

SU/20/105

May 20, 2020

**The Acting Chair's Summing Up
St. Vincent and the Grenadines—Request for Disbursement
Under the Rapid Credit Facility
Executive Board Meeting 20/62
May 20, 2020**

Executive Directors noted that the COVID-19 pandemic is expected to have a substantial economic impact on the tourism-dependent economy of St. Vincent and the Grenadines, creating large and urgent balance of payments and fiscal needs. The persistence of other downside risks, such as natural disasters, puts further pressure on the economy.

Directors commended the authorities' swift response to contain the spread of the virus, increase funding for the health sector, and provide support for displaced workers and the most vulnerable. They underscored that the fiscal measures should be temporary and well targeted. While public debt is projected to rise, Directors were encouraged by the authorities' commitment to the regional debt target and stressed the need to resume fiscal consolidation once the crisis has abated. They welcomed the authorities' plans to reprioritize capital spending, contain the wage bill, enhance taxpayer compliance, and rationalize exemptions from import duties and VAT on imports.

Directors supported the focus of reforms on improving competitiveness and climate resilience while strengthening public infrastructure management. Given the large size of the port investment, they underscored the importance of ensuring that the overall fiscal plan keeps debt on a sustainable path based on an updated debt sustainability assessment.

Directors welcomed the measures by the Eastern Caribbean Central Bank (ECCB) to facilitate credit provision and safeguard financial stability. They encouraged national supervisors to continue to work closely with the ECCB and maintain an intensified monitoring of financial sector vulnerabilities, as well as further enhance AML/CFT supervision.

Directors called on other donors to help fill the remaining financing gap while also underscoring the need for a contingency plan in case of a shortfall. They welcomed the authorities' commitment to ensure transparency and good governance in COVID-19-related spending, including publishing procurement information and conducting a full ex-post audit.