

**EXECUTIVE
BOARD
MEETING**

EBAP/21/11

CONFIDENTIAL

March 26, 2021

To: Members of the Executive Board
From: The Secretary
Subject: **FY2022–FY2024 Medium-Term Budget**

Board Action: Executive Directors' **consideration** (Formal)

Tentative Board Date: **Friday, April 23, 2021**

Proposed Decisions: Pages 52–53

Publication: Proposed, with Press Release

Additional Information: The FY 2022-FY2024 Medium-term Budget paper incorporates updates to the preliminary proposals discussed by Executive Directors in an informal session held on February 24, 2021 (FO/DIS/21/24). The main revisions include:

FY 22 Request: The “baseline” budget—reflecting a real flat envelope and a request for an increase in the carry forward limit to 8 percent—now forms the key elements of the FY 22 administrative budget request.

Augmentation: The timeline to consider a budget augmentation has been extended to the Fall and will follow Board briefings/meetings on the core elements of the augmentation request, the CSR and FSAP reviews, and new ways of working. In addition:

- Initial parameters have been proposed (tiered increase over 2-3 years with return to flat real profile at a higher level thereafter).
- Discussion of the Fund’s role in areas covered by the augmentation has been updated, in coordination with lead departments. This section was brought forward in the report.

The change in budgetary treatment for cloud-based IT solutions has been elaborated in an annex, based on an OIA advisory recently completed.

A marked-up version indicating the modifications and new content is also attached for the convenience of Executive Directors.

Questions:

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March 26, 2021

FY 2022–FY 2024 MEDIUM-TERM BUDGET**EXECUTIVE SUMMARY**

Context. Amidst the unfolding COVID-19 crisis, the Fund faces twin challenges. Signs of early crisis recovery are uneven across countries, and many face daunting crisis legacies. At the same time, longer term challenges from climate change, digitalization and increasing divergence within and between countries demand stepped up effort by the Fund within its areas of expertise and in partnership with others.

FY 22–24 budget framework. Considering these challenges and following a decade of flat real budgets, staff will propose a structural augmentation for consideration by fall 2021 to be implemented over two to three years beginning in FY 23. Recognizing the importance of ongoing fiscal prudence, the budget would remain stable thereafter on a real basis at a new, higher level.

FY 22 administrative budget. The proposed FY 22 budget sustains crisis response and provides incremental resources for long-term priorities within the flat real budget envelope. The budget is built on extensive reprioritization; savings, including from modernization; and a proposed temporary increase in the carry forward ceiling to address crisis needs during the FY 22 to FY 24 period.

Capital budget. Large-scale business modernization programs continue to be rolled out, strengthening the agility and efficiency of the Fund's operations. In response to the shift towards cloud-based IT solutions, staff propose a change in the budgetary treatment of these expenses. Investment in facilities will focus on timely updates, repairs, and modernization, preparing for the post-crisis Fund where virtual engagement and a new hybrid office environment play a larger role.

Budget sustainability. The FY 22–24 medium-term budget framework, including assumptions for a material augmentation, is consistent with a projected surplus in the Fund's medium-term income position and with continued progress towards the precautionary balance target for coming years.

Budget risks. In the midst of a global crisis, risks to the budget remain elevated and above risk acceptance levels, including from uncertainty around the level of demand for Fund programs and ensuing staffing needs, as well as future donor funding for CD. Enterprise risk management continues to be strengthened with this budget.

Approved By
Michele Shannon

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SECTION I. OVERVIEW

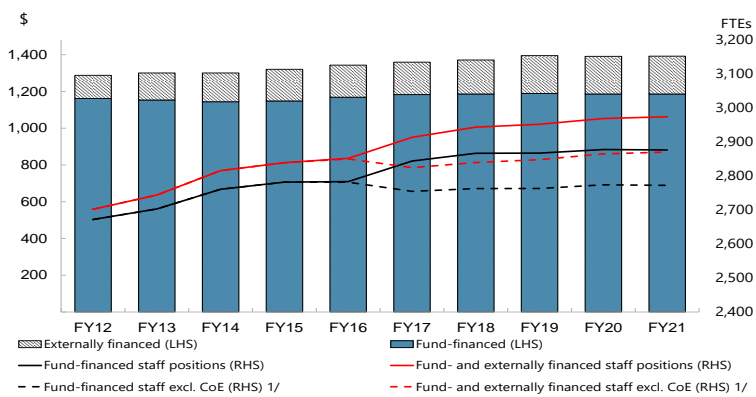
1. The FY 22-24 budget is set against the intersection of twin challenges for the Fund:

- Crisis response and recovery**—helping members drive toward a durable exit from the health and economic crisis. Notwithstanding the shift to a remote work environment, the Fund moved swiftly to assist the membership in its response to the pandemic, recognizing the need to do whatever it takes to mitigate the impact of the Great Lockdown. These efforts will continue to be a central focus as the membership moves at differing paces from crisis management to recovery and addresses crisis legacies.
- Addressing long-term shifts in the global economy**—moving more forcefully to tackle the impact of longer-term drivers of global change as they affect the Fund’s core work, in collaboration with global partners. The membership has increasingly called on the Fund to play a leadership role in addressing the economic and financial impact of climate change and digitalization on the global economy and to put greater focus on reduced fragility and inclusive growth. These issues will need to be integrated more fully into the Fund’s core work across surveillance, lending and CD, and in its ways of working. Doing so effectively will take time, but early action is critical to build the Fund’s capacity to contribute.

As emphasized in the [Spring 2021 Global Policy Agenda](#), these challenges are linked. The Fund must take full account of the still uncertain reverberations from the crisis as it strengthens its capacity to support a green, resilient, and inclusive global economy. The needs of the most vulnerable must remain a central focus, with the imperative to arrest and reverse the dangerous trend of divergence between and within countries. In doing so, the Fund must focus on areas where it is best placed to support the membership, including in collaboration with partners, deferring to other organizations on issues outside its expertise where others are best placed to lead.

