

SU/21/143

October 7, 2021

**The Acting Chair's Summing Up
Catastrophe Containment and Relief Trust—Fourth Tranche of Debt Service Relief
in the Context of the COVID-19 Pandemic and
Approval of Additional Beneficiary Member Countries
Executive Board Meeting 21/98
October 6, 2021**

Executive Directors endorsed staff's proposal for a two-step approach for the approval of debt service relief under the Catastrophe Containment and Relief Trust (CCRT) for the Fund's poorest and most vulnerable members for the remaining period through April 2022. This would entail an immediate fourth tranche for the period through January 10, 2022, followed by consideration of a subsequent tranche in January 2022 for the final portion, informed by an update on CCRT resources.

Directors agreed that the Kyrgyz Republic and Lesotho meet the eligibility and qualification requirements for CCRT debt service relief in connection with the COVID-19 pandemic. Accordingly, they approved grant assistance for debt service relief under the CCRT for 24 beneficiary countries that have eligible debt service falling due during the fourth tranche period, including the Kyrgyz Republic and Lesotho.

Directors noted that the resources freed up so far by CCRT debt service relief have helped mitigate the impact of the pandemic on CCRT-eligible countries.

Directors concurred that countries that received the CCRT grants for debt relief are generally pursuing appropriate macroeconomic policies in response to the economic fallout from the global pandemic. They noted that a number of these countries have continued the transition to upper credit tranche-quality programs, which would provide a stronger policy framework for the recovery period, and looked forward to further progress in this area. Directors also underlined the importance of continued Fund policy support for other CCRT beneficiary countries through regular surveillance and capacity building activities.

Directors noted the varied progress made in implementing governance safeguards commitments regarding COVID-19 related spending in CCRT-eligible countries. They regretted implementation delays in some countries, particularly in conducting ex-post audits of crisis-related spending and disclosing beneficial ownership information on entities awarded government contracts, while delays in some cases are linked to capacity constraints to make needed legal changes. Directors thus underscored the importance of continued follow-through on the commitments on governance and transparency, supported by technical assistance, if needed.

Directors welcomed the recent generous contributions by Spain, Greece, and the Philippines and the second contribution by Japan. They stressed, however, that additional

resources are needed to ensure that adequate grant resources are in place for other CCRT-qualifying shocks in the future while continuing to provide debt service relief for the remaining period through April 2022.

Directors looked forward to the review of the CCRT expected in 2022/23, including discussion of CCRT eligibility criteria and funding. They stressed the need to ensure evenhandedness while retaining sufficient flexibility, taking into account also the availability of resources.