

# THE IMPACT OF THE COVID-19 PANDEMIC ON SOCIAL AND ECONOMIC PROCESSES IN BELARUS

Executive Summary

December 2020



BELARUS APPEARS TO  
BE UNDERREPORTING  
COVID-19 DATA



COVID-19 IS ONE KEY  
FACTOR THAT MADE  
THE ECONOMY FALTER  
SIGNIFICANTLY



COVID-19 RESPONSE  
SPURRED CIVIL SOCIETY,  
CONSOLIDATION IN  
POLITICAL CRISIS



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## EXECUTIVE SUMMARY

The Executive Summary provides an overview of the comprehensive study carried out by SATIO together with Friedrich Ebert Foundation in several stages:

- 1) Desk research (mainly in the areas of macroeconomics, sectoral analysis, the labor market, incomes and expenditures of the population, measures of state support in various areas (economy, education, health, social protection, etc.)
- 2) Aggregation of research data on relevant topics conducted by the SATIO team during the COVID-19 pandemic.
- 3) Collection and analysis of quantitative survey data: A survey of 1008 men and women aged 18-65 years living in the Republic of Belarus cities was conducted. The selection criteria for the sample: quotas by region, age. The sample is representative of the urban population of the Republic of Belarus according to the above criteria. Sampling error is not higher than 3,09%. The fieldwork was carried out on 25-29 November 2020.
- 4) 12 in-depth interviews conducted with representatives of the following areas: Schools and universities; Education; Public health; Economics; Business community; NGOs working to protect the interests of vulnerable groups or to achieve gender equality in Belarus.

One of several factors affecting the situation in Belarus, COVID-19 exposed and aggravated many existing problems, confirming the ineffectiveness of government decisions. Experts note that treatment of COVID-19 has been professional on the part of healthcare personnel, but government communication policy has been a failure, revealing an inability to promptly implement anti-epidemic measures, as well as unwillingness or inability to support business and adapt the educational system to the new circumstances. Meanwhile, civil society continues to entrench itself in Belarus, while business has been left to tackle various challenges on its own, supporting both its workers and society as a whole. Belarus has only postponed the economic consequences of the crisis. If the government is unwilling to adapt to the new reality, the quality of life in the country will invariably deteriorate in the future.

### **BELARUS APPEARS TO BE UNDERREPORTING COVID-19 DATA**

The main reason for doubting official data is the abnormal increase in mortality in the second quarter of 2020, by 18.5%, which, according to published information, is not associated with COVID-19. There are issues with the transparency of published data: at times, math errors can be found in official publications; various sources keep reporting anonymous statements by doctors on underreporting of COVID-19 statistics; and the Ministry of Health refuses to answer reporters' questions. At the same time, official statistics differ significantly from comparable data for neighboring countries, which is generally brushed off as a matter of methodological differences.

According to official statistics, the first case of COVID-19 in Belarus was registered on February 28, 2020. As of December 10, the total number of infections was 154,400, with associated 1,238 deaths. According to Satio survey data, by November, 11.3% of the Belarusian population had been diagnosed as COVID-19 positive, between 584,000 and 704,000 cases. Taking into account those who believe they had been infected but were never diagnosed, the total count could be as high as 2.5 million.

### **COVID-19 IS ONE KEY FACTOR THAT MADE THE ECONOMY FALTER SIGNIFICANTLY**

Many macro indicators have dropped and are lower than projected. GDP is down, though less significantly so than in the neighboring countries; the financial state of enterprises has deteriorated; inflation is on the rise; the Belarusian ruble has fallen against the dollar and the euro; foreign trade is down; the budget revenues have declined; external public debt has increased significantly, while gold and forex reserves have shrunk.

Although COVID-19 has had some indirect impact, it was not always the key factor. Key factors in the economic downturn include the decline in business activity as a result of the pandemic, oil disputes with the Russian Federation, and a drop in global prices for oil and potassium fertilizers. The second wave of the pandemic was aggravated by a serious political crisis: 50% of interviewed businesses mentioned a resolution of the political situation as prerequisite to helping commerce.

The most affected sectors have been transport, manufacturing, food services, consumer services, and wholesale. Meanwhile, other industries, like pharmaceuticals and retail trade, have grown during the pandemic.

