Responding to the Coronavirus Crisis
Update on Albania (13/11/20)

### EBRD Policy Comparator

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### Economic channels of disruption

**Tourism, exports, private consumption**
- Tourism (more than a fifth of GDP) heavily negatively affected by lockdowns in source countries and cancelled bookings
- Domestic lockdown and containment measures (including occasional curfew and suspension of schools, non-essential businesses and private traffic) also affecting negatively economic growth
- 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) on decline, with a negative impact on consumption

### Selected crisis impact indicators

- **EBRD GDP growth outlook** (Sept. 2020)
  - 2020: -9.0%
  - 2021: 4.5%
- **Decline in exports of services** (Jan - June 2020)
  - 35% year-on-year
- **Decline in exports of goods** (Jan - July 2020)
  - 17% year-on-year
- **Decline in remittances** (Jan-June 2020)
  - 18.5% year-on-year

### Crisis response measures to date

**Support for healthcare, workers and businesses**
- Two support packages, 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
- Abolition of value-added tax and a zero per cent profit tax for small companies
- BoA policy rate cut by 50 bp, to 0.5%, and establishment of a repo line with ECB
- 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 (reallocated 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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