

SU/20/104

May 18, 2020

**The Acting Chair's Summing Up
Republic of Uzbekistan—Requests for Disbursement Under the Rapid
Credit Facility and Purchase Under the Rapid Financing Instrument
Executive Board Meeting 20/61
May 18, 2020**

Executive Directors agreed that Uzbekistan has been hit hard by the COVID-19 pandemic, with growth projected to slow, and the fiscal and current account deficits to rise. They commended the authorities' prompt measures which have limited the spread of the virus. Directors agreed that emergency financing under the RCF and RFI would help address the fiscal and external financing gaps, and provide resources to support crisis spending on healthcare, social protection, and public support for affected firms and households. The remaining financing would come from development partners and the use of foreign exchange reserves.

Directors acknowledged the higher financing needs primarily arise from the COVID-19 shock and that a temporary loosening of macroeconomic policies is appropriate. However, the focus should revert to medium-term fiscal and external sustainability as the crisis subsides, including by unwinding the fiscal stimulus and limiting external borrowing.

Directors commended the authorities on the recent passage of the Central Bank Law and supported the central bank's focus on price stability. The exchange rate should continue to adjust to external shocks and move in line with fundamentals. On financial policy, Directors encouraged the authorities to provide appropriate liquidity support to banks and adjust capital requirements and liquidity buffers as needed during the crisis while maintaining rigorous financial supervision.

Directors noted Uzbekistan's goals of improving governance and public management and combating corruption. They welcomed the commitments to publish reports on COVID-related expenditures, improve the procurement framework, and ensure that funds are spent in accordance with their purpose.

Directors welcomed the authorities' commitment to continue economic and structural reforms, notwithstanding the crisis. They stressed that the IMF stands ready to provide policy advice and technical assistance to aid the authorities in this endeavor.