2. **Longstanding budget discipline** (Figure 1). The Fund has demonstrated sustained fiscal prudence. Over the last decade, it has significantly enhanced its work in areas of importance to the membership (e.g., CD, macrofinancial and macrostructural issues, governance, and external sector issues) while maintaining a real flat budget, apart from a \$6 million (0.6 percent) increase for

Figure 1. Net Administrative Budget and Personnel, FY 12-21
(Millions of FY 21 U.S. dollars and FTEs)



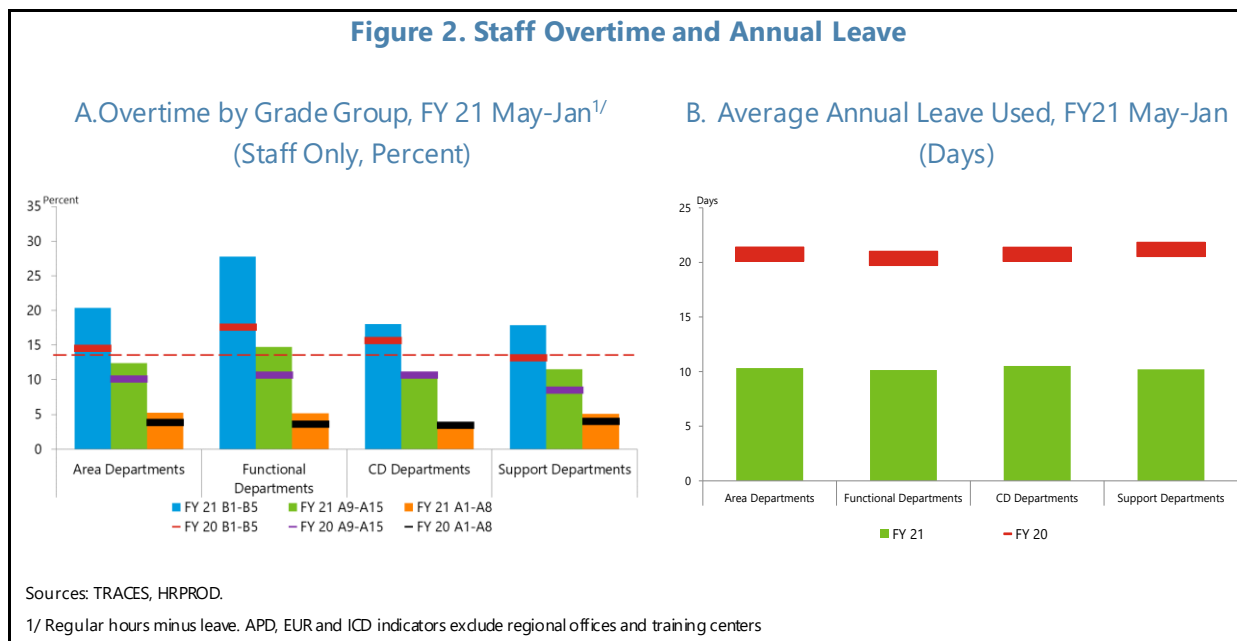
Source: Office of Budget and Planning

^{1/} Excludes contractual employees moved to staff in the 2016 Categories of Employment (CoE) Reform

security expenditures in FY 17. While overall staffing increased during this period, this mainly reflects CD-related hiring funded through external resources and regularization of long-serving contractual employees as staff as part of a 2016 strengthening of the HR framework. Otherwise, pre-crisis staffing has been largely flat for some time (Figure 1, black dotted line). This discipline supported a lean, agile Fund and engrained the importance of continuous reprioritization and modernization.

3. **Budget challenges.** While budget prudence has served the Fund and its membership well, key pressure points have emerged:

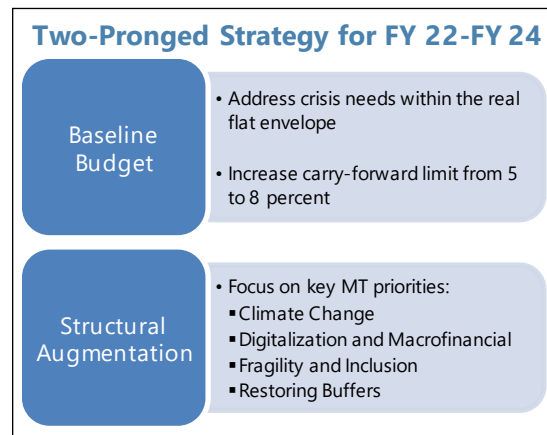
- Unsustainable demands on staff.** As in past crises, work pressures on staff have spiked, as reflected in increased overtime (work beyond normal hours, uncompensated for staff above grade A9) and a sharp reduction in leave usage (Figure 2). The special nature of the current crisis, particularly the work-from-home (WFH) environment, has exacerbated these pressures, including for those with school-age children. At the same time, average mission length increased in the virtual environment, with a survey of SPR country economists suggesting a change of about 25-30 percent. Time differences have required significant off-hours work that has proved disruptive for many staff. While they are expected to support savings over time, key modernization projects have required significant staff engagement, further contributing to temporary pressures. With unprecedented program engagement and crisis-related work projected to continue for some time, demands on staff will remain high. To address these urgent needs, a temporary increase in staff (projected for 2-3 years) was funded during FY 21 through crisis-related reallocations. However, this increase depends on the continued availability of carry forward resources, or underspending from previous cycles, and does not address demands related to longer-term policy challenges.



- **Reduced buffers.** As noted in the FY 20 budget outturn [report](#), budget utilization was close to 100 percent in the recent pre-crisis period. Notwithstanding this reduction of buffers, the Fund demonstrated agility in its crisis response, reprioritizing throughout late FY 20 and FY 21 to meet the changing needs of the membership. However, this has implied that workstreams which remain important in the steady state had to be paused or delayed. Carry forward resources remain available to meet short-term needs. However, budget space to address emerging issues in a comprehensive and sustained manner, while continuing to deliver on existing mandates, has largely been exhausted.
- **Rising pressures.** The ability of the Fund to absorb calls for a dynamic response to new priorities and challenges facing the membership is thus constrained. Ongoing uncertainty and the new demands for Fund action will heighten budget pressures and related risks in the absence of a response.

4. **A two-pronged budget strategy** for FY 22–FY 24 is proposed to address these challenges:

- **Baseline budget.** The first prong is a baseline budget that incorporates crisis response and the temporary impact of the crisis on the Fund’s own operations within the existing resource base, with incremental shifts in resources to new priority areas.



- **Continued fiscal prudence.** This includes continuation of temporary crisis staffing, as noted above, funded along with other near-term priority needs through savings (i.e., sustained lower travel and continued modernization), extensive reprioritization, and allocation of general carry forward.
- **Increased carry forward limit.** To support temporary needs during the FY 22– FY 24 period, staff proposes a temporary increase in the general carry forward limit from 5 percent to 8 percent. This would allow full capture of the FY 21 structural underspend to help cover crisis needs within a flat real budget envelope. A portion of the carry forward would not be allocated in FY 22, and actual use has historically been below allocated levels. Both factors are expected to allow the carry forward to continue to support crisis needs throughout the FY 22-FY 24 budget period.

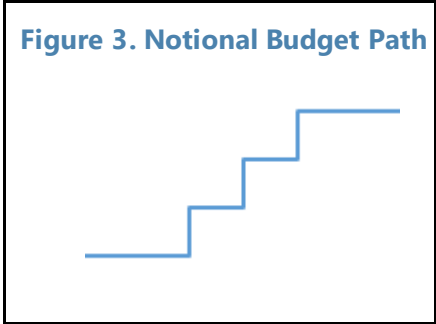
Current limit:	5 percent	\$55.2 m
Proposed limit:	8 percent	\$88.4 m
Current level:	4 percent	\$44 m
FY 21 est. underspend:		\$29 m
Allocation in FY 22:		\$60 m

- **Targeted structural augmentation to address new imperatives.** The second prong of the strategy addresses the limited space to accommodate new initiatives following a decade of flat real budgets. This augmentation recognizes the risk that resource constraints prevent the Fund from meeting members’ needs. It will allow for a more strategic, less piecemeal,

and timelier approach to confronting the exigencies that will shape the global economy for decades to come.

