

SU/20/100

CONFIDENTIAL

May 15, 2020

**The Acting Chair's Summing Up  
Egypt—Request for Purchase Under the Rapid Financing Instrument  
Executive Board Meeting 20/59  
May 11, 2020**

Executive Directors noted that the outbreak of Covid-19 is having a significant impact on the Egyptian economy. The halt in tourism, reduced remittances, and capital outflows, combined with a slowdown in domestic activity have created an urgent balance of payments need. Directors considered that emergency financing assistance under the Rapid Financing Instrument would help increase buffers, improve confidence, and catalyze donor support.

Directors welcomed the government's comprehensive policy responses to tackle the pandemic and support the most affected businesses, sectors, and people. They supported the efforts to provide immediate relief to the most vulnerable by increasing public health spending and strengthening social safety net programs, and noted that policies should be timely, transparent, targeted, and temporary. Directors welcomed the authorities' commitment to ensure transparency of crisis-related spending, by publishing information on procurement plans and awarded contracts, as well as undertaking ex-post audits and safeguards assessments.

Directors supported the timely measures taken by the Central Bank of Egypt, including a lowering of the policy rate to support financial conditions and the postponement of repayments under existing credit facilities. A number of Directors also supported pausing further interest rate cuts, until the impact of the recent monetary stimulus becomes clearer. They emphasized the importance of maintaining exchange rate flexibility to help absorb shocks and limiting foreign exchange intervention to address disorderly conditions.

Directors noted that support from multilateral and bilateral partners will be needed to close the remaining balance of payments gap and ease the adjustment burden.

Directors stressed that pursuing fiscal reforms to achieve debt sustainability and structural reforms to enhance private sector-led growth and job creation should take highest priority once the crisis abates. They noted the authorities' request for a successor 12-month SBA to safeguard macroeconomic stability.