

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

GRAY/22/952

March 30, 2022

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

We thank staff for the timely review of the adequacy of PRGT resources, including recent developments in PRGT lending, updates to the demand outlook and fundraising for the PRGT.

We welcome the salient shift from emergency financing to UCT-quality arrangements. This has been supported by the PRGT reforms last year, but we note that risks have been limited by the Fund's multilayered risk management framework.

We welcome that the PRGT demand forecast through 2024 can be accommodated under the current framework despite elevated downside risks. However, the baseline scenario for the short-term demand seems not well aligned with the baseline projection in the forthcoming April WEO. As is widely expected, the Fund will revise down the global growth outlook due to the impact from recent geopolitical events and the baseline scenario for PRGT demand will change also. *Can staff indicate how much lending they envisage to arise due to the recent shocks from Ukraine invasion? Are negative spillovers from this event included in the High Case scenario?* We call on staff to closely monitor both the pandemic and geopolitical developments and provide timely updates to the Board on potential impact on lending demand.

We continue to support the two-stage funding strategy and welcome updates on fundraising progress. However, it is unfortunate that fundraising for PRGT resources has fallen short of the target, especially for subsidy resources. Given this, staff should begin exploring the possible use of internal resources, noting the lengthy process required. The sensitivity analysis for the PRGT self-sustained capacity is very useful and we are reassured to find that the self-sustained capacity remains broadly in line with the July 2021 assessment and there is no need to trigger contingency measures. We look forward to a regular update of this analysis.

We regret that the CCRT remains underfunded and that no new pledges have been made since the approval of the last tranche. *Can staff provide a more specific schedule for the comprehensive review*

of the CCRT instrument? Could staff provide an assessment of the CCRT's capability to function until the next review?