaths/100.000 is lower than e.g. in Germany with a five month hard lockdown.

## Vaccination

The rate of complete vaccination (1st and 2nd dose) vary strongly in Europe. In Portugal 5,2% of the population are completely vaccinated per 1/3/2021, in Belgium 4,1%, in Greece 2,8%, in Sweden 2,5%, in Germany 2,5%, in France 2,2%, in Estonia 2,1% and in UK 1,1% per 1/3/2021.

**Different dissemination patterns in Czechia, Estonia, Hungary**



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