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

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>Liquidit increased</td>
<td>Prudential req. loosened</td>
<td>Wage subsidies</td>
<td>Tax/ social sec. cont. deferred</td>
<td>Loan suspensions</td>
<td>Guarantees</td>
<td>Inspections/ audits suspended</td>
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Economic channels of disruption
Tourism, private consumption, investments
• Tourism sector, accounting for 25% of GDP, has been strongly affected due to travel restrictions, with knock-down effects on private consumption and investments
• Lockdown and other containment measures (including curfew and closure of schools and non-essential businesses) also negatively affect domestic economic activity
• Possible fall in remittances (11 per cent of GDP) to further decrease the consumption

Selected crisis impact indicators
EBRD GDP growth outlook 2020: -9.0% 2021: 5.0%
Decline in foreign tourist arrivals 84% year-on-year (Jan-Sept 2020)
Fall in exports of services 45% year-on-year (Jan-June 2020)
Increase in the number of unemployed 25% year-on-year (Aug 2020)

Crisis response measures to date
Support for businesses, healthcare and citizens
• The government has adopted three packages of economic measures, including wage subsidies for employees in troubled sectors and for new employment, deferral of wage taxes and social contribution payments, shorter VAT refund deadlines, assistance to the agriculture and fisheries, financial aid to pensioners and the unemployed, power subsidies for vulnerable groups, higher wages for healthcare workers and police officers
• One-year reduction of VAT for catering activities (from 21 to 7 per cent)
• Longer-term measures target IT, tourism, energy, agriculture, fisheries, ports
• A credit line opened by the state-run Investment-Development Fund (IRF), offering help to affected companies with soft loans.

Selected crisis response indicators
Third package of economic measures EUR 1.2 billion over four years (EUR 281 million in 2020)
Loan moratorium to borrowers from tourism and agriculture Sept 2020 – Aug 2021
Committed external assistance IMF RFI: EUR 74 million
EC MFA: EUR 60 million
EC to extend EUR 53 million in coronavirus relief funds to the country

Key short-term priorities
Provide liquidity to the economy, particularly SMEs in tourism sector, and revenue support to vulnerable workers and other individuals

To learn more about EBRD’s support to Montenegro visit: https://www.ebrd.com/montenegro-country.html Media enquires: Cecilia Calatrava cecilia.calatrava@ebrd.com