



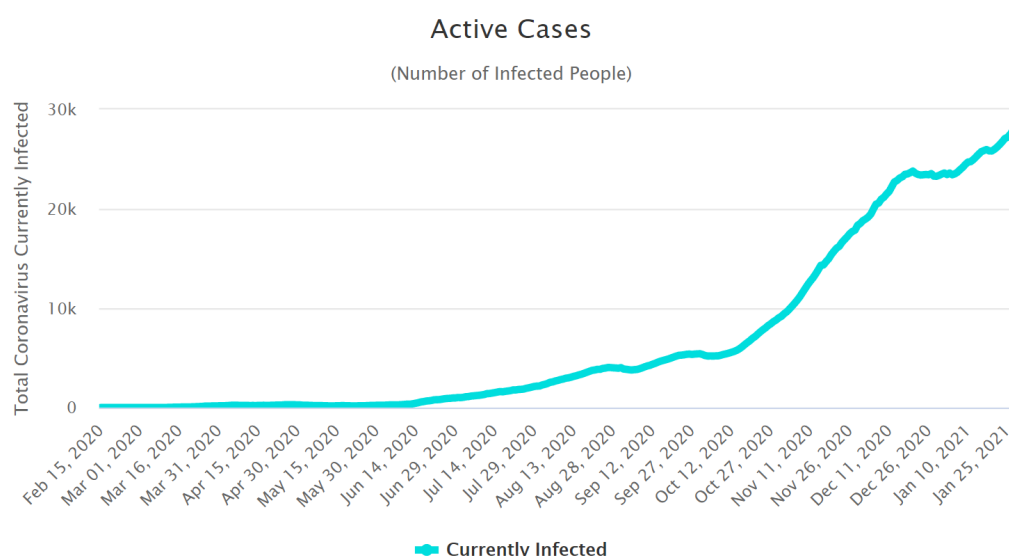
THE COVID-19 CRISIS IN ALBANIA

31 January 2021

COVID-19 health situation – December 2020/January 2021

- While the number of COVID-19 cases in Albania began to stabilise by mid-December, the situation has deteriorated again as of January 2021. While the daily rate of new cases decreased to a low of [185 new cases per day](#) on 4 January, this was most likely due to less testing during the holiday period, as the situation quickly reversed to [more than 800 cases per day](#) again. Albania is currently ranked [15th in the world](#) with [971 active COVID-19 cases per 100 000 inhabitants](#). As of 31 January, a total of 1 380 people have died from the virus, representing [46 deaths per 100 000 inhabitants](#).

Evolution of active cases in Albania



Source: Worldometers.info

- Restriction measures:** The wearing of facemasks has been mandatory in all public spaces in Albania, including those outdoors, as of 15 October 2020. A nation-wide curfew from 22:00 to 6:00 continues to be in place as of 11 November 2020. Gatherings of more than ten people are not allowed. While lounge bars, discos and nightclubs remain closed, the interior of bars, restaurants and swimming pools are open from 6:00 to 22:00. Universities continue to have online classes. The EU borders with Albania remain closed to non-EU residents. Countries such as Germany, Greece and Italy require a quarantine and/or negative PCR test results upon entry for residents and France has banned all but essential travel from Albania.

Policy reactions – December 2020/January 2021

- On 11 January, Albania started its vaccination campaign, starting with the most vulnerable groups. Vaccines were secured for 800 000 citizens through a direct contract with Pfizer and the CoVax Facility.
- As of 11 December, Albania started using rapid tests, therefore increasing its testing capacities.
- For a limited period from 24 December to 4 January, the government strengthened restrictions, changing the curfew to 20:30 – 6:00 for people and businesses.
- Flights from Britain to Albania were suspended from 22 December to 1 February, due to the latest Sars-Cov 2 mutation.
- The 2021 state budget for the health sector was increased by 23%, including a 40% raise for medical staff at the front lines of the COVID-19 pandemic.

Economic impact/outlook

- *Macroeconomic data:* The economy was projected to contract by [about 7.5% in 2020](#) (vs. 2.2% in 2019) reflecting its dependence on tourism and remittances. Furthermore, the November 2019 earthquake took an additional toll on economic activity, particularly in Q1 2020. The fiscal deficit was projected to rise to [about 7% of GDP](#) and the public debt to slightly [above 80% of GDP at the end of 2020](#).
- In the second quarter of 2020, Albania had [an economic contraction of 10.2%](#), followed by a [contraction of 3.5% y-o-y](#) in the third quarter. This recession was first driven by a contraction in investment, private and public consumption, as well as a large [fall in exports of 35%](#). This drop may be explained by the large share of Albania's exports to Italy ([48%](#)), which in itself fell to a notable [recession of almost 18%](#) in the second quarter of 2020. However, the recession slowed down due to an improvement in [investment growth of 4.1% y-o-y](#) as a result of the recent construction projects in the aftermath of the earthquake.
- Trade, transport and hospitality services, important branches of Albania's economy, greatly contributed to the recession with a [27% decrease](#). Tourism, which accounts for more than [20% of Albania's GDP](#), was one of the most affected sectors by the pandemic. In July 2020, the number of foreign tourists was found to have [decreased by 61.5% compared to last year](#).
- A [loss of 34 000 jobs](#) and an increase of the unemployment rate by [0.6 pps y-o-y to 12.5%](#) showed the deterioration of the labour market in Albania. An improvement was noted in the third quarter at [12.1%](#), as the conditions for businesses improved. Amidst the crisis, the European Commission decided to open accession negotiations with Albania.
- *Fiscal and financial data:* The Albanian currency, ALL, depreciated by [almost 7%](#) at the start of the pandemic. However, the currency has since strengthened, and reached the [average rate of ALL 123.7 per euro in Q4 2020](#), just 1.9% above the last year's annual average of 2019. The depreciation of ALL against EUR and the strong increase in food prices caused the CPI inflation in Albania to pick up [from 1.4% in 2019 to 1.9% in 2020 Q2](#), but has since decreased to [1.1% in December 2020](#).

All previously published COVID-19 notes for Albania can be accessed [here](#)

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