- **Focus.** This augmentation would ground the Fund’s work on climate change and digitalization in the areas of its expertise and squarely within the IMF’s mandate. It would accelerate ongoing efforts to strengthen the Fund’s macrofinancial work in bilateral surveillance, reinforce its support to fragile and conflict-affected states (FCS), including through targeted field presence, and drive organizational support for work on inclusive growth, including gender. It also would support restoration of buffers to ensure that the Fund remains well positioned to respond to unexpected developments.

- **Design.** The augmentation request would cover an adjustment over two to three years, with a return to a real flat path at the new, higher level thereafter (Figure 3). The pace of increase would mirror the envisaged speed in the ramp up of the underlying work. Consistent with existing good practice, these funds would not be earmarked, but their allocation would be transparently reported, both ex ante at the budget approval stage and ex post in output monitoring, as is the case with other spending.



- **Requirements.** The Executive Board has indicated that any augmentation request requires clarity on:

- **Use**—specification of the outputs and activities that the additional structural resources will support, demonstrating a strategic focus on the Fund’s mandate and on collaboration with partner organizations. With the Spring GPA setting the overall medium-term context, the Board will discuss the strategic underpinnings for the augmentation through:
 - Dedicated informal briefings on the Fund’s climate and digital money strategy (April) and follow-on meetings on both topics (summer);
 - Upcoming discussions of the Comprehensive Surveillance Review (CSR) (April) and the Financial Sector Assessment Program (FSAP) Review (May); and
 - Discussion of the strategy for engagement with FCS and on work on inclusive growth and gender during the summer.

A discussion of New Ways of Working (NWOW) and broader modernization efforts in the summer will also highlight the impact of post-COVID shifts in work practices and outline the elements of a broader examination of the Fund’s DC and overseas footprint. This discussion will recognize both potential costs and savings, as well as the Future of Work at the Fund, including planning for a hybrid workforce.

- **Scale**—demonstration that the level of resources requested links clearly to the objectives and outputs in areas covered by the request, in a manner that reflects the underlying principles of budget discipline that have served the institution well.
- **Need**—evidence that all measures have been taken to find efficiencies within the current envelope. Box 1 outlines extensive reprioritization over the past decade and, as detailed in Sections III and IV, this practice has continued in the crisis period. In a similar vein, the requested augmentation will be embedded in a commitment to maintain such discipline and reprioritization will continue as part of annual budget cycles, albeit at a more incremental pace.
- **Sustainability**—confirmation that the expenditures are sustainable given the outlook for income. Section II outlines staff’s analysis of this issue, with a conclusion that a material augmentation of the range likely to be proposed would be consistent with existing objectives for the buildup of precautionary balances.
- **Commitment to ongoing budget prudence.** The plan to revert to a flat real budget trajectory following the implementation of the increase will reinforce ongoing budget discipline and sustainability.

5. **Next Steps and FY22 Budget.** Notwithstanding the importance of moving swiftly to ramp up work in priority areas, additional time will allow consultation with the membership on underlying strategies and outputs in areas covered by the request. As such, the FY 22 budget does not include a specific augmentation request to provide the time needed to engage the Board this summer on the contours and parameters of a structural augmentation, followed by a request in the fall for formal endorsement of its overall scale, phasing and uses. With this endorsement, staff will incorporate the augmentation into its budget requests beginning in FY 23. The proposed FY 22 budget reflects only the baseline, maintaining a flat real structural envelope and calling for an increase in the general carry forward limit to 8 percent. The budget includes continued temporary provisions to meet crisis needs, funded through both reprogramming of existing structural resources and use of carry forward.

Table 1. FY 21-22 Budget Summary
(Millions of FY 21 U.S. dollars, unless otherwise noted)

	FY 21	FY 22
Net structural budget 1/	1,186	1,186
Transitional 2/	38	60
Total, including transitional 2/	1,224	1,246
Proposed net structural budget (current dollars)		1,214
Total, including transitional (current dollars) 2/		1,275
Crisis needs and funding		
Gross needs	112	94
Reprioritization/savings 3/	95	69
Contingency funds/carry forward/other	16	25

Sources: Department submissions and OBP estimates.
 1/ April 21 budget. \$69m repurposed for crisis needs during FY 21.
 2/ FY 22 transitional incl. crisis needs funded by carry forward (\$17m).
 3/ FY 22 total reprioritization/savings of \$103m, of which \$69m is applied to crisis needs

Box 1. Budget Discipline Through Reprioritization and Savings

Budget discipline has been supported through ongoing efforts to streamline, modernize and reprioritize to ensure that resources within the real flat envelope could be directed to existing and emerging priority activities. In the past decade, a range of initiatives, from Fund-wide streamlining reviews to large scale modernization effort to department-specific initiatives helped identify savings and efficiency gains. On average, past budgets reprioritized about 4 percent of the aggregate budget envelope, releasing space that allowed for expansion of the Fund's work in core areas.

Centralized Streamlining Reviews over the Last Decade:

- Early Fund-wide efforts.** Yearly exercises since the early 2010s led to streamlining surveillance products, introducing e-Review to efficiently manage interdepartmental reviews and increase collaboration, and discontinuing comprehensive Statistical Appendix Tables in Article IVs. Some resident representative offices covered multiple countries and area department staff were reassigned to manage emerging programs. WEO data submissions by country desks were streamlined, and the Vulnerability Exercise, the Early Warning Exercise, and G20 work were scaled back. The merger of INS/OTM (into ICD) generated efficiency gains. Use of outsourcing for services also grew, along with regular upgrades in IT.
- Towards a risk-based approach to identify savings.** A comprehensive streamlining exercise was undertaken to identify savings and a \$20 million package of measures was agreed as part of the [FY 16 medium-term budget](#). Measures included streamlining a range of multilateral surveillance outputs; moving most regular policy reviews to five-year cycles; reducing the frequency of country program reviews and post-program monitoring; discontinuing Ex-Post Assessments; limiting internal funding for CD available to advanced economies; and extracting efficiency gains in administrative and other internal processes. Additional efficiency and cost-saving measures involved dropping Chapter 2 of the WEO, which focused on regional developments, and the October conjunctural chapter of the Fiscal Monitor; reducing the GFSR page count; integrating the spillover report into the WEO; creating an Ongoing Research Projects List; shifting the policy review cycle; making Safeguards Assessments more risk-based; moving program reviews from quarterly to semi-annual cycles; and streamlining administrative back office processes.
- Focus on Fund's effectiveness and modernization.** Management constituted an Advisory Group on Modernization and Streamlining and, in mid-2018, endorsed the Group recommendations to implement a [broad-based package of measures](#) to support more agile, integrated and member-focused operations. A broad set of measures included adopting a sharper and more strategic approach to the Global Policy Agenda and the Board Work Program; making Article IV surveillance more prioritized and focused, and bilateral financial sector surveillance more evenly distributed; introducing an upper limit of 6 FTEs spending on mandatory FSAPs (or \$1.5 million equivalent); improving the focus and strategic messaging of multilateral surveillance; bringing a more strategic approach to conferences and seminars, as well as management outreach; modernizing CD and improving its integration with surveillance; strengthening institutional impact analysis; further leveraging technology; and applying internal and external best practices to further modernize support services.

