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CONFIDENTIAL

September 30, 2020

**Statement by Mr. Palei and Mr. Shestakov 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**

We support the disbursement of the second six-month tranche of debt service relief to 28 of the 29 members under the Catastrophe Containment Window of the CCRT, given staff's assessment that sufficient resources are available. We also look forward to discussing debt service relief to Mali, provided that safeguards for the priority spending are in place and the authorities are committed to transparency in their public finances. We thank staff for the well-written report and for the detailed annexes on the countries' policy responses to the crisis. We also thank the donor members for their vital contributions.

The global COVID-19 pandemic has inflicted a huge human and economic toll on the CCRT-eligible members. In many countries the COVID-19 infection rates continue to rise, and the prospects for recovery are uncertain. The crisis threatens to wipe out decades of progress in poverty reduction and will cast a long shadow on the post-pandemic economic development. The resulting pressures on the balance of payment and high fiscal needs call for action on the part of the Fund and other development partners.

We welcome the commitments made by the CCRT-eligible countries to enhance governance and secure transparency of COVID-19-related spending. Regular reporting, periodic audits, and publication of procurement information of all COVID-19-related contracts are important safeguards for the priority spending. At the same time, we reiterate our call for regular briefings on any deviations from the authorities' commitments at the time of country briefings and/or on other occasions, without waiting for formal discussions on these countries. We hope that technical assistance provided to upgrade the emergency spending framework of the countries would have positive spillovers for their PFM during the post-pandemic phase. We also take positive note of the notion that the macroeconomic response of the CCRT-eligible countries was appropriate and in line with the Fund's advice. We encourage staff to monitor the situation in the qualifying countries closely and provide any help necessary in terms of the Fund's capacity development.

We thank staff for the helpful update on the finances of the CCRT and the fundraising efforts. We note that the grant pledges currently received by the Fund are not enough to finance the third six-month tranche of debt service relief. We encourage staff to step up their fundraising efforts. However, the target of SDR 1 billion is ambitious, and if the efforts prove to be insufficient, an appropriate contingency plan should be developed. *We would also ask staff to provide an update on the plans of other development partners to shoulder the burden of the upcoming debt service.*