

SU/20/53

April 13, 2020

**The Acting Chair's Summing Up
Albania; Republic of Kosovo; Republic of North Macedonia—Requests for Purchase
Under the Rapid Financing Instrument
Executive Board Meeting 20/40
April 10, 2020**

Executive Directors welcomed the opportunity to consider Fund emergency assistance to Albania, the Republic of Kosovo, and the Republic of North Macedonia in combating the COVID-19 pandemic. They noted that the pandemic is expected to have substantial human and economic impacts on these economies, creating large and urgent fiscal pressures and balance of payments needs.

Directors welcomed the authorities' swift responses to the COVID-19 pandemic, with measures to contain the further transmission of the virus, provide relief to the most heavily impacted businesses and households, and create room for increased health spending. They welcomed the authorities' commitment to take additional measures as needed to address the health emergency and preserve economic and financial stability in the near term. They encouraged the authorities to prepare contingency plans given the highly uncertain outlook.

Directors noted the projected rise of public debt in Albania, Kosovo, and North Macedonia in 2020, reflecting the economic contraction and higher fiscal deficits. They welcomed the authorities' commitment to ensuring fiscal and debt sustainability as well as financial stability and to rebuilding fiscal buffers once the crisis has been overcome.

Directors noted that Albania is also dealing with the impact from the strong earthquake in November 2019, which has necessitated large reconstruction spending. They welcomed the recent further relaxation of the monetary stance and the temporary fiscal expansion to cushion the impact of the pandemic.

Directors agreed that a temporary widening of the budget deficit is appropriate for Kosovo. They broadly supported the Central Bank's decision to suspend loan repayments through end-April for sectors and individuals most affected by the crisis, but cautioned against weakening the framework for provisioning and capital adequacy.

Directors welcomed the temporary and targeted fiscal measures taken by North Macedonia to limit the economic and social impact of the crisis by preserving jobs, providing social assistance for the jobless and vulnerable households, and protecting the liquidity of companies. In this context, they welcomed the relaxation of monetary policy.

Finally, Directors noted that Albania, Kosovo, and North Macedonia have sizable remaining financing gaps and expected that the Rapid Financing Instrument would catalyze additional financing for these countries. Accordingly, Directors called on the international community to support the authorities' efforts to combat the pandemic, limit the economic fallouts, and ensure a smooth recovery.