Modernization agenda. The business transformation agenda provides critical building blocks towards a more productive, efficient workplace (Section V). It also promises administrative savings that free up space for priorities. Net steady-state savings of \$10.6 million have been identified for 1HR, CDMAP and iData.

Box 1. Budget Discipline Through Reprioritization and Savings (concluded)

- Response to the pandemic.** Immediate crisis response needs were met in large part through reprioritization, delays of non-crisis work and streamlining of operational procedures ([Supplemental FY 21-23 MTB](#)). About 62 staff were reallocated on an informal and temporary basis to provide direct support to teams in area departments, FIN, and SPR; most Article IVs and FSAPs were placed on a six-month hold to meet the unprecedented demands for emergency financing; major policy reviews were delayed, including the CSR, and FSAP Review, and the 2020 ESR; processes for review and approval, also at the Board level, were streamlined to expedite emergency financing cases; the staff Annual Talent Management Exercise was significantly simplified on an exceptional basis. In light of the impact of COVID-19, a cross-departmental group reviewed operational and business processes for “quick wins” to process simplification, including streamlining Board procedures, flagship and analytical work, and interdepartmental reviews; simplifying controls, procurement, risks and audit, as well as reporting. Additional immediate interventions involved remote interpretation capabilities, modernization and IT, HR issues and communication.

Department-level reforms. Departments have responded nimbly to changing priorities within an unchanged envelope through a variety of temporary and permanent measures. These include:

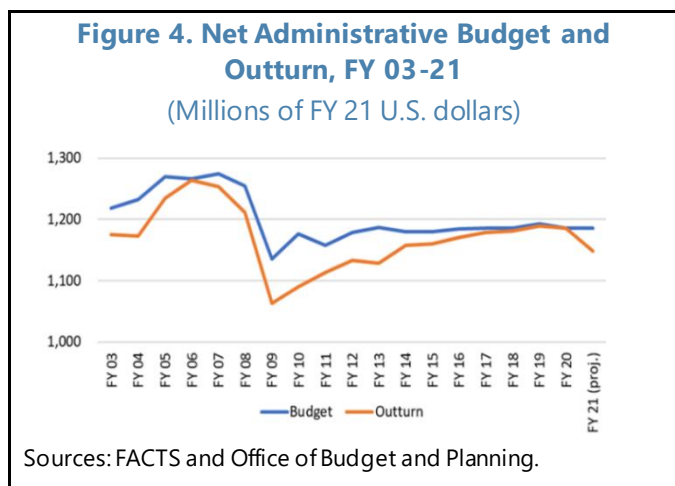
- Country Operations.** Reduced selected issues papers; freed up space from the end of the Poverty Reduction Strategy Paper process; more frequent use of Lapse-Of-Time process; increased cost-effectiveness in field offices; moving more Article IVs to a 24-month cycle; increased cross-departmental coordination on analysis and operationalization of work on emerging issues to avoid overlaps; continued shift to more focused country review; CD reports streamlined or replaced by presentations; reduced on-site training, including by the use of online training; and phased out non-core research.
- Internal Support.** Shifted to new self-service and automated translation tools; vendor contracts renegotiation; hospitality and mail services reductions; investments in energy efficient equipment; increased automation and streamlining of processes in the Fund’s financial operations; process efficiencies; increased use of technology; containing the budget of the Annual and Spring Meetings, while attendees have quadrupled; launched initiatives to cut waste (e.g., FAD’s *Go Green Initiative* cutting paper-based CD reports) and IT costs (e.g., STA’s *Streamline, Standardize and Automate Initiative*); and increased modernization and digitalization of Board documents.

6. **Roadmap.** Section II looks at the key medium-term issues that will shape the Fund’s budget outlook, including the longer-term issues that underlie the need for a structural augmentation. Section III (and Annex III) provide an initial review of FY21 budget developments. Section IV details the proposed FY 22 budget overall and through four lenses: savings and reprioritization in the current cycle to ensure efficient use of resources, allocations in terms of outputs, what it means for funding priorities, and distribution of resources across departments. Section V looks at the capital budget, including the FY 21 projected outturn and proposed FY 22 budget. It also looks at initial implementation of the updated Capital Investment Framework approved last year and, along with Annex VI, sets out a proposal to address the budget impact of the shift to a cloud-based model for IT-intensive capital investment that, barring changes, would put pressure on the administrative budget over time. Section VI considers budget risks. Section VII presents FY 22 proposed decisions.

SECTION II. MEDIUM-TERM OUTLOOK

A. Context

7. **Tradition of Agility.** Throughout its history, the Fund has adapted to the changing needs of the membership—from the fundamental changes arising from the end of the Bretton Woods system of fixed exchange rates, to the 1980s debt crisis and post-Soviet transition, to the strengthening of financial support and debt relief for low-income members, to shifts in financing and related spillovers manifest in the global financial crisis, to the increasing recognition of the need to integrate structural considerations more fully into the Fund’s core work in concert with partners. In doing so, the Fund has demonstrated its ability to adapt in a cost-effective and flexible manner, to define a role consistent with its mandate, and to collaborate with partners (Figure 4).

