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April 22, 2021

**Statement by Mr. Pösö and Ms. Skrivere on Review of the Fund's Income Position for FY 2021 and FY 2022  
(Preliminary)  
Executive Board Meeting  
April 27, 2021**

We thank staff for the informative paper on the Review of the Fund's Income Position for FY 2021 and FY 2022. **We support the proposed decisions** and would like to provide the following comments for emphasis.

**We note that the Fund's overall net income for FY 2021 is projected at SDR 4.1 billion.** However, this higher estimate, when compared with the initial projections in April 2020 and the interim update in February 2021, largely stems from the sizeable pension-related remeasurement gains projected for FY 2021. We welcome the new presentational changes in the Fund's financial statement and the income tables in this report, which allow a more transparent separation between the performance of core GRA operations and the IAS 19 induced remeasurement gains and losses.

On Decision 2, **we can support a temporary suspension of the PRGT administrative cost reimbursements to the GRA.** We emphasize that reforms to the Fund's concessional lending must go hand-in-hand with ensuring a strong and sustainable PRGT framework and without overly relying on temporary fixes.

On Decision 3, **we see merit in delaying the Endowment Account (EA) payout by an additional year,** in particular as it would reduce the risk of a start-stop decision. We look forward to the Investment Account review in FY 2022, which will help inform the next EA payout decision.

On Decision 4, **we support the proposed income allocation decision**, specifically to first allocate to the special reserve the net income equivalent to the FY 2020 loss, and then place the remaining balance equally between the special and general reserves. We note that in accordance with the decision taken by the Board to review the allocation framework on a two-year cycle, a review should have taken place in FY 2020. We understand that the net loss last year led to the postponement of the review by a year, and we support staff's proposal to postpone the review of the allocation framework by another year in light of the ongoing discussions on the treatment of IAS 19 gains and losses. We continue to support the principles that have guided the framework for income allocation to the special and general reserves. We look forward to further discussions on these issues, including with the External Audit Committee.

On Decision 6, **we agree that there are no fundamental changes that would warrant any adjustment to the current rate of charge** at 100 basis points over the SDR interest rate for FY 2022. We positively note the updated projections of the pace of reserve accumulation, which show that the indicative medium-term target of SDR 25 billion could be reached by FY 2024. At the same time, however, we note that these projections do not reflect the potentially significant negative impact on precautionary balances of an SCA-1 distribution in the context of Sudan's debt relief.