

SU/20/111

June 1, 2020

**The Acting Chair's Summing Up
Solomon Islands—Requests for Purchase Under the Rapid Financing Instrument and
Disbursement Under the Rapid Credit Facility
Executive Board Meeting 20/65
June 1, 2020**

Executive Directors commended the authorities for implementing strong measures to prevent the entry of COVID-19 pandemic into the Solomon Islands and the fact that there are no confirmed cases as of now. However, a sharp decline in commodity exports and tourism as a result of the pandemic is expected to negatively impact the economy and weaken the external position. The necessary containment efforts will also slow down domestic economic activity. This has given rise to an urgent balance of payments need. Emergency financial assistance from the Rapid Credit Facility and Rapid Financing Instrument would help address the immediate financing needs and catalyze additional support from other development partners.

Directors commended the authorities for proactive measures to address the human and economic impact of the pandemic while preserving macroeconomic stability. The authorities' immediate policy responses have focused on strong and timely containment measures to limit the risk of a local outbreak while reprioritizing spending towards health care. Directors welcomed the expansionary monetary policy stance and the recently adopted fiscal stimulus package with measures targeted at social assistance, protecting jobs and incomes and stabilizing the domestic economy. They welcomed the commitment to undergo an updated safeguards assessment and publishing information on procurement contracts as well as an independent audit report on COVID-related spending.

Beyond the immediate response to the external shock, Directors welcomed the commitment to policies that promote inclusive growth and resilience while containing external pressures, protecting financial stability and preserving fiscal sustainability. They underlined the importance of strengthening good governance and accountability.