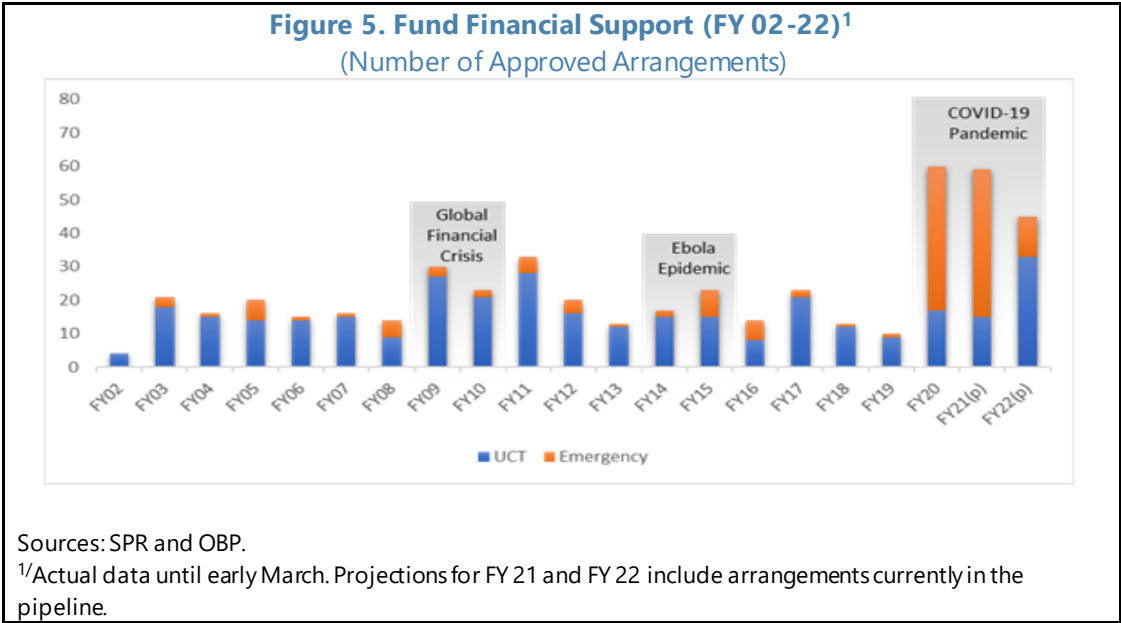


8. **FY 22-24 Needs.** The twin challenges of navigating a safe exit from the crisis and supporting a transformational recovery that addresses longer-term forces shaping the outlook require a dynamic, nimble, and forceful response. This section looks at these two challenges in turn, with the latter section focusing first on priorities that will underlie a proposed augmentation before turning to other issues.

B. Navigating a Safe Exit from the Crisis

9. **Responding to COVID-19 and its aftermath.** Notwithstanding countries’ efforts and the promise of vaccines, the crisis will leave economic and financial scars that will shape the Fund’s work in the period ahead. Many countries may not return to the pre-COVID path of economic activity for several years, and those without the means to mitigate the impact of the crisis will be hardest hit. With the pandemic still present in most countries and mutations of the virus emerging, uncertainty remains exceptionally high. Faced with a likely uneven recovery, the IMF will continue to focus on supporting members’ efforts to confront the impact of the COVID-19 crisis.

- **Financial support** is expected to rise and programs to become more complicated, as many emergency financing operations are followed with upper credit tranche (UCT) conditionality programs, in many cases characterized by complex debt issues. As of early March, 12 UCT arrangements have been approved in the year since the pandemic hit. Going forward, another 38 members have expressed interest in new UCT programs. Moreover, 15 members are seeking emergency financing, for a total pipeline of 53 new Fund operations as of early March that are expected to come for Board approval over the next year. Not all of these requests will result in programs, but the discussions themselves are a form of intensified engagement. These current efforts compare to 27 arrangements during the Global Financial Crisis and a peak of 22 during the Ebola crisis (Figure 5).



- Broader country engagement.** In parallel, bilateral surveillance and FSAP delivery have resumed. Virtual CD has focused on crisis-related needs and CD linked to crisis programs. As detailed below, departments are preparing to scale up in-country surveillance, lending and CD delivery as soon as feasible as part of a hybrid delivery model that incorporates the strengthened capacity for virtual delivery. Baseline budgets in the FY 22-24 period continue to prioritize crisis-related needs, generally through temporary reprioritization and use of carry forward. Remaining resources will support incremental investments in broader priority work with members, including debt, trade, digitalization, governance, social spending, and climate change.
- Analytical and policy work** will continue to underpin country operations, including through deepening of work on debt issues, insolvency and debt restructuring. For FY 22, policy work will also include the review of financing operations (e.g., the CCRT) and the lending toolkit. The CSR and the FSAP Review, scheduled for end FY 21 and early FY 22 respectively, will shape the Fund’s surveillance for the next decade. A guidance note for Surveillance under Article IV Consultation and internal training are planned for FY 22, and FSAP tools and technical notes will be disseminated. Work on the Integrated Policy Framework (IPF) will also continue, focused on providing country teams with the staff and tools to advise authorities, again reflecting crisis lessons. Lastly, and in line with IEO recommendations on research at the IMF (Section I, [attached](#)), the Fund is ensuring that broader analytical work is well-focused and of high-quality, while preserving needed scope for innovative analysis by the Fund’s world-class economist staff.
- Fund finances.** In addition, work is underway to prepare the case for a new SDR allocation to supplement existing reserves, bolster global financial resilience, and provide timely assistance to countries in need. Work will also continue in the context of the 16th General Review of Quotas which is critical to maintaining a strong, quota-based, and adequately

resourced Fund at the center of the Global Financial Safety Net in light of members' exceptional needs and elevated risks.

- **Resources.** As noted, staff proposes to meet the temporary needs arising from the crisis and ongoing core work, through reprogramming of existing structural funds and use of carry forward resources. A key question in this regard is the duration of crisis needs. With the scale and complexity of crisis programs and the level of debt-related issues still uncertain, some flexibility will be needed (e.g., over a 3 to 5-year period) to ensure that the recovery is well embedded before withdrawing all related resourcing. Resource requirements related to the CSR and FSAP review will be outlined in those reports, with some elements of these reforms to be embedded in the proposed augmentation and others to be covered through normal reprioritization efforts.

C. Supporting a Transformational Recovery

10. **Meeting the changing needs of the membership.** The membership has been clear on the need for the Fund to step up activities in areas that will shape the future of the global economy.

With the lessons of the COVID-19 crisis still to be fully defined, and with the seismic shifts from climate change and digitalization driving fundamental structural changes in global economic and financial developments, a decision on how the Fund adapts to meet the moment is needed.

Caution might suggest investing only when fuller information is available. However, such an approach risks missed opportunities, a piecemeal approach, and delays in our ability to support the membership at a time calling for urgent action. A more ambitious approach, supported by a targeted augmentation of structural resources, will advance our ability to deliver what the membership is seeking in a sustainable manner, while continuing to deliver on existing activities core to the Fund's mandate. It will also require rigor

in maintaining the principles of efficiency, prioritization, focus, and collaboration from which we have long benefited. This section outlines key issues within the institutional mandate that will be the focus of an augmentation request later this year.

Structural Augmentation: Focus

- Integrating climate change considerations into the Fund's core work.
- Retooling to address the changing financial landscape in the digital age.
- Addressing vulnerabilities and exclusion, including in FCS.
- Restore buffers to ensure the Fund is well positioned to respond to unexpected developments.

Integrating Climate Considerations into the Fund's Core Work

11. **Imperative.** Climate change is already having a large impact on many members' macroeconomic stability and prospects for growth. To limit any damage to growth prospects and economic and financial stability, countries will need to rapidly reform tax and regulatory regimes to reduce greenhouse gas emissions, invest in green infrastructure, assist vulnerable groups with a socially balanced transition to carbon-neutral energy systems, and build physical and financial resilience to climate change.

12. **The Fund's Climate Strategy.** The Fund has begun investing in climate-related issues in recent years as the membership has increasingly recognized the critical impact of climate change on

global economic and financial developments (Box 2). These efforts will continue, and the Fund is assessing how it can most effectively meet calls from the membership for it to play a larger role within its mandate. This work focuses on macroeconomic and financial aspects of climate changes, leaving related issues to the remit of other institutions, including, for example, setting mitigation targets, monitoring the Paris agreement, sectoral policies, specific infrastructure projects for building resilience, or evaluating the climate impact of specific technologies.

