

# Policy Review Report

## Policy measures to mitigate the impact of the cost-of-living crisis on vulnerable groups

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Sabina Gjylsheni  
Magdi BIRTHA  
Anette Scoppetta

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Contact:  
**European Centre for Social Welfare Policy and Research**  
Berggasse 17, 1090 Vienna, Austria  
[www.euro.centre.org](http://www.euro.centre.org)  
[ec@euro.centre.org](mailto:ec@euro.centre.org)  
+43-1-319 4505-49

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# List of abbreviations

BB	Bridge Building
EaP	Eastern Partnership
ECA	Europe and Central Asia
GDP	Gross Domestic Product
UN	United Nations
UNFPA	United Nations Population Fund
VAT	Value Added Tax
WB	Western Balkans

# 1 Introduction

The Bridge Building (BB) Policy Review “Policy measures to mitigate the impact of the cost-of-living crisis on vulnerable groups” was hosted by the European Centre for Social Welfare Policy and Research (European Centre). It was the sixth event in a series of mutual learning events, including peer reviews and policy reviews that were offered to BB countries<sup>1</sup> by the European Centre, following a methodology applied and widely used within the European Union in employment and social inclusion policies. By implementing mutual learning activities in the BB countries, the European Centre supports the development of answers to countries’ needs related to fighting poverty, especially for vulnerable groups and the better coping with the health and social consequences of COVID-19.

Policy reviews provide expertise and promote mutual exchange of experience as well as knowledge transfer about the situation on a selected topic in BB countries. The purpose of this policy review was to discuss with the participating BB countries the impact of the ongoing cost-of-living and energy crises on vulnerable groups, the challenges faced related to their welfare systems, and to explore policy measures in place to mitigate the impact of the crisis.

Participants of the event consisted of representatives of respective ministries of labour and/or social affairs, the public employment services, and social services in Albania, Armenia, Azerbaijan, Kosovo, Moldova, and Ukraine.

Specifically, the policy review aimed at answering the following questions:

- *Which vulnerable groups are most affected by the cost-of-living crisis in your country? What is the impact of the crisis on these vulnerable groups?*
- *What are the policy measures in place (in the countries) that serve to mitigate the impact of the cost-of-living crisis for vulnerable groups? Were there any new, specific measures introduced (including at regional, local levels)?*

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1 The BB countries are Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, the Republic of North Macedonia, the Republic of Moldova, Montenegro, Serbia, and Ukraine. See this website for more information about the European Centre’s Bridge Building activities: <https://www.euro.centre.org/domains/bridging-building>

- *How did the welfare system perform during the crisis? Were there any cuts on social spending or was the implementation of any planned reforms suspended to finance crisis-related policy measures?*
- *What influence does the cost-of-living crisis have on the sustainability of the welfare system (in the countries)?*
- *Are there any alternative measures (e.g., cost-neutral policy instruments) in place to mitigate the impact of the cost-of-living crisis in the countries?*

The two-day lasting policy review attracted significant interest with over 40 registrations. Inputs were provided by experts from BB countries and internationally and discussions held in working groups.

The opening remarks were offered by Pia Cencig, Austrian Federal Ministry of Social Affairs, Health, Care and Consumer Protection. Key inputs were provided by:

- Michael Herrmann, United Nations Population Fund (UNFPA),
- Jadranka Kaludjerovic, Institute for Strategic Studies and Prognosis in Montenegro,
- Christine Aumayr-Pintar, Eurofound,
- Daniel Gerbery, Institute for Labour and Family Research in Slovakia,
- Fjoralba Hoxhallari, Ministry of Health and Social Protection in Albania,
- Oleg Barcari, Ministry of Labour and Social Protection in Moldova and
- Sabina Gjylsheni, European Centre.

The working group session focused on the ongoing multiple crises and the challenges they brought to marginalised groups in the BB countries. The discussions centred on targeted policy measures implemented by the countries, and then focused on an outlook regarding the sustainability of social welfare systems. The working group contributed to a fruitful and constructive discussion about common challenges and promising policy solutions.

