



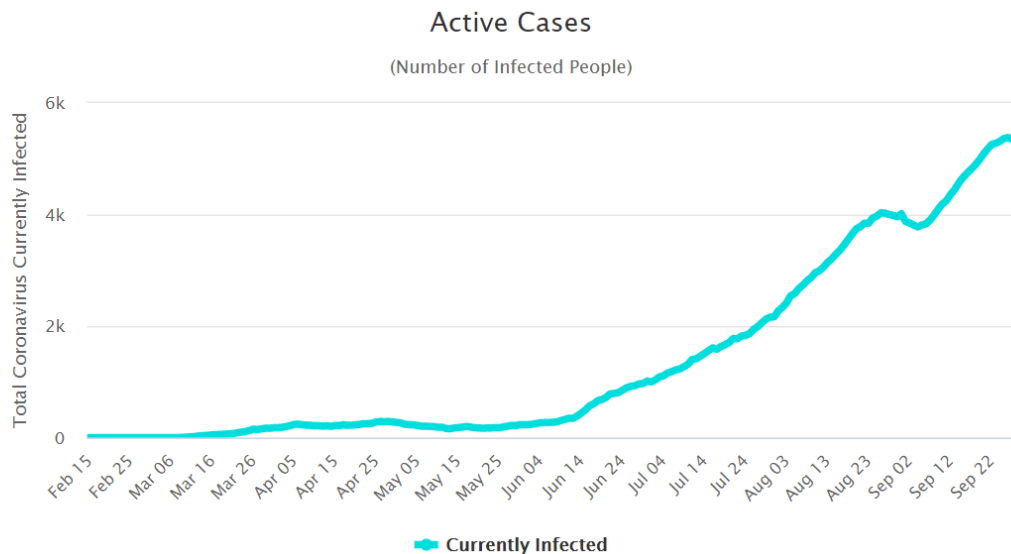
THE COVID-19 CRISIS IN ALBANIA

1 October 2020

COVID-19 health situation – August/September 2020

- The number of cases in Albania has been growing consistently with the arrival of summer tourists and slow deconfinement measures. Throughout September, the daily rate of new cases has been ranging from [around 100 to 170 new cases per day](#). The number of active cases has been steadily increasing from [128.3 per 100 000 inhabitants to 178.2](#) since the beginning of the month. As of 29 September, a total of 380 people have died from the virus, representing 12.6 deaths per 100 000 inhabitants.

Evolution of active cases in Albania



Source: Worldometers.info

- The wearing of facemasks has been mandatory in closed spaces since July.. While lounge bars, discos and nightclubs remain closed, the Government announced they would reopen the interior of bars, restaurants and swimming pools on 1 October. Several countries, including [the UK](#) and [Germany](#), have issued travel warnings on non-essential travel to Albania. 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.

Policy reactions – August/September 2020

- On 17 August, the Ministry of Health announced an autumn-winter strategy which includes doubling the testing capacity, hiring and training medical staff and providing free flu vaccines for the groups most in need. On 19 August, hospitals started procedures for the treatment of patients using the convalescent plasma therapy.
- Since 17 August, Greece has restricted the daily number of persons crossing the Albania-Greece land border to 1 050. In addition, all persons entering the country need to have a negative PCR test result no older than 72 hours and must complete a mandatory 7-day quarantine upon arrival.
- On 25 August, the Prime Minister announced a planned increase of around 40% in the wages of doctors and nurses by next year.
- The school year started on 14 September 2020, following three scenarios depending on the school. Pupils are going back to school and i) following all classes physically, ii) alternating between one week of physical classes and one week of online classes or finally, if the situation worsens, iii) they will have online classes only. Additionally, the Ministry of Health shared instructions approved by the Technical Committee of Experts, to be followed during the school year, such as the obligation to wear masks for pupils in middle school or high school and other safety measures.

Economic impact/outlook

- *Macroeconomic data:* In November 2019, Albania was hit by a high magnitude earthquake, which took a toll on physical infrastructure and economic activity, leaving a burden on the budget prior to COVID-19. Although in recent years the economy experienced a constant increase in real GDP growth, due to the earthquake and a decrease in energy production caused by a drought, it went from 4.1% to an estimated 2.2% in 2019.
- According to the IMF, the economy is projected to contract by about 7.5% in 2020, reflecting its dependence on tourism and remittances. The fiscal deficit is projected to rise to about 7% of GDP and the public debt to slightly above 80% of GDP at end-2020.
- According to the Albanian Institute of Statistics, in the second quarter of 2020, GDP in volume terms has decreased by 10.2% compared with the second quarter of 2019. The branch of the economy who contributed the most to this decrease was trade, transport, accommodation and food services by -4.11 ppt.
- This great impact comes in particular, as tourism accounts for more than 20% of Albania's GDP, 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.
- The unemployment rate showed a slight increase after some continuous improving periods. The most recent labour force survey shows an increase of 0.5 p.p. from the first to the second quarter of 2020. 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% by the end of March compared to the start of the year. However, the currency slowly became more stable, and is now only 2% weaker than in the beginning of the year. This depreciation affects enterprises' ability to make payments denominated in foreign currency, which is a problem due to the high percentage of foreign exchange denominated loans. 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 2.1% in March 2020, although still below the 3% target. However, in August, CPI inflation fell again to 1.3% compared to 1.4% the year before.

All previously published COVID-19 notes can be accessed on the [OECD South East Europe webpage](#)

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