- **Strategy.** An informal briefing on the Fund’s role in climate change in early April will be followed by a further engagement on the strategy and its costing during summer 2021.
- **Policy Reviews.** The CSR lays out the strategy to integrate climate as a core Fund workstream, including through a background paper on integrating climate change into Article IVs. The FSAP Review proposes a framework for climate risk analysis—with a Board presentation planned for late this year. Work is also ongoing on improving climate data. And, a review of the Climate Change Policy Assessments (CCPAs), a joint product with the World Bank, is ongoing with a view to broaden them beyond small states.
- **Focus.** Key outputs will include:
 - Comprehensive coverage of macro-critical climate-related policy challenges in Article IVs; macro modeling to inform surveillance; fiscal policy advice to help countries transition to a low-carbon economy and build resilience to climate change; monetary and financial sector policy advice to cushion the impact of climate risks on output and inflation—including through covering climate risk more in FSAPs;
 - CD, including CCPAs; and provision of climate change data for macroeconomic analysis and surveillance;

More in-depth analysis on climate issues in country engagement would include:

- discussion of mitigation strategies with the countries contributing most to greenhouse gas emissions and assistance to countries in developing policies to meet their Nationally Determined Contributions under the Paris agreement;
- more routinely and explicitly consideration in FSAPs of the materiality of climate-related risks, through development of scenarios for physical and transition risks, conduct of stress tests, and provision of related advice; and
- the coverage of adaptation and resilience building in climate vulnerable countries would be expanded, including by extending CCPAs beyond the current two countries a year. This work would be backed up by an expanded review function to ensure quality standards and even-handedness of treatment.

Other work under consideration includes a G20 initiative on climate data and more consolidated reporting on Fund-relevant climate issues. This should be accompanied by enhanced training for both staff and the membership on linking macroeconomics and climate science. As the Fund steps up policy advice on climate-related issues, it also needs to do its part by reducing its own carbon footprint.

Box 2. The IMF's Work on Climate Change

The IMF's role in helping its members address the challenges of climate change focuses on its areas of core expertise. In particular:

- Advice on **mitigation** measures to contain and reduce emissions through fiscal policies such as carbon taxation and other carbon pricing schemes, reduced fuel subsidies, and improved regulation;
- Guidance on **adaptation**: Support financial and institutional resilience to natural disasters through monetary and financial sector policy advice to help cushion the impact of climate risks on output and inflation—including through covering climate risks in FSAPs. Support infrastructure investments to cope with warming-related phenomena through fiscal policy advice (revenue mobilization, public investment management, debt sustainability);
- **Transition** to a low-carbon economy: Fiscal policy advice to facilitate and support the transition, updates to financial sector risk assessment and regulation to cover climate risks and exposure to “brown” assets, and helping countries diversify away from carbon intensive industries while mitigating the social impact on affected communities.

Work to date includes:

- **Country work.** Country teams across all regions have touched on climate issues in FY 20 or FY 21 in analytic and policy work. Policy advice is provided mainly through surveillance supported by CD, including CCPAs for six small states jointly with the World Bank. Staff has developed tools to evaluate carbon pricing and other policy instruments for meeting countries' mitigation objectives. FSAP risk analysis has often captured physical risks in countries prone to natural disasters, with insurance risks also being assessed in systemic countries. More recent FSAPs have explicitly assessed transition risks. Climate-related materials are being developed as part of a book and online course on inclusive growth. In addition, training modules on integrating climate into macro policies are under development for external audiences.
- **Multilateral surveillance and policy.** The Fund has helped facilitate global dialogue, including through the flagships, and engagement in multilateral fora such as the Coalition of Finance Ministers for Climate Action and the Network for Greening the Financial System (NGFS). The Fund has proposed a carbon price floor arrangement and guidance on how climate change could be priced in financial assets. The Fund is co-leading a workstream in the NGFS on Bridging Data Gaps and working with international standard setters and IFIs to promote climate-related financial disclosures.
- **Data.** STA, in cooperation with MCM, FAD and SPR, is developing a framework for climate change indicators that will track carbon emissions; government expenditures for environmental policies; taxes and subsidies, and financing such as green bonds, including through a Climate Change Indicators Dashboard (beta version to be launched before the 2021 Spring Meetings).
- **Training Fund staff.** The internal economics training (IET) curriculum, run by ICD, features seminars by external academics and experts and includes a course on climate change developed by FAD. Training modules to support integrating climate into surveillance are under development for both internal audiences. ICD, FAD, RES, and SPR are also working on a Fundwide course on climate change.

- **Collaboration.** This work will continue to be done in collaboration with other institutions to leverage expertise and maintain the Fund's focus and build its expertise on macroeconomic and financial stability implications. The approach reflects the IEO's recent [recommendations](#) to both build in-house expertise and support effective collaboration with the World Bank, recognizing that collaboration with partners itself requires resourcing.

- **Organization.** The Fund will need to build climate specific skills to deliver this ambitious agenda. This would largely occur by hiring economists and experts to bring in staff with relevant background, supported by internal training. These resources would mainly sit in functional departments and provide direct country support through participation in bilateral surveillance and CD. Area departments will build expertise among fungible economists and have a central capacity to coordinate climate work and bridge to functional departments.
- **Resources.** As noted, the Fund has begun investing in capacity to provide for climate-related macroeconomic policy advice in its areas of expertise. Past budgets have allocated available resources to support initial strengthening of climate-related capacity, and departments have reallocated fungible economist time to climate issues. Estimated spending on climate-related work, based on initial departmental estimates (and subject to uncertainty), has increased from \$16 million in FY 20 ([FY 20 outturn paper](#)) to an estimated \$24 million in FY 21. This includes \$4.5 million in externally funded CD resources in FY 20 and FY 21 earmarked for climate-related work, reflecting growing interest and support from the Fund's partners. Under the FY 22 budget, departments plan to further increase work on climate issues through internal reallocations and new resources totaling a net \$4.1 million.

Retooling to Address the Changing Financial Landscape in the Digital Age

13. **Imperative.** Digitalization of money and finance is increasingly driven by technological innovation and changing end-user habits and expectations, spurred on by the pandemic. Change is fast, profound, and widespread across economic, monetary, payment, and financial systems. At the level of technology, the most relevant changes include the tokenization of money and assets, big data, and artificial intelligence. At the level of services, changes cover the provision of central bank digital currencies, and new forms of privately issued digital money for domestic and cross-border use. The use of technology for regulation and supervision (RegTech and SupTech) will also be critical. And at the level of entities, non-banks and BigTech companies are becoming increasingly prevalent in finance and banking.

