



## **IMF Staff Concludes Additional Talks on 2019 Article IV Consultation with Albania**

**FOR IMMEDIATE RELEASE**

The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF Executive Board for discussion.

**Washington, DC – March 13, 2020.** An International Monetary Fund (IMF) team, led by Mr. Jan Kees Martijn, concluded remotely additional discussions with Albania on the 2019 Article IV consultation. The first round of these discussions was held in November 2019, but after the end-November earthquake, changes in the economic outlook and economic policies required further discussions. At the end of this mission, which took place during March 9-13, Mr. Martijn issued the following statement:

“The near-term outlook for the Albanian economy has changed markedly during the past three-and-a-half months. The earthquake that hit Albania on November 26 is expected to dampen growth in 2020, as the adverse impact on economic activity (in particular, tourism) exceeds the positive impact from expected reconstruction efforts. In addition, the recent global outbreak of the coronavirus (COVID-19) is expected to slow economic growth in 2020 further, and this shock too will hit tourism. The magnitude of the slowdown is highly uncertain at this moment.

“After the earthquake, the Albanian authorities rightly decided to prioritize budget spending on relief and reconstruction efforts, allowing a moderate increase in the fiscal deficit. It will be important to make sure that reconstruction projects are governed in a transparent manner, in line with best international practices, and prioritize the most vulnerable. Policies will also be needed to protect people during the COVID-19 outbreak by ensuring that the health sector has sufficient resources and by supporting the most affected. Monetary policy should remain strongly accommodative, to support economic growth. We stand ready to continue our dialogue with the authorities on measures to help limit the economic impact of the virus.

“Beyond 2020, once the current adverse shocks have passed, the authorities should build stronger fiscal buffers, that will allow for a larger fiscal stimulus to address possible shocks in the future. Therefore, the measures to reduce public debt and to contain fiscal risks proposed in our concluding Statement of November 26, 2019 remain critical.

“A possible voluntary asset disclosure program, as was recently announced by the authorities, aimed at reviving the economy would need to be implemented with great caution. While no specific proposal has been released thus far, experience in other countries has shown that such programs undermine tax compliance if users receive more favorable tax treatment than those who were compliant from the beginning. In addition, effective systems must be created first to detect evasion and to prevent opportunities for money laundering and corruption.”