### **PROBLEMS WORSENERD BY COVID-19 WERE PUT OFF, INEFFECTIVE MEASURES TAKEN**

The fact that Belarus's macro indicators did not drop as much as in neighboring countries does not necessarily mean that it coped with the consequences of COVID-19 better, as many measures were aimed at simply putting problems off. For example, maintaining output levels despite reduced demand led to surplus inventory at warehouses, refinancing and loans were provided mainly to "cover operational gaps," and so on.

According to nearly 80% of companies surveyed, the support measures taken by the government were either misdirected or insufficient. This is probably due to the absence of a major communication campaign regarding these measures, with the result that many companies did not hear about or know the details of the Decree on Supporting the Economy, how to apply for assistance, or the downsides of this assistance.

Moreover, some of the measures were perceived by business as obstacles to overcoming the crisis. Some were aimed exclusively at supporting the public sector, such as direct lending. The most effective measures, according to businesses, would be installment plans, cutbacks in taxes and social security payments, and easier access to financing.

On the other hand, businesses were forced to develop new forms of employment and ramp up digitalization, both of which will contribute to sustainability in the long run.

### **THE PANDEMIC CAUSED COMPANIES TO LAY OFF WORKERS OR SHORTEN HOURS**

In terms of layoffs, service industries have been impacted the most: education, creative industries, sports, entertainment, hotels and restaurants, and so on. More significant layoffs took place in spring, although the demand for unskilled labor was and remains quite high.

Another impact of the COVID-19 pandemic was cutbacks in working hours because of underemployment and downtime, as well as the switch to new modes of work. That said, the need to work remotely and the associated development of digital technologies is seen as a positive effect of the epidemic. Potentially, up to 16% of all workers in Belarus can switch to remote work.

For employers, the most common workplace measures were: wage reductions, shortened working days, and cancelled bonuses. Switching from full-time to part-time work was the most popular measure among employees.

### **DISPOSABLE INCOME SLOWDOWN AND NEGATIVE EXPECTATIONS CUT INTO SPENDING**

Although nominal wages continued to grow in 2020, the growth rates slowed down. Significant slowdowns could be seen in tourism, passenger air transport, and the beauty industry. In healthcare, nominal wages increased, but this was more of an exception associated with government support for the sector. The most acute drop in incomes was experienced by the poorest Belarusians: low-income households, students and part-time employees.

The drop in wage growth was mitigated by payments from the state budget, so that public sector employees were paid at least the minimum wage even during involuntary cutbacks in hours or forced leave. Local authorities also had the right to subsidize private sector employers for the additional cost of paying at least minimum wages under the same circumstances. Price adjustments and better access to critical goods were also provided.

Negative expectations and the unstable political situation encouraged many people to save. This meant that spending remained steady only in critical areas: food, medicine, hygiene, and communication.

Meanwhile, there was a serious outflow of deposits from the banking system in 2020, which is associated with negative economic expectations and the political crisis: 93% of Belarusians do not expect economic recovery for at least another six months; also, they believe Belarus's recovery will take longer than in other countries. To a large extent, this is also one reason behind the considerable change in the forex balance, as demand for foreign currency has gone up, while the supply has gone down as oil refining volumes decline.

### **INFLEXIBILITY IN EDUCATION MEANT MISALIGNED DECISIONS AND POOR MEASURES**

Some educational institutions were left not only without guidance on instruction, but also without clear regulation.

This led to work in the traditional mode, since many measures affecting educational institutions were advisory only.

The lack of a systemic response and unified technological platforms meant that many teachers did not understand how to properly organize the teaching process remotely, and mastered online tools on their own, sharing homework through messenger services. The internal technological platforms of educational institutions proved unprepared for the workload, and the prevalence of unlicensed software made the transition to remote learning even more difficult.

Moreover, the move to remote learning was not universal. In some cases, remote learning was actually prohibited: in secondary schools, during exams, and so on.

As it turned out, 70% of parents stopped sending their children to school in spring 2020, but in the fall, during the second wave of COVID-19, only 25% kept their children at home. At the same time, 66% of parents noted that, if necessary, they personally would easily switch to remote learning, but they saw the educational system as poorly prepared for such a transition, rating it at 4 points out of 10).

Both the teachers and the educational process were directly affected. From time to time, there were reports of mass morbidity among teachers, non-compliance with protective measures, and inaction among administrations as well as withholding information and the true number of cases.