14. **Implications of digitalization for the international monetary system and global financial stability.** The widespread use of digital money, whether public or private, will profoundly affect the international monetary system (IMS) and global financial stability, which are at the core of the Fund's mandate. Opportunities and risks arise for reserve currency configurations, the global monetary and financial architecture, exchange arrangements and policies, international payment arrangements, cross-border capital flows, and the global safety net. The Fund has a central role in terms of analysis and policy guidance to support the stability of the IMS, also by contributing to domestic monetary, financial, and macroeconomic stability.

15. **Ramping up Fund efforts.** To address these challenges and the increasingly complex and pressing questions from the membership across all areas of the its mandate, the Fund is defining an overarching strategy for its work on these issues that will be presented to the Board informally in April and this summer. This includes:

- **Surveillance** (A-IVs, FSAPs, multilateral) will provide more systematic assessments of emerging risks at the national, regional, and global level. This will need to cover risks to members' present or prospective domestic and BOP stability, including risks to monetary and exchange policies, and to financial stability and financial integrity from fintech, cybersecurity, newly systemic payment systems, and the introduction of central bank digital currencies. This will also need to cover, where warranted, spillovers from members' digitalization policies (e.g., the introduction of a CBDC by a major economy that may have global repercussions) and countries' ability to respond, including through capital flow management measures. Surveys conducted as part of the CSR and FSAP Reviews suggest that appetite remains high for fintech work among the membership, especially among emerging markets. FSAPs will support surveillance by focusing on the above risks and policy challenges as well, while supporting effective CD prioritization in these areas.
- **Policy development** will focus on currency substitution, implications for monetary policy independence and lender of last resort functions, capital flow volatility, implementation of current and capital account restrictions, and cyber, operational, and financial integrity risks. The Fund will continue to participate actively in international working groups tackling essential questions of digital money design and interoperability, providing concrete suggestions on the basis of its macro-financial perspective, analysis of spillovers, and consultation with its wide membership.
- **Capacity development** will focus on avoiding a digital divide. It will help low-income and emerging market economies build capacity to evaluate central bank digital currencies, establish regulatory and legal frameworks for digital forms of money, manage transitions in the banking sector, and design supervisory frameworks for financial market infrastructures leveraging new technologies. It will also help countries develop appropriate macro frameworks that incorporate challenges from digitalization. Fund CD will also support peer-to-peer learning.
- **Convening power.** The Fund can use its convening power to foster dialogue between private and official sector and other stakeholders and facilitate the extraction of cross-country lessons.
- **Organization.** Experts in functional departments would support country teams, feeding into bilateral surveillance, and allowing for a ramp up in CD, in particular to countries not covered by the BIS and FSB. Close collaboration with other international organizations will also be essential.
- **Resources.** Digital money as a still emerging issue has been covered through reallocation of existing resources concentrated in MCM, LEG, ITD, RES, and SPR. Modest dedicated resources have been provided in past budgets, mainly for fintech work. Existing resources support coverage of issues around digital money only in an ad hoc and mostly reactive manner. Risk analysis in surveillance remains constrained, while CD is limited and increasingly out of line with the needs of low-income countries.

16. **Macrofinancial.** Beyond digital money, the membership looks to the Fund to further deepen its engagement on macrofinancial issues, including to deepen and expand systemic risks analysis and better anchor macroprudential policy advice, as emphasized in the CSR and the FSAP Review, following up on the [2019 IEO Report](#). The February 1 Board discussion on Systemic Risk and Macroprudential Policy Advice in Article IV Consultations also highlighted gaps in these areas and called for expanding the pool of macrofinancial talent to deepen and expand systemic risk analysis and better anchor macroprudential policy advice. This will require additional resources to support country teams on monetary and macroprudential policies, financial stability, and stress testing.

- **Organization.** Additional fungible economists with deep macrofinancial expertise would initially be recruited to MCM and provide direct support to Article IV teams. This would be combined with mobility from MCM to area departments to support further broadening macrofinancial expertise across all country teams.
- **Resources.** While the Fund has built capacity for macrofinancial surveillance through hiring and training, resource limitations have constrained more rapid progress—with only half of all Article IVs including adequate coverage of macrofinancial issues as noted in the forthcoming CSR background report on systemic risk and macroprudential policy advice. The augmentation would seek to speed the pace of closing this gap in coverage.

Addressing Fragility and Exclusion

17. **Imperative.** The pandemic will reverse part of the progress made since the 1990s in reducing global poverty. The [World Bank](#) estimates some 70-100 million or more people could fall into extreme poverty. These developments put into stark relief the importance of ensuring that the Fund’s work centers squarely on supporting the most vulnerable segments of the membership in the areas of its expertise.

18. **Fund engagement with FCS.** A central element of these efforts is the Fund’s work with the FCS (currently 42 countries) and the need for an enhanced approach to this work across surveillance, lending and CD, drawing on recommendations from the IEO, including the importance of adequate and targeted resources for CD and for stepped-up field presence. A B4 position to coordinate the Fund’s work on FCS has been established in ICD, and the director-level Interdepartmental Committee has been revived to update the Fund’s strategy for FCS, supported by a task force; the strategy will be discussed by the Board informally this summer and in a formal session later this year. At the country level, engagement and traction is envisaged to be enhanced by increasing the Fund’s footprint in FCS, including through posting CD experts that support the authorities, either in country or through RCDCs. This in the context of developing or strengthening country strategies for FCS, with related communities of practice to share experience. This builds on the experience in AFR

Spending in FCS (Millions of U.S. Dollars)	
	FY 20
Projected Spending	125
CD	61
Of which externally funded	45
Non-CD	64
Sources: OBP and ICD	

and, more recently APD and MCD, and the ongoing work on integrating CD and surveillance, following-up on the CD strategy review. Overall funding had been set to increase in FY 21 but was, like other country operations, affected by the interruption in travel. This should recover, including with increased targeting of FCS in the Fund's CD operations.

19. **Organization and Resources.** With the review of the Fund's strategy for FCS ongoing, the Fund will need to consider a sequential approach to strengthening its efforts and increasing its resources in this area, beginning with targeted expansion in field presence, external engagement, and analytical work.

Inclusion, Including Gender

20. **Imperative.** Supporting members' post-crisis growth strategies will draw on emerging Fund work on macro-critical issues related to effective social safety nets, promoting gender and income equality, investing in human capital, and strengthening health systems. This includes further institutionalizing the Fund's work in these areas through strengthened cross-departmental collaboration. Specifically, a central capacity is needed to pull together the different streams and to work with country teams to help them leverage existing tools and analysis in the Fund's advice to members. At the same time, this will help reinforce collaboration with the World Bank and other partners to ensure effective focus in the areas of the Fund's expertise.