The evaluation of the policy review showed the following results: over 95% of the participants responded that the event has increased their knowledge and that they have learned about useful approaches for their professional work. Furthermore, most participants informed that the event allowed them to openly communicate, exchange experiences, develop their professional network and receive new policy perspectives for their job. Participants especially appreciated interacting with colleagues from other BB countries regarding their policy measures taken to mitigate the cost-of-living crisis.

This report summarises insights gained during the policy review from the different speakers and aims at further sharing these with a wider audience. It is structured as follows: chapter 2 describes the challenges generated by the cost-of-living crisis for marginalised groups in BB countries. Chapter 3 focuses on main policy measures the BB countries have introduced to mitigate the impact of the cost-of-living crisis. Chapter 4 provides an outlook for relevant future policy measures and discusses the sustainability of social welfare systems in BB countries. Chapter 5 outlines key messages of the event. Finally, chapter 6 presents conclusions.

## **2 The challenges generated by the cost-of-living crisis for marginalised groups in BB countries**

The current cost-of-living crisis in Europe emerges as a culmination of several interlinked challenges spanning recent years, including the repercussions of COVID-19, the Russian military aggression against Ukraine, and rising inflation and energy costs. Research reveals that the ongoing crises have a disproportionate effect on those who faced poverty and social exclusion already before (Birtha et al., 2023). The cost-of-living crisis must be discussed in the context of global trends such as demography, climate change, digitalisation, and automatization due to the huge impact they have on vulnerable groups. BB country representatives identified that the groups most impacted include single mothers, families with many children, persons with disabilities, older individuals, economically disadvantaged people without social assistance, homeless people, internally displaced persons, and war veterans along with their families. The crisis has further complicated the socio-economic landscape in the Western Balkans (WB) and the Eastern Partnership (EaP) countries, whose social welfare systems already struggled before the crisis.

In addition to rising inflation and energy prices, BB participants highlighted other context-specific factors during discussions. For instance, the 2019 earthquake in Albania<sup>2</sup> have especially exacerbated the socio-economic situation, as confirmed by the representatives from the Ministry of Health and Social Protection in Albania. Also, the representatives from the Ministry of Labour and Social Protection in

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<sup>2</sup> The 2019 earthquake in Albania resulted in 51 deaths, more than 913 injuries, affecting a population of 202,291, with over 17,000 people displaced, 1,781 buildings collapsed, and 3,607 seriously damaged buildings (UNDRR, 2020). See here: <https://www.undrr.org/news/opinion-what-we-can-learn-2019-earthquake-albania>

Moldova informed that the country faces manifold challenges during wintertime especially for vulnerable groups of society.

The policy review highlighted that primary challenges in the BB countries relate to **significant decrease in consumption** due to a concurrent **increase in food prices, housing costs, and energy expenses**. Inflation continues to be a persistent challenge in the BB region. According to World Bank Western Balkans Economic Report (2023), inflation of food prices remained elevated, standing at 14.6%. The World Bank Economic Report on Europe and Central Asia (ECA)<sup>3</sup> indicates that while in Western Balkans and Eastern Partnership countries private consumption traditionally serves as a crucial driver of overall economic growth, the mounting pressure from rising prices is now weakening households' purchasing power. Household spending is further limited by diminishing consumer confidence, worsening economic conditions, and restricted access to credit (Izvorski et al., 2023). In support to the data, representatives from the Ministries of the BB countries discussed and unfolded their challenged contexts, with a particular focus on marginalised groups.

In **Montenegro**, for instance, the most severely affected marginalised groups during the ongoing crises include single-parent families, social assistance beneficiaries, pensioners, and families with persons with disabilities. As mentioned above, the economic burden increased by a series of challenges including the surge in energy prices, escalating renting costs, and a notable raise in food prices, as confirmed by the representative from Montenegro. These hardships have resulted in a decrease in food consumption and alterations in overall consumption patterns, especially for social assistance beneficiaries, single parents, and pensioners. Additionally, regional disparities are evident, with urban areas experiencing higher exposure to poverty, confirmed the representative from Montenegro. Evidently, many households find themselves unable to meet essential expenses like electricity and rent. Notably, additional increases in energy prices pose a major challenge for households, adding to their already difficult economic situation.

