Responding to the Coronavirus Crisis
Update on Albania (14/04/20)

EBRD Policy Comparator

<table>
<thead>
<tr>
<th>Financial Sector</th>
<th>Direct support to firms</th>
<th>Payment holidays</th>
<th>Temporary controls</th>
<th>Support to individuals</th>
<th>Increased social benefits</th>
<th>Health</th>
<th>External Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy rate reduced</td>
<td>Liquidity increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsidies</td>
<td>Tax/ social sec. contr. deferred</td>
<td>Loan subsidies</td>
<td>Guarantees</td>
<td>Inspections/ audits suspended</td>
</tr>
<tr>
<td>*</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Economic channels of disruption
Tourism, private consumption, services
- Severe lockdown (curfew, schools, all non-essential businesses closed and private traffic suspended) causing 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 (April 2020) [new forecasts out on May 13]
2020: sharp recession
2021: strong recovery
over 50% decline in March sales at 61% of companies, 100% decline in April at 21% of companies
57% of companies plan to lay off 50%-90%, 11% of companies 100% of their staff

Albanian Manufacturers Union survey (March 2020)
over 50% decline in March sales at 61% of companies, 100% decline in April at 21% of companies
57% of companies plan to lay off 50%-90%, 11% of companies 100% of their staff

Crisis response measures to date
Support for healthcare, workers and businesses
- Package of EUR 340 million financial support to businesses, healthcare and people in risk, including sovereign guarantee for commercial bank lending to companies experiencing difficulties to pay workers' wages, income support for micro businesses and self-employed, and cancellation or write-off of penalties on late payments of energy bills for more than 200 thousand people.
- Suspension of four PPP contracts and public procurement procedures.
- Budget for families receiving economic assistance increased.
- BoA cut the policy rate by 50 bp, to 0.5%.

Selected crisis response indicators
Support to employee salaries EUR 93 million
Support to self-employed, unemployed and on benefits EUR 13 million
Payment holidays for loans, for those applying (months) 3 months
Committed external assistance IMF’s RFI: EUR 174 million
EU: EUR 50.7 million (reallocated from Instrument for Pre-Accession Assistance)

Key short-term priorities
Provide liquidity to the economy, particularly SMEs, the tourism and fashion industry, and revenue support to vulnerable individuals.