Responding to the Coronavirus Crisis
Update on Albania (13/05/20)

### 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

#### Financial channels of disruption
- Payment holidays
- Temporary controls
- Support to individuals
- Increased social benefits
- Health
- External Assistance

### Crisis response measures to date

#### Support for healthcare, workers and businesses
- Two support packages to businesses, healthcare and people in risk, including sovereign guarantee fund for tourism, clothing and manufacturing 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%

### Selected crisis impact indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Details</th>
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<tbody>
<tr>
<td>EBRD GDP growth outlook (May 2020)</td>
<td>2020: -9%, 2021: 12%</td>
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<td>Sales decline (Albanian Manufacturers Union survey, March 2020)</td>
<td>&gt; 50% in March at 61% of companies, 100% in April at 21% of companies</td>
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<td>Share of bars/restaurants facing bankruptcies by end-2020 (Association of bars and restaurants; April 2020)</td>
<td>50%</td>
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<td>Increase in the number of unemployed (from end-2019 to 20 April 2020)</td>
<td>37%</td>
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### Selected crisis response indicators

- Value of two support packages EUR 560 million in total
- Payment holidays for loans, for those applying (months): 3 months
- Committed external assistance: EC MFA: EUR 180 million, IMF’s RFI: EUR 174 million, EU: EUR 50.7 million (realloced 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

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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