In **Albania**, the socio-economic situation was affected by the combined impact of COVID-19, the 2019 earthquake, and the war in Ukraine. Like in the Montenegrin context, the increase in prices resulting from the Russian occupation of Ukraine has hindered the economic recovery, reduced consumption, and increased costs for businesses. The representative from the Ministry confirmed that this challenging environment particularly affects marginalised groups such as internally displaced persons (from the earthquake), and older persons.

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<sup>3</sup> The ECA countries are Albania, Armenia, Bosnia and Herzegovina, Georgia, Kyrgyzstan, North Macedonia, Republic of Moldova, Montenegro, Serbia, Turkey and Turkmenistan.



During policy review discussions, the representative from the Ministry of Social Policy of Ukraine shared that displaced people are currently one of the most marginalised groups in **Ukraine**, as a result of the Russian invasion of the country. Consequently, one of Ukraine's main pressing challenges is ensuring housing subsidies for this marginalised group.

The variety of economic burdens often push individuals into adapting to the economic and social reality. In **Moldova**, for instance, economic hardships have forced vulnerable families into distressing "negative survival procedures" including procurement of low-quality food, accumulating debts, enduring inadequate heating, refusing education, and reaching for alcohol. These trends will have severe medium and long-term consequences for the well-being of the individuals and their families.

The shared challenges faced by Montenegro, Ukraine, Albania, and Moldova underscore the pressing need for targeted measures to mitigate the economic and social challenges faced by vulnerable groups. The discussions revealed different measures, policies, and mechanisms countries have already undertaken to tackle the cost-of-living crisis, which will be further elaborated in the next chapter.

### 3 Policy measures to mitigate the cost-of-living crisis in BB countries

This chapter explores inflation compensation measures and ad-hoc policy measures implemented across the BB countries that participated in the policy review. Based on the presentations and the information shared during the working group, the chapter below provides an overview of the diverse set of measures that aim to mitigate the impact of the cost-of-living crisis for marginalised groups (targeted or indirectly). These measures are to be understood in the context of BB countries' existing welfare instruments and are divided into inflation compensation policy measures, targeted policy measures and other (ad-hoc) measures.

#### 3.1 Inflation compensation measures

In the policy review participants discussed changes in BB countries' social policies that included economic aspects.

The notable inflation crisis in the Western Balkan region have led to **increased wage pressures** and **indexation of the inflation rate**. In 2023, minimum wages saw increases in the Federation of Bosnia and Herzegovina, North Macedonia, Serbia,

Albania, and Kosovo. However, Montenegro's minimum wage remained unchanged in 2023 following a substantial increase in 2021 (World Bank, 2023). In the Eastern Partnership countries, wage increases, and inflation adjustments were introduced in Moldova, Armenia, and Georgia, as informed by Izvorski et al. (2023). However, as revealed in the discussions, the wage increase measures in the BB countries do not necessarily benefit groups that are in the most marginalised situation.

Other economic measures included the **abolition of Value Added Tax (VAT)** in Montenegro to address the challenges posed by rising prices. The government, in continuous consultation with Trade Unions, has abolished VAT taxes on various products including oil, flour, and salt. Among implemented measures is the significant 50% reduction in excise duties, which aims at mitigating the impact of escalating fuel prices. Moreover, the government has placed limitations on sales margins for essential food products (e.g. flour, sugar, beans, and salt). In addition, the Montenegrin government is actively engaged in an ongoing 'Stop Inflation campaign'<sup>4</sup>, working to stabilize prices and ensure the availability of essential goods. This measure does not explicitly target marginalised groups, but it is assumed by participants that it helps these households and other groups to avoid hunger.

## 3.2 Targeted social policy measures

In response to the cost-of-living crisis, BB countries have not only implemented general economic policy measures but also undertaken targeted initiatives to support marginalized groups.

