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**Statement by Mr. Bhalla and Mr. Natarajan on 2022 Review of Adequacy of Poverty
Reduction and Growth Trust Finances
(Preliminary)
Executive Board Meeting
April 4, 2022**

We thank the staff for the useful paper for the Review of Adequacy of Poverty and Growth Trust Finances. The increase in the normal and cumulative access limits to concessional financing and the simplification of rules made in 2021 is expected to boost the demand for concessional financing especially given the huge uncertainties prevailing in the global economy. Availability of adequate resources is key to providing the required support. The two-stage funding strategy provides a systematic and robust approach to secure the required finances.

We recognize the exceptional surge in demand for concessional financing during the pandemic as the credit outstanding increased from an average of SDR 6.5 billion before the pandemic to SDR 14.5 billion by end-2021. Substantial share of this was emergency financing provided to mitigate the immediate adverse economic consequences of many vulnerable members. We take note of the healthy shift towards multiyear UCT-quality arrangements which is important in providing a comprehensive and customized support along with adequate safeguards.

The near-term demand for concessional financing could remain strong because of the economic uncertainties due to the pandemic and geopolitical developments. Supporting the estimated demand for SDR 12.6 billion till 2024 require adequate resource support from advanced countries. We take note of the new pledges received for loan and subsidy resources. We also take note of the

slower pace of new pledges which could be due to donor fatigue and sharp increase in demand.

We welcome the efforts to strengthen the self-sustained lending capacity of PRGT which is dependent on a range of factors that include investment premium, pledged contributions, reserve account reimbursement and SDR interest rate. This necessitates close monitoring of the downside risks in the context of elevated demand.