Responding to the Coronavirus Crisis
Update on Montenegro (06/04/20)

**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 on working days (7pm-5am, and most of weekend) causing sharp halt to the economic activity.
- Tourism receipts, accounting for 25% of GDP, to be strongly affected; borders closed for foreigners, and ban on all yachts and cruise ships from entering country's Adriatic ports.
- Likely fall in remittances (11 per cent of GDP) to lead to a decrease in consumption.

**Selected crisis impact indicators**

**EBRD GDP growth outlook (April 2020)**
- 2020: recession
- 2021: strong recovery

**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 535.1million total, 37% of corporate loans outstanding)

**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.
- COVID-19 healthcare workers March 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 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