**Albania**, for instance, is in the process of adjusting its Economic Assistance Programme<sup>5</sup>, the main cash social assistance scheme for families facing poverty. Throughout 2022, the program budget increased by 16.7%, compared to the initial annual plan. Notably, the amount of the economic aid paid out was doubled. The distribution was as follows:

- A uniform 20% increase for all household beneficiaries.
- The benefit for households in need, particularly those with three or more children was doubled.
- The benefit for women heads of households with two children was doubled.
- Households with members over 65 years old, who are single and without an old age/social pension received a double amount of their social benefits.

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<sup>4</sup> Please see: <https://www.gov.me/clanak/mert-akcija-stop-inflaciji-formiranje-antiinflatione-korpe>

<sup>5</sup> The economic assistance (*Ndihma Ekonomike*) programme, referred to as the NE programme, is the main cash social assistance scheme for poor families in Albania. Please see ILO report: [https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms\\_882823.pdf](https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_882823.pdf)

- There was a triple increase in the benefit amount for orphans, victims of domestic violence, and victims of trafficking.

Moreover, the Albanian Ministry of Health and Social Protection has enacted measures to enhance payments for persons with disabilities, adjusting them from the previous 85 EUR to 99 EUR. This adjustment also applies to the personal assistants of persons with disabilities. A specific provision for blind individuals involves an increase in payments to 112 EUR, calculated as 70% of the state minimum payment, considering age and other income benefits. Albania has also introduced a new supporting program for unemployed women with three or more children. This initiative, covered by the state budget, includes social and health insurance payments based on the minimum wage, equivalent to approximately 285 EUR per month. Some 8,000 beneficiaries are enrolled in this program. Additionally, for unemployed mothers with three or more children under the age of 18, the Ministry of Finance is extending its support by covering health and social insurance payments for the first 5 years of the child.

Meanwhile, **Moldova** has implemented various support programs, including assistance for the payment of energy and heating, and selective food support programs in some municipalities. These initiatives aim to alleviate the economic pressure on vulnerable populations by providing targeted relief.

While changes in social policy occurred in **Montenegro**, including a minimum wage increase and child allowance increase<sup>6</sup>, as far as known, no specific ad-hoc measures were introduced during 2022-2023 to mitigate the impact of the cost-of-living crisis for marginalized groups. For instance, as stated in the ESPN 2022 Report on Social Protection for Person with disabilities, all benefits are regulated at national level, and there are no sub-national measures or legislation that are relevant to the social protection of persons with disabilities (Kaluđerović, 2022).

Measures taken in **Ukraine** to mitigate the consequences of the war on the country's marginalised groups were discussed in detail during the policy review. The Ukrainian government is proactively addressing the needs of internally displaced persons through a comprehensive approach, including housing subsidies to alleviate accommodation challenges and a mix of different social services for those facing emergency situations. Moreover, the well-being of both service technicians and civilians is in the focus of measure, with efforts directed towards facilitating prosthetics and rehabilitation services to ensure the recovery of those directly impacted by the conflict.

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<sup>6</sup> The Law on Social and Child Care introduced a new benefit, the compensation to parents/guardians of people with the personal disability allowance (Kaluđerović, 2022).

### 3.3 Other (ad-hoc) policy measures

Several countries have implemented further ad-hoc policy measures to address the complex challenges deriving from multiple ongoing crises. These will be presented in the following.

