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June 3, 2020

The Acting Chair's Summing Up
The Bahamas—Request for Purchase Under the Rapid Financing Instrument
Executive Board Meeting 20/65
June 1, 2020

Executive Directors commended the authorities for their rapid and appropriate response to the COVID-19 pandemic. They noted that The Bahamas was just recovering from the widespread destruction caused by Hurricane Dorian in the fall of 2019, when the pandemic caused an unprecedented sudden stop in tourism and a deep contraction in economic activity, creating large fiscal and external financing needs. Directors noted that the disruption of international supply chains, tourism, and travel could have deeper effects than currently anticipated, while The Bahamas remains highly vulnerable to climate-related disasters.

Directors considered the authorities' policy response to the COVID-19 crisis appropriate, including the targeted and temporary fiscal measures to support the healthcare system, employment and the most vulnerable segments of the population. They stressed that once the present crisis subsides, significant and determined fiscal consolidation will be needed to achieve the targets specified under the Fiscal Responsibility Act.

Directors supported the Central Bank of The Bahamas' (CBOB) focus on ensuring an adequate level of international reserves. They welcomed the CBOB's efforts to maintain the flow of credit in the economy, while closely monitoring NPLs, promoting sound risk management in the banking sector, and safeguarding financial stability. Adopting the new Central Bank Law would strengthen the CBOB's governance framework.

Directors noted that the disbursement under the RFI will help strengthen the country's foreign exchange reserves and catalyze additional support from other international financial institutions, development partners, and the private sector. They welcomed the authorities' commitment to ensure transparency and accountability over the COVID-19-related expenditures, including by undergoing a safeguards assessment and adhering to best practices in procuring and awarding contracts related to the pandemic. Finalizing the Public Procurement Bill will be important. They encouraged the authorities to consider contingency plans given the uncertainties.

Looking beyond the crisis, Directors stressed the importance of resuming the authorities' ambitious reform agenda including enhancing public financial management and SOE governance, advancing revenue administration reforms, and continuing to improve the effectiveness of the AML/CFT framework. Strengthening resilience to natural disasters also remains a priority.