

SU/20/80

April 29, 2020

**The Acting Chair's Summing Up
Dominica, Grenada, and St. Lucia—Requests for Purchase Under the Rapid Credit Facility
Executive Board Meeting 20/52
April 28, 2020**

Executive Directors agreed that the COVID-19 pandemic is expected to have a substantial economic impact on Dominica, Grenada, and St. Lucia, which are tourism-dependent economies, creating large and urgent balance of payments needs and fiscal pressures. They also noted the likelihood of downside risks, including a prolonged impact of the pandemic and vulnerability to natural disasters.

Directors commended the authorities' swift responses to the pandemic, with measures to enhance provision of public health services and provide support to the most heavily impacted among the population. They welcomed the authorities' efforts to coordinate national policies in response to the pandemic and the Eastern Caribbean Central Bank's measures to facilitate the provision of credit and safeguard financial stability. Close monitoring of the financial sector was encouraged. Directors also emphasized the importance of ensuring transparent use of emergency financing.

Directors noted the projected rise of public debt in Dominica, Grenada, and St. Lucia in 2020, reflecting the economic contraction and higher fiscal deficits. They were encouraged by the authorities' commitments to achieving the regional debt target by 2030 and welcomed the plans to rebuild policy space once the crisis has abated, building on the progress achieved over recent years.

Directors commended Dominica's early response to the pandemic through the prioritization of health-related spending and the preparation of income transfers to contain fast-growing unemployment. They noted the government's recent approval of the plan to build social, physical, and financial resilience to natural disasters, which will support long-term growth and fiscal sustainability. In this regard, Directors encouraged the authorities to implement appropriate measures over the medium term to further strengthen debt sustainability.

Directors welcomed Grenada's swift response to the crisis, including by rolling out a program of measures to provide resources to vulnerable sectors and households. They supported the invocation of the escape clause under the fiscal responsibility law and the authorities' plans to return to its core parameters as the economy recovers. Looking forward,

Directors welcomed Grenada's commitment to a comprehensive Disaster Resilience Strategy.

Directors welcomed the decisive containment measures implemented by St. Lucia to minimize the risk of community spread of the virus. They welcomed the authorities' plan to adopt a fiscal rule to guide the pace and composition of medium-term fiscal consolidation toward the 2030 debt target.

Noting that Fund financial assistance only partially covers balance of payments needs of these countries, Directors expected that support under the RCF would catalyze additional financing from the international community.