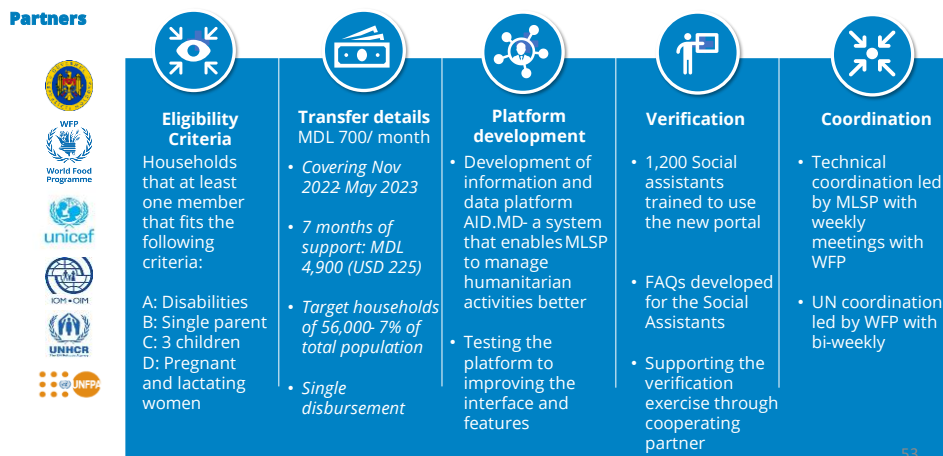
For instance, in **Montenegro**, the government responded to the challenges posed by the COVID-19 pandemic by implementing **five support packages**, with a focus on one-time financial assistance for vulnerable social groups (Kaludžerović, J. et al, 2021). The five packages consisted of:

1. One-time financial aid of 50 EUR for pensioners with the lowest pensions and recipients of family material support.
2. Unemployed individuals without compensation rights and pensioners who receive a pro rata pension that does not exceed the amount of the lowest pension received a one-time financial assistance of 50 EUR.
3. One-time financial support of 50 EUR for recipients of family material support and veterans' material support.
4. One-time financial aid for individuals registered with the PES (the Employment Bureau), beneficiaries of family material support, pensioners with pensions below the monthly minimum wage (222 EUR), and recipients of personal disability benefits.
5. Comprehensive measures, including assistance to agricultural holdings and professional fishermen, addressing significant impact on affected populations.

During 2022, in response to the inflation crisis caused by the Russian aggression in Ukraine, **Albania** introduced **two financial support packages**. The first, from April to June, amounted to 73 EUR and the second, towards the end of the year, aimed to counter the impact of inflation and address winter-related challenges. It amounted to 65 EUR for each family and 160 EUR for female heads of households.

Moldova's response to the inflation crisis included the provision of **Emergency Cash Assistance Programme** to crisis-affected populations and the integration of shock response into the National Social Protection System. This initiative was a collaboration between Ministry of Labour and Social Protection and the UN. The overview of the activities and partners involved is illustrated in the figure below:

## Overview of the activity status of the Emergency Cash Assistance Programme in Moldova



Source: Presentation from the Moldovan Ministry for Labour and Social Protection

This initiative targeted 56,000 households, with 55,673 receiving cash transfers, covering 99.5% of the intended beneficiaries. This effort reached 7% of the overall population, and, as of March 2023, 12.9 million EUR were disbursed in transfers. In addition, the government of Moldova also introduced compensation programs for communal services at the municipal level.

## 4 Outlook for the future and the sustainability of social welfare systems

Data shared and discussions held at the policy review emphasized the challenges of the cost-of-living crisis on the welfare states in the BB region. Governments in the WB and EaP countries find themselves navigating through economic and social constraints, making it increasingly difficult to maintain and improve their already stressed social systems in the midst of these multifaceted challenges. In response to the crisis, the governments of the BB countries however plan to continue implementing socio-economic measures to support marginalized groups.

For example, minimizing the poverty rate in **Albania** involves a concerted effort by the Ministry of Health and Social Protection whose primary objective is to support families by ensuring ongoing employment through economic assistance. A key aspect

of the government's social policies is directed at the reintegration of families in need, achieved through targeted professional training and employment programs, ultimately aimed at alleviating poverty and enhancing family well-being. Acknowledging that employment of vulnerable groups plays a pivotal role in directly improving their situation, the Ministry of Finance and Economy has introduced a draft decision for approval, which outlines the procedures, criteria, and rules for the implementation of an employment promotion program strategically designed to foster social inclusion.

In the **Moldovan** context, one of the priority areas is to sharpen the targeting criteria for social assistance in accordance with new reforms. The focus of these reforms is on marginalised groups, including older persons, persons with disabilities, and families with multiple children. The upcoming cycle of the program is strategically aligned with winter support and a new social assistance reform.

