

**LAPSE OF
TIME**

SM/20/63
Supplement 2

March 24, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of San Marino—Staff Report for the 2020 Article IV Consultation—
Supplementary Information**

Board Action: Executive Directors' **consideration** on a lapse of time basis

Publication: Yes*

Questions: Mr. Klein, EUR (ext. 36706)
Mr. Muraki, EUR (ext. 34543)
Mr. Dell'Erba, EUR (ext. 35447)
Mr. Leonovich, MCM (ext. 37576)
Mr. Kaffo, SPR (ext. 38171)

***Unless an objection from the authorities is received prior to the conclusion of the Board's consideration, the document will be published.**



REPUBLIC OF SAN MARINO

March 24, 2020

STAFF REPORT FOR THE 2020 ARTICLE IV CONSULTATION— SUPPLEMENTARY INFORMATION

Prepared by

European Department
(In consultation with other departments)

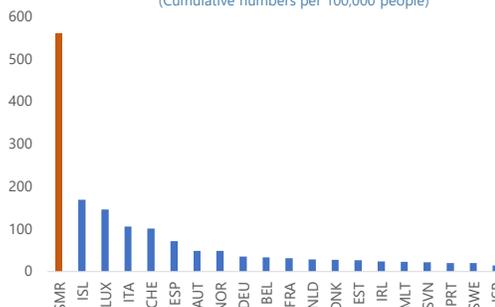
This supplement provides information that became available after the staff report was issued on March 9, 2020.

A. Developments Related to COVID-19

1. San Marino has been severely hit by the Covid-19 outbreak. As in other neighboring regions in Italy, the number of Covid-19 cases in San Marino has risen rapidly since mid-February, inflicting detrimental human and economic cost.

As of March 23, 187 people have contracted the virus, resulting in 67 hospitalizations and 20 reported deaths. About 425 people are in active quarantine, including vital health and law enforcement personnel. With its small population (33,000), San Marino has become the country with the highest rate of infection and deaths per capita.

COVID-19 Confirmed Cases, Mar. 23, 2020
(Cumulative numbers per 100,000 people)



Sources: Johns Hopkins University; Haver Analytics; and IMF staff.

2. The authorities moved quickly to implement containment measures. The authorities adopted a first set of containment measures on March 8 by imposing a lockdown on the entire territory of San Marino, ordering schools, universities, and some public offices to close while allowing selected services to remain open, subject to some restrictions. These restrictions, which followed the Italian authorities' response to the outbreak, were further expanded by a March 14 Decree Law, which prohibited social gathering and events in public places and suspended all construction and retail activities except for essential services related to the provision of food and health. Moreover, other private businesses, including in the manufacturing sector, were required to reduce the number of active employees by 50 percent, and encourage employees to work from home where possible.

3. In addition, the authorities adopted a set of measures to provide economic relief. The supplemental wage mechanism for temporary lay-offs was expanded to include reduction of the workforce related to containment measures while payments of taxes, utility bills, sanctions and other administrative deadlines have been postponed, and wages of public sector employees have been temporary curtailed to re-direct more resources to the health sector. Some commercial banks have granted temporary suspension of existing mortgage and loan instalments to further support the liquidity of families and firms.

4. While the thrust of staff's appraisal remains unchanged, staff strongly supports the authorities' response to the ongoing health crisis. The authorities' near-term efforts are rightly focused on limiting and containing the adverse social and economic effects of the COVID-19 outbreak.