

The contents of this document are preliminary and subject to change.

GRAY/21/945

March 30, 2021

**Statement by Mr. Mozhin, Mr. Palei, and Mr. Shestakov on Catastrophe Containment and Relief Trust (CCRT)--Third Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic
(Preliminary)
Executive Board Meeting
April 1, 2021**

Given staff's assessment that sufficient resources are available, we support the disbursement of the third six-month tranche of debt service relief to 28 of the 29 members under the Catastrophe Containment Window of the CCRT during the period from April 14, 2021 through October 15, 2021. We thank the donor members for their grant pledges that helped to unlock the third tranche of debt service relief. We also commend staff for the fundraising efforts, as well for the well-written report and detailed annexes on the countries' policy responses to the crisis.

The global COVID-19 pandemic continues to inflict human and economic toll on the global economy and, of course, on the CCRT-eligible members. In many countries the COVID-19 infection rates continue to rise and reported numbers may understate the true rates due to limited testing capacity. The crisis threatens to reverse years 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 commend the member countries' authorities for using the financial resources freed up by the debt relief to support their economies. According to staff, outlays on health, social protection, and education are expected to be higher compared to pre-pandemic projections. We hope that reforms will help to limit the persistent economic damage from the pandemic. We commend the authorities for their transparency and accountability arrangements for the emergency spending, while we also note that in some countries the lack of progress in this area is due to capacity constraints. We encourage staff to provide the necessary technical assistance.

At the same time, a steady transition away from emergency financing towards UCT-quality programs should continue. We note that many CCRT-eligible countries are already working with the Fund through UCT-quality programs. We would like to have a more detailed discussion on those countries which have not done so and believe that a higher bar should be set for opting for emergency financing instead of a UCT-quality program in the absence of new shocks.

We thank staff for the helpful update on the finances of the CCRT and the fundraising efforts aimed towards the target of SDR 1 billion. We note that the grant pledges currently received by the Fund are not yet sufficient to finance the fourth and the final six-month tranche of debt service relief, and hope that further contributions will be secured in the upcoming months. We hope that the Fund will continue to play a catalytic role in mobilizing financing from the development partners.