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30 March, 2020

Ms Kristalina Georgieva
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Mr David R. Malpass
President
World Bank
1818 H Street, NW
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Your Excellencies

I send you both greetings as I write to you concerning the calamitous effects of the pandemic COVID-19. The pandemic is showing every sign of being worse in its global consequences than the 2008 financial crisis that crippled the world for many years.

You are aware, as I am, that the eruption and rapid spread of COVID-19 have created both a public health and an economic emergency, wreaking havoc globally but especially on poor states as well as small and vulnerable ones.

My government congratulates the Bank and the Fund on the swift measure they are proposing to help International Development Association (IDA) countries, including their financing and debt relief needs. We also welcome the announcement by the Fund that it is considering a request from Haiti for financial support through the Fund's Rapid Credit Facility.

We also draw to your attention that, apart from the huge, sudden and unbudgeted costs with which my government and other Caribbean governments are confronting to tackle COVID-19 in our countries, we are also beleaguered by an unexpected economic decline that has already stripped us of more than 20% of our GDP in some cases, and the certain prospect of further and prolonged deterioration.

Several of our countries are highly tourism dependent. The stoppage of airlines and cruise ships have devastated our tourism industry. Hotels and other tourism facilities have been forced to close because of a loss of business as well as domestic measures to try to contain COVID-19 and to arrest its spread. The effect of this is a significant and unsustainable drop in government revenues, including foreign exchange, occurring simultaneously with demands for increased government spending to institute new health facilities and to provide such assistance as possible to families whose only money earner has been laid-off.

All of this translates into very high unemployment, and an increase in poverty levels that, inevitably, will spur more and varied crime – drug trafficking, probably becoming rampant.

Some of our countries were valiantly reducing their debt to GDP ratios and will now be set-back by the urgency to incur new debt to stave-off a humanitarian crisis. In our present situation, the huge decline in revenues and the necessary draw-down on foreign reserves to meet the cost of imports of medicines, medical equipment, and food, will impose upon us the imperative of deferring current debt servicing.

We are also mindful that the Caribbean region is now two months away from the annual hurricane season, predicted this year to be above average with 16 named storms of which 7 will be hurricanes: 3 to 4 being major ones. In the region's already precarious state, the effects of a hurricane would be beyond catastrophic.

Each of our nations is struggling to manage the fiscal demands in these externally generated and desperate circumstances and with scarce and dwindling resources, that are not the fault of our policies or failures. However, we are acutely aware that, in the best-case scenario, it will be at least a year before the tourism industry will return to any semblance of normalcy. Many of our economies will shrink by then, recording negative growth and lacking the capacity to provide the fiscal stimulus required for recovery.

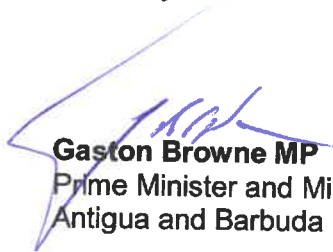
Some of our countries in the Caribbean – including many that are vulnerable to hurricanes – have been graduated from access to concessional terms of financing. Therefore, under the existing criteria, based largely on per capita income, these countries will not qualify for the considerations being given by the Bank and Fund to IDA countries, including financing needs and debt relief or even access to the Fund's Rapid Credit Facility.

It is against this troubling background that my Government requests that, in the measures that the Bank and Fund are preparing for the meetings of their Governors in April and for consideration by G20 countries, proposals be included for small and vulnerable economies, including (a) suspension of per capita income as a criteria for concessional financing; (b) debt relief including suspension of debt payments, write-offs of aged debt particularly by the Paris Club; (c) budgetary support through a mix of grants and low-cost loans on a country by country basis.

I am copying this letter to the Governors on the Boards of the Bank and Fund who represent Antigua and Barbuda and other Caribbean countries, for their knowledge and follow-up actions.

I take this opportunity to extend to you my best personal regards and my wish that you stay safe from COVID-19.

Sincerely



Gaston Browne MP
Prime Minister and Minister of Finance
Antigua and Barbuda

cc Louise Levonian, Executive Director, IMF Board
Donna Harris, Alternate Executive Director, World Bank Board
Board Governors – IMF -Caribbean Countries
Board Governors – World Bank – Caribbean Countries