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September 30, 2020

**Statement by Mr. Poso and Ms. Skrivere on Catastrophe Containment and Relief Trust –
Approval of the Second Tranche of the Grant Assistance for Debt Relief
(Preliminary)
Executive Board Meeting
October 2, 2020**

The CCRT is one of several ways in which the Fund provides assistance to its poorest and most vulnerable members to support their battle with the ongoing COVID-19 pandemic and its severe economic impact. **We support the disbursement of the second tranche of CCRT debt service relief covering the period of October 14, 2020 to April 13, 2021**, as sufficient financial resources are assessed to be available.

While debt relief plays an important role in freeing up immediate resources to cope with the pandemic, **it is imperative that countries also implement appropriate health and macroeconomic policies to effectively address the economic impact and BoP effects of the crisis.** In this respect, we appreciate the annexes of country assessments, and we note from staff's assessments that CCRT countries are generally pursuing appropriate policies. The country analyses are, however, relatively generic. We underscore the importance and value added of more substantive assessments in the context of bilateral surveillance and UCT-quality programs. Given the high debt vulnerabilities and risks of debt distress across LICs, we see a strong need to include debt sustainability assessments in the country analyses. Comprehensive country-by-country evaluation of the effectiveness of the support provided so far is an important element in facilitating continued support from the donor community.

Governance and anti-corruption safeguards and transparency arrangements are important to ensure the appropriate use of CCRT resources. We welcome that these assessments are included in the country analyses but note that the content of these varies across countries. We call on the Fund to monitor and report regularly to the Board on the progress of implementing ongoing governance and transparency measures (such as regular COVID-19 expenditure reporting, and publication of procurement information, including data on beneficial ownership) as well as post-crisis measures (such as ex-post audits). This applies not only for CCRT countries but also for all RFI/RCF cases. We recall that at the July 1 Board meeting on the Implementation of the Framework for Enhanced Fund Engagement

on Governance it was suggested to create a separate informal living document that provides a detailed overview of all emergency financing safeguard commitments with updates on implementation by country for the Board. *We would appreciate an update from staff on this.*

We note that grant pledges cover just one third of the SDR 1 billion fundraising target, and thus at this point resources are not sufficient to extend CCRT relief beyond the second tranche. **Countries in our constituency have contributed to the CCRT, and we encourage the Fund to continue its fundraising efforts with the aim of broad burden sharing.** However, we note the risk of donor fatigue given the large number of ongoing fundraising efforts and again underline the importance of evaluating the effectiveness of the CCRT in order to ensure continued donor support. *Could staff comment on their expectations regarding available CCRT resources beyond the first two disbursements?*

We note that since the start of the pandemic, the Fund has provided SDR 2.8 billion in concessional lending to 25 CCRT-eligible countries. *Could staff provide a more detailed update on the remaining four countries that have not yet benefitted from other IMF financial support beyond the CCRT debt relief?* We note that some of these countries have requested emergency assistance under the RCF and/or RFI in the spring. *What are the main reasons for the delays? What is the possible timeline for when staff expects to bring these program requests to the Board? Does staff continue to see the RCF as the most appropriate tool for these countries, or would a UCT-quality arrangement be better suited to address their underlying vulnerabilities?*