

Responding to the Coronavirus Crisis

Update on Albania (13/11/20)



European Bank
for Reconstruction and Development

EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals					Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)	
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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
Committed external assistance	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