# Responding to the Coronavirus Crisis

## Update on Albania (29/06/20)

### EBRD Policy Comparator

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### Economic channels of disruption

**Tourism, private consumption, services**

- Severe lockdown (curfew, schools, all non-essential businesses closed and private traffic suspended) has caused sharp halt to economic growth.
- Tourism (more than a fifth of GDP) will be heavily negatively affected by lockdowns in source countries and cancelled bookings.
- Trade (especially outward processing trade in the fashion industry) with Italy (close to 50% of exports and 27% of imports) to be hit hard
- Remittances (around 10% of GDP) to decline, with a negative impact on consumption

### Selected crisis impact indicators

- **EBRD GDP growth outlook** (May 2020)
  - 2020: -9%
  - 2021: 12%
- **Decline in exports to Italy**
  - (March-May 2020)
  - 42.7% year-on-year
- **Share of bars/restaurants facing bankruptcies by end-2020**
  - (Association of bars and restaurants; April 2020)
  - 50%
- **Increase in the number of unemployed**
  - (from end-2019 to 20 April 2020)
  - 37%

### Crisis response measures to date

**Support for healthcare, workers and businesses**

- Two support packages to businesses, healthcare and people in risk, including two sovereign guarantee funds for businesses, state aid to companies experiencing difficulties to pay workers’ wages, emergency payment for employees in tourism and those dismissed from large companies, income support for micro businesses and self-employed, cancellation or write-off of penalties on late payments of energy bills for more than 200 thousand people and additional funding for medical personnel
- Small businesses not to pay profit tax in 2020
- Suspension of four PPP contracts and public procurement procedures
- BoA cut the policy rate by 50 bp, to 0.5%
- Banks allowed to restructure loans in 2020 without additional provisioning or downgrades for borrowers’ status

### Selected crisis response indicators

- **Value of two support packages**
  - EUR 360 million in total (2.8% of GDP)
- **Payment holidays for loans, for those applying**
  - Until 31 August 2020
  - EC MFA: EUR 180 million
  - IMF’s RFI: EUR 174 million
  - EU: EUR 50.7 million (realloced from IPA)

### Key short-term priorities

Provide liquidity to the economy, particularly SMEs, the tourism and fashion industry, and revenue support to vulnerable individuals

To learn more about EBRD’s support to Albania visit: [https://www.ebrd.com/albania.html](https://www.ebrd.com/albania.html)

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