

**EXECUTIVE
BOARD
MEETING**

SM/22/52
Supplement 1

March 31, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **2022 Review of Adequacy of Poverty Reduction and Growth Trust
Finances—Draft Press Release**

Board Action: Executive Directors' **consideration** (Formal)

Tentative Board Date: **Monday, April 4, 2022**

Publication: Proposed, with main paper

Questions: Mr. Sobrinho, FIN (ext. 34532)



The IMF Concludes the 2022 Review of Adequacy of Poverty Reduction and Growth Trust Finances

FOR IMMEDIATE RELEASE

Washington, DC – [April 4, 2022]: On April 4, 2022, the Executive Board of the International Monetary Fund (IMF) reviewed the adequacy of the finances of the [Poverty Reduction and Growth Trust](#) (PRGT). The PRGT is the Fund’s main vehicle for providing concessional loans (currently at zero interest rates) to low-income countries (LICs). This was the first review since the [comprehensive reform](#) of the PRGT in July 2021, which raised the normal access limits for concessional lending to be in line with those for non-concessional lending and eliminated hard caps on access for the poorest members.

This review comes against the backdrop of continued high demand for PRGT lending which has been shifting from the emergency support that predominated in 2020 to multiyear Fund-supported programs. PRGT loan commitments were high at SDR 6 billion in 2021, slightly below their peak of SDR 6.5 billion in 2020. The demand for PRGT lending is anticipated to remain elevated in 2022–24, with the outlook subject to considerable uncertainty, including due to the war in Ukraine.

As part of the July 2021 reforms, the IMF’s Executive Board approved a two-stage funding strategy to cover the cost of concessional lending to LICs through 2024 while also supporting the longer-term lending capacity of the PRGT. The first stage focuses on 2021–24 and aims to raise SDR 12.6 billion in PRGT loan resources and SDR 2.3 billion in contributions from member countries for subsidy resources (which enable lending at zero interest rates). Over half of the necessary loan resources – SDR 7.3 billion – have already been pledged. However, with pledges for only SDR 0.5 billion in subsidy resources received so far, efforts are ongoing to seek additional pledges and ensure the PRGT is adequately funded over the medium and long term. The second stage of the funding strategy will be implemented following a comprehensive review of concessional financing and policies in 2024/25.

In 2020–21 most of the resources required for debt relief initiatives were successfully mobilized, with pledges from member countries for Somalia and Sudan exceeding the estimated costs for the Fund’s share of debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. However, staff is working to mobilize additional grant resources to address the underfunding of the Catastrophe Containment and Relief Trust (CCRT)—which allows the IMF to provide grants for debt service relief for the poorest and most vulnerable countries—and replenish the cash buffer available to respond to future qualifying events.

Executive Board Assessment¹

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¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country’s authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.