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

**EBRD Policy Comparator**

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**Economic channels of disruption**

**Tourism, private consumption, investments**
- Severe lockdown (schools and many non-essential businesses closed; curfew) has caused sharp halt to the economic activity.
- Tourism receipts, accounting for 25% of GDP, to be strongly affected; borders closed for foreigners; a temporary closing of ports and marinas (mid-March – 4 May).
- Likely fall in remittances (11 per cent of GDP) to lead to a decrease in consumption.

**Selected crisis impact indicators**

**EBRD GDP growth outlook** (May 2020)
2020: -8%
2021: 10.5%

**Share of legal entities' loans for which a moratorium on the repayment has been asked** (Central bank of Montenegro, April 2020)
73.4% of total number of legal entities' loans (EUR 535.1 million total, 37% of corporate loans outstanding)

**Share of travel agencies that might go bankrupt** (Association of Travel Agencies; May 2020)
50%

**Crisis response measures to date**

**Support for businesses, healthcare and citizens**
- Deferral of wage tax and social contribution payments.
- A credit line has been opened by the state-run Investment-Development Fund (IRF), offering help to affected companies with soft loans of up to EUR 3 million per beneficiary (2-year grace period, 1.5% interest rate).
- Lenders prohibited by the Central bank from paying dividends to shareholders.
- Banks allowed to raise exposure to single entity beyond limit of 25% of bank's own funds under certain conditions.
- Government to subsidize 70% of minimum wages in troubled sectors.
- COVID-19 healthcare workers March and April wages up to 15% increase.

**Selected crisis response indicators**

**Extension of deadlines for loan repayments**
90 days

**Extension of deadlines for rent payment on state-owned properties**
90 days

**Government support to most vulnerable citizens**
EUR 1 million earmarked (EUR 50 per person)

**Committed external assistance**
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](https://www.ebrd.com/montenegro-country.html)

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