To have a substantial impact participants agreed that it is imperative to introduce a diverse set of multi-sectoral policy measures that take the needs of various stakeholders into account. In that regard, social assistance should serve as an intervention, which is only applied if other possibilities fail. Relying solely on social assistance to address the increased pressure on marginalised groups during the cost-of-living crisis is reported to be insufficient. For that reason, the Moldovan government has introduced specific measures, including income-based support programs. Support programs during cold periods help fostering the direct transfer of compensation to energy suppliers, ensuring effective use in poverty situations. Additional measures involve food support programs, including e-vouchers, and programs of social support.

Participants informed that **Montenegro** is contemplating measures to boost pensions; nevertheless, the state budget predominantly indicates a decline in tax income without designated allocations for augmenting the costs of the welfare system.

In **Ukraine**, there is an urgent demand for social support, particularly due to the increasing number of individuals requiring assistance, encompassing both civilians and military personnel. The country registers 4.9 million internally displaced people, highlighting the substantial need for social assistance. Despite the obvious challenges posed by Russia's invasion, Ukraine's economy is displaying signs of a modest recovery (Volynski, 2023). This recovery is attributed to a more reliable electricity supply and sustained external assistance, which has increased public demand. However, it is projected that poverty levels will remain elevated. With economic risks on the rise, Ukraine is expected to continue relying on assistance from international partners in the medium term (Izvorski et al., 2023). The reliance on external support is highlighted not only by the World Bank's estimation but also by a representative from the Ukrainian Ministry of Social Policy, who emphasizes that the state budget's

capability to address the urgent needs arising from the cost-of-living crisis is highly dependent on support from international donors.

In general, findings indicate that the social welfare systems in the present BB region are at increased risk due to their inherent fragility. Governments in Albania, Montenegro, Moldova, and Ukraine are actively pursuing measures to strengthen their welfare systems in response to the cost-of-living crisis. However, it was noted in discussions that these policy measures, while generally responsive to the crisis, might not specifically be tailored to mitigate the crisis's impact on marginalized groups.

## 5 Key messages

**Key message 1. Developing a resilient and sustainable social safety net that can effectively safeguard vulnerable populations during times of crisis.**

Stable support systems are needed in general and even more in times of multiple, interlinked crises. Governments of the BB countries thus should strengthen their social welfare systems, including through the allocation of additional financial resources. There are urgent needs seen to invest in social welfare programs and support services that can effectively improve the situation of marginalised groups. The well-being of the most vulnerable groups should thereby be addressed.

**Key message 2. Building capacities and empowering beneficiaries.**

Well-designed social policies that foster social inclusion should include capacity building measures and actions that empower beneficiaries in the BB countries. This entails designing programs that not only offer immediate assistance but also equip individuals with the skills and resources necessary for long-term self-care, social inclusion and entering the labour market.

**Key message 3. Designing sustainable long-term policies and social protection schemes.**

BB countries should design policies that address the underlying causes of the challenges at hand, ensuring sustained resilience. In order to create more equitable and inclusive societies, consultation with and involvement of stakeholders is necessary. Partnerships can help to understand the different needs of the target groups and to address existing bottlenecks of policy implementation successfully.

**Key message 4. Tailoring measures to the needs of marginalised individuals and their families and offering a mix of measures.**

The ongoing cost-of-living crisis affects those disproportionately who have already been in a vulnerable situation (i.e. those who faced poverty and social exclusion). Policy initiatives should focus on customising measures to address the specific needs of individuals and their families, ensuring their adequate living. This includes persons with disabilities, older persons, economically disadvantaged individuals who do not receive social assistance, homelessness, internally displaced persons, and war veterans. Promoting improved individualized social assistance and targeted programs is crucial for fostering a supportive and inclusive environment. BB countries should thereby implement a mix of measures including compensation measures such as one-off payments and different vouchers. This allows for flexibility in addressing various aspects of economic challenges, ensuring a comprehensive response to the needs of different groups.

**Key message 5. Formulating policies based on high-quality data.**

Policy formulation should be based on evidence including high-quality disaggregated data. To ensure that policies are effective and aligned with the actual needs and dynamics of the population governments must invest in improving data collection.