The COVID-19 pandemic was expected to significantly accelerate the introduction of modern technologies and to contribute to a shift in teaching approaches, but the fundamental managerial decisions were never made. In the future, this could cause the quality of education in Belarus to deteriorate compared to other countries.

### **SATISFACTORY DIAGNOSIS/TREATMENT; POORLY IMPLEMENTED COMMUNICATION/MEASURES**

Compared to the first wave of COVID-19, health care system was better prepared by the second wave, as there were stocks of protective equipment, including those produced with the support of volunteer initiatives and businesses.

However, the problem of the healthcare system's capacity became more acute during the second wave. To alleviate the shortage, senior medical students were mobilized to help, a number of institutions along with medical staff and doctors were re-purposed to treat COVID-19 patients, and routine medical treatment was partly suspended. The last is likely to lead to higher morbidity in the future, since the treatment of chronic diseases was delayed.

The severity of the second wave was associated with the measures taken to prevent infection: many of these

measures were late in the day, implemented on a voluntary basis, and rarely monitored, including: limiting the number of visitors to various establishments, restricting events, closing border crossing points including an outbound travel ban, self-isolation, and various corporate measures. It was not until November 17 that a mandatory mask-wearing policy was introduced, but there were still no penalties for individuals violating this requirement. Fortunately, the overwhelming majority of Belarusians treated this measure as appropriate.

### **FAILED PUBLIC COMMUNICATION IN HEALTHCARE EXACERBATED DISTRUST**

A Ministry of Health initiative to hold weekly conferences was received positively, but the practice did not last long. The lack of trust in official COVID-19 case data led to a deterioration in trust in the government in general, a growing use of alternative information resources whose information was not always true or complete, growing distrust in the healthcare system and even fear of going to the doctor, exacerbated anxiety in the society, and the inability to make informed decisions to counter the epidemic.

Particularly frightening is the share of Belarusians who are prepared to avoid seeing a doctor if they have COVID-19 symptoms. The share of those who are ready to immediately contact a healthcare facility has gone down significantly in the second wave, the main reason being the fear of getting infected if the person is not infected yet, or lack of understanding that seeing a doctor might be helpful. This suggests both a decline in the fear of getting sick, and greater willingness to stay at home while sick.

### **RECOGNIZING THE DANGER, MOST ADHERE TO MEASURES AND REDUCE CONTACT**

About 80% of Belarusians followed the news on COVID-19 during the second wave. This was less than in the fall, probably due to the shift in attention to the political situation. The majority adhere to protective measures quite responsibly: in November, only 4% said they did not comply with such measures at all. Unfortunately, it was not until November that these measures became popular.

The main precautionary measure is the use of the masks in public places; slightly less popular ones are frequent hand-washing, the use of sanitizers, and social distancing. Many consider the imposition of certain anti-epidemic measures by the government useful, but only if those measures are mild. Few Belarusians consider a total lockdown appropriate.

### **COVID-19 RESPONSE SPURRED CIVIL SOCIETY, CONSOLIDATION IN POLITICAL CRISIS**

The inadequate government response spurred numerous volunteer initiatives to counter the threat of the spread of the virus. Many companies primarily from industry and ICT decided to get involved in social projects, especially during the first wave, in the form of sponsorship, and pro bono services, the latter are primarily cafés and restaurants. This experience fostered grassroots organization among Belarusians during the subsequent political crisis.

At the same time, most Belarusians know little about grassroots initiatives to help healthcare workers in the fight against COVID-19. Those who are aware of such initiatives believe that it was civil initiatives that helped to cope with COVID-19 to a greater extent.

Despite significant potential for more such initiatives, public demand for them has remained unsatisfied due to government restrictions.

### **VULNERABLE GROUPS LACK ATTENTION AS EFFORTS FOCUS ON COVID-19**

Because healthcare facilities were repurposed, there was often no option for providing routine care to people with disabilities and the absence of specialists led to difficulties with applications for disability status. Some non-profit organizations experienced difficulties with their main activities, as they became unable to hold certain events and seriously lacked financing.

Older people often noted that they no longer worked for the same employers as before the pandemic, and they had to withdraw all their savings more often than other age groups. Older Belarusians also adhered to social distancing requirements more rigorously and paid more attention to news coverage of COVID-19.

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