**Responding to the Coronavirus Crisis**  
**Update on Montenegro (01/07/20)**

**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>
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**Economic channels of disruption**

Tourism, private consumption, investments
- Severe lockdown (schools and many non-essential businesses closed; curfew) and other containment measures have negatively affected economic activity.
- Tourism receipts, accounting for 25% of GDP, to be strongly affected.
- 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 (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%

Decline in foreign tourist arrivals (Jan-May 2020)
- 75.1% year-on-year

**Crisis response measures to date**

Support for businesses, healthcare and citizens
- Wage subsidies; subsidies for new employment
- Deferral of wage tax and social contribution payments.
- A credit line 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.
- COVID-19 healthcare workers March and April wages up to 15% increase.

**Selected crisis response indicators**

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

**Government support to most vulnerable citizens**
- EUR 1 million earmarked (EUR 50 per person)
- IMF RFI: EUR 74 million
- EC MFA: EUR 60 million

**Committed external assistance**
- 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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