

SU/20/78

April 24, 2020

**The Acting Chair's Summing Up
Republic of Mozambique—Request for Disbursement Under the Rapid Credit Facility
Executive Board Meeting 20/50
April 24, 2020**

Executive Directors expressed sympathy for the significant human and economic impact of the COVID-19 pandemic in Mozambique, less than a year after the fallout from Cyclones Idai and Kenneth. Directors agreed that the timely disbursement under the Fund's Rapid Credit Facility will help address urgent financing needs and play a catalytic role in securing additional financial support from Mozambique's development partners. The G20 debt standstill initiative will also free up resources to cope with the pandemic.

Directors commended the authorities' initial response to the pandemic, including increased health spending and measures to ensure timely, temporary and well-targeted support to the most vulnerable, micro-businesses, and SMEs. Given Mozambique's limited fiscal space and high public debt, Directors encouraged the authorities to rely to the extent possible on grants and highly concessional loans to maintain debt sustainability.

Directors supported the Bank of Mozambique's commitment to exchange rate flexibility and welcomed the readiness and actions already taken to safeguard financial sector stability.

Directors welcomed the authorities' commitment to transparency and accountability in the use of emergency support, including through publishing independent audits of crisis mitigation spending. They also encouraged the authorities to consider contingency plans given the uncertainties.

Once the pandemic eases, Directors stressed the need for ambitious medium-term fiscal consolidation and prudent debt management given the country's debt distress position. Directors also called on the authorities to continue to pursue their structural reform agenda, with particular emphasis on governance, accountability and transparency, including in the management of natural resources. Finally, Directors encouraged the authorities to resume discussions on an Extended Credit Facility (ECF) arrangement to support the country's reform efforts.