## 6 Conclusions

This report provides insights into the policy review on *Policy measures to mitigate the cost-of-living crisis on vulnerable groups in the BB countries* (online, 7-8 November 2023). The mutual learning event was attended by representatives of the countries of the Western Balkans and the Eastern Partnership region.

The aim of the policy review was to facilitate exchange on BB countries' strategies and policy measures they have put in place to mitigate the impact of the cost-of-living crisis for groups that are economically or socially marginalised. Expert presentations from international organisations (e.g. UNFPA, Eurofound) and case studies (Slovakia, Montenegro) provided useful context for the discussions and highlighted promising practices. Amongst others these comprised, for instance, the EU Policy Watch Database<sup>7</sup> that has been created by Eurofound in early 2020. Although the platform

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<sup>7</sup>Please see: <https://www.eurofound.europa.eu/en/resources/eu-policywatch>



was set up as a response to the COVID-19 crisis, it nowadays also maps emergency policy measures adopted in response to the war in Ukraine. The policy review furthermore discussed policies to be implemented with a more targeted nature and analysed the outlook for the sustainability of social welfare systems in the Western Balkans and the Eastern Partnership countries.

The cost-of-living crisis in Europe is a result of multiple, interlinking crises which occurred during the past years such as the COVID-19, Russian military aggression against Ukraine, and the rising inflation and energy costs. Data shows that the ongoing cost-of-living crisis affects those disproportionately who already have been in a vulnerable situation. The primary challenges in the BB countries refer to the significant decrease in consumption due to a concurrent increase in food prices, housing costs, and energy expenses. While there are variations in social welfare systems of the BB countries, a common challenge is their limited capacity to address the consequences of the cost-of-living crisis.

Discussions during the policy review underlined the increase in the poverty rate across the countries. Montenegro and Albania are experiencing significant declines in food consumption and shifts in overall consumption patterns, notably among social assistance beneficiaries, single parents, and pensioners. The rising energy costs have affected all four actively participating countries (Albania, Moldova, Montenegro and Ukraine). The crisis drives marginalized individuals and their families towards "negative survival procedures" such as the procurement of low-quality food, accumulating debts, and enduring inadequate heating. Additionally, housing of displaced people is a significant challenge, particularly in Ukraine due to the displacement of people caused by the war, and Albania due to the 2019 earthquake. In general, social welfare systems in these countries have constrained capabilities to mitigate the effects of the cost-of-living crisis on marginalised groups.

Governments in the BB countries have made significant efforts despite limited capacities. Measures implemented include the following:

- 1) *Inflation compensation measures*: increase in minimum income benefit in Albania, income-based support programs in Moldova, and abolition of VAT taxes in food products in Montenegro;
- 2) *Various targeted measures*: increase of the benefit amount of economic aid for persons with disabilities and their carers in Albania, compensation programs for the payment of communal services in Moldova; and
- 3) *Other ad-hoc policy measures*: support packages of one-off payment in Albania and Montenegro and Emergency Cash Assistance programmes in Moldova.

Despite all efforts taken by the countries, the policies designed to mitigate the impact of the cost-of-living crisis are predominantly of temporary nature. However, they

partly also lack a specific targeting to effectively assist the vulnerable groups of the population. The Western Balkans and the Eastern Partnership countries aim at further implementing relevant measures such as targeted professional training for employment (Albania), social assistance reform (Moldova), and pension reform (Montenegro). Ukraine will continue to rely on the help of international partners.

The complex challenges across BB countries underline the necessity for comprehensive and targeted measures to address the multifaceted impacts of the cost-of-living crisis and protect the well-being of vulnerable communities. It is crucial for BB countries to establish resilient social safety nets, empower beneficiaries through social policies, formulate sustainable long-term strategies, tailor measures to individual needs, and minimize social exclusion through comprehensive protection schemes. Moreover, acknowledging the crucial need for both adequate financing and robust data is essential to ensure the effectiveness of measures. This should help in creating a more equitable and inclusive society, capable of mitigating the effects of the cost-of-living crisis on marginalised groups.

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