



IMF Executive Board Approves US\$110.4 Million in Emergency Support to The Kingdom of Eswatini to Address The COVID-19 Pandemic

FOR IMMEDIATE RELEASE

- The COVID-19 pandemic has magnified Eswatini's existing economic and social challenges, leading to a sharp decline in growth and large financing needs.
- The IMF approved US\$110.4 million in emergency financial assistance under the Rapid Financing Instrument to support the authorities' efforts in addressing the severe economic impact of the COVID-19 pandemic.
- The immediate priority is to support public health, vulnerable groups and businesses.
- Once the impact of the pandemic subsides, it is critical to implement the authorities' fiscal consolidation plan and structural and governance reforms to ensure debt sustainability and achieve a fast and inclusive recovery.

WASHINGTON, DC – July 29, 2020: The Executive Board of the International Monetary Fund (IMF) approved the Kingdom of Eswatini's request for emergency financial assistance of SDR78.5 million (about US\$110.4 million, 100 percent of quota) under the Rapid Financing Instrument (RFI) to meet the urgent balance of payment needs stemming from the COVID-19 pandemic.

The pandemic is severely affecting Eswatini's economy at a time when the country is already facing deep economic and social challenges. Before the pandemic, growth was subdued, the fiscal deficit and public debt were rising, and international reserves declining, amid elevated unemployment and widespread poverty. The pandemic has resulted in a sharp decline in growth and generated large financing needs, magnifying these challenges. The authorities have swiftly instituted a response package to contain the spread of the pandemic and mitigate its impact on vulnerable households and businesses.

The IMF emergency financial support will help to address urgent balance of payments needs triggered by the pandemic and catalyze additional financing from other international financial institutions. IMF support will complement the authorities' policy response to the pandemic, and their post-COVID-19 fiscal consolidation and structural reform plans to ensure economic stability and promote growth that benefits all Eswatini.

Following the Executive Board's discussion on Eswatini, Mr. Tao Zhang, Deputy Managing Director and Acting Chair, issued the following statement:

"The authorities' immediate actions to respond to the COVID-19 pandemic have been timely and appropriate. The FY20/21 supplementary budget reprioritizes public spending towards health care and support to vulnerable groups to mitigate the impact of the crisis on households and businesses. The Central Bank of Eswatini has also taken timely action. It has lowered the policy rate, ensured supportive liquidity conditions, and strengthened its liquidity management framework and monitoring and regulatory standards to safeguard financial stability.

“The authorities’ commitment to transparently use and report all emergency spending—including through the publication of pandemic-related spending execution, awarded procurement contracts, and independent audit of such spending—is crucial to ensure that emergency funds are used for their intended purposes. Accelerating public financial management (PFM) reforms, including by applying the implementation guidelines for the 2017 PFM law and strengthening public procurement process, will be key towards improved fiscal transparency and governance.

“Once the pandemic subsides, steadfast implementation of the authorities’ multi-year fiscal consolidation strategy and structural reform agenda will be critical to ensure debt sustainability and to support a durable and inclusive recovery and stronger governance.”

More information

IMF Lending Tracker (emergency financing request approved by the IMF Executive Board)

<https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker>

IMF Executive Board calendar

<https://www.imf.org/external/NP/SEC/bc/eng/index.aspx>