- **Fund role.** In July, a Board update will take stock of work to date and the agenda for new work on social spending, gender, and income inequality. This will include coverage of work to finalize staff guidance on implementing the Fund's Strategy on Social Spending, including on pensions, health, and social assistance. Country-specific analysis on both gender equity and income inequality will be ramped up, focusing on the impact of the pandemic, policies for sustainable and inclusive recovery, and automation. New cross-country analytical work on gender and social inclusion will include thematic REO chapters and departmental papers. Leveraging both virtual and in-person delivery capabilities, capacity development activities on inclusive growth, gender economics, and gender budgeting are programmed to grow. Moreover, toolkits will also be developed to analyze the distributional impact of climate change and policy responses.
- **Organization and Resources.** Past budgets have allocated some resources to this work that has facilitated publications that have helped shape the policy debate, increased coverage of these issues within bilateral surveillance and supported CD in the form of workshops, online training, as well as toolkits. The Fund needs to build a central capacity to leverage existing work and support teams to consistently engage countries on the macro critical aspects of inequality and gender. This will require targeted resources, focused on strengthening coordination and collaboration.

D. Building the Fund of the Future

Modernization/NWOW

21. **Future of work at the Fund.** An ongoing review of the organization of the Fund's staff and work is focused on ensuring the Fund takes on board the lessons from the remote work environment to provide agile, responsive and cost-effective services to the membership; retains the Fund's ability to hire and retain the highest quality diverse staff from all over the world; increases productivity and staff satisfaction; and reduces its carbon footprint. These efforts build upon and expand the significant pre-pandemic agenda to modernize while increasing efficiency and agility.

22. **Capital-intensive modernization.** Despite the challenges of the remote working environment, the Fund has pushed ahead on capital intensive modernization projects directed at strengthening automation, process harmonization and integration of core business processes, availability of comprehensive and consistent data, and effective knowledge management to better support monitoring and decision-making. The current rollout of CDMAP and 1HR, the recent launch of iData implementation, and the upcoming launch of the integrated iDW project (drawing on ongoing knowledge management initiatives) will generate significant productivity gains. They are also providing savings that allow for rechanneling of resources to priority areas. These issues are discussed in more detail in Section V.

23. **NWOW.** The COVID-19 crisis has demonstrated the Fund's ability to operate virtually (recognizing the need for balance given some limitations), with implications for the way the Fund will work in the post-COVID environment. The crisis forced a change in the way staff work and that has provided a unique opportunity to consider several aspects of how and where the work of the Fund is conducted. Ongoing efforts seek to pull together the various considerations related to remote/virtual engagement and NWOW. Recognizing that addressing these issues will be a multiple-year endeavor and will require close Board engagement, the objective is to ensure that they are considered in an integrated manner with a clear focus on supporting effective delivery to the membership. The Board will be briefed on these initiatives during the summer.

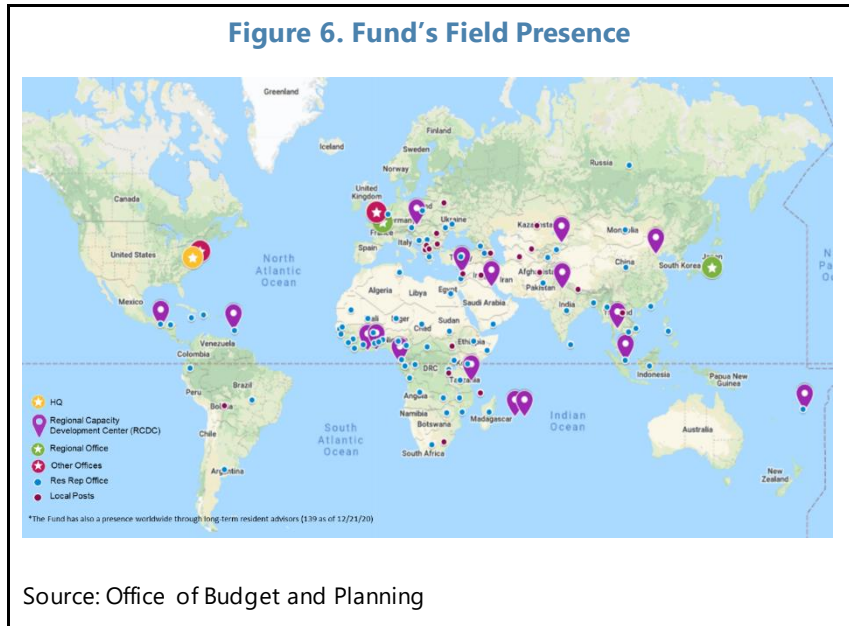
- **Virtual engagement with the membership.**
 - **Benefits:** The Fund has remained effective in serving the membership throughout the remote work environment in FY 21. A record number of countries received emergency financial assistance, bilateral surveillance was successfully resumed, and thousands of CD missions were completed despite the suspension of travel and with staff working from home. Through calendar year 2020, more than a thousand staff participated in virtual missions. Such results would have been unthinkable only twelve months ago. Bilateral surveillance in EUR countries, for instance, has significantly increased through virtual engagements when compared to pre-crisis levels, and staff have reported more frequent engagements with country authorities. In addition, virtual engagements have enabled inclusion of a broader range of staff and experts in missions. This includes technical experts joining Article IV missions, with the effect of deepening the integration of CD with

surveillance and lending mandates. Participation of member country authorities and other key stakeholders in the Annual Meetings, thanks to the virtual format, increased significantly.¹ The Fund will continue to use virtual engagement with the membership and other organizations, as well as for outreach.

- **Limitations:** That said, virtual engagement has limits, as the crisis has also demonstrated, and these will need to be considered in modeling NWOW. Teams highlight some loss of depth and access to critical information normally gained through in-person interaction, particularly where relationships are not well established and for complex negotiations, such as UCT programs. Country teams and CD departments report that engagement in such circumstances has proven time intensive, and it is more difficult for new team members to come up to speed relative to the pre-crisis period. Engagement with civil society, private sector representatives, parliamentarians, academics, and the media have been reduced. RCDCs are finding it more challenging to provide hands-on support in a remote setting. Teams also report increased sensitivity to sharing of confidential information, given concerns regarding cyberattacks and security breaches as well as domestic legal restrictions, including in the context of financial surveillance. Connectivity issues in many countries, particularly low income and FCS, and significant time-zone differences have complicated remote delivery, leading to shorter daily meetings (often early in the morning or late at night) and longer mission duration, adding considerable pressure on staff and work-life balance. On the virtual Annual Meetings, feedback from the national authorities indicated that they regretted the loss of collaboration, networking, and knowledge sharing opportunities from other policymakers. The wide degree of time zones also affected the level and extent of participation in some regions.
- **Work from anywhere and HQ footprint.** At headquarters, remote work in the crisis was facilitated by enhanced IT platforms, including better functionality of and access to the Fund's videoconferencing system (i.e., Cloud WebEx). Online cooperation tools (such as Box and Microsoft Teams) were enhanced/introduced to allow teams to collaborate while physically apart. Remote simultaneous interpretation solutions were also implemented to support virtual missions and high-level meetings. Departments have been able to better integrate field staff, including local staff, in conversations. The remote experience has also demonstrated areas where continued investment is needed to reinforce connectivity across the Fund's operations. As we move past the immediate crisis, the Fund, like other employers, will need to think through how to optimize work arrangements to support productivity, staff well-being, and efficiency. Increased hybrid work (combining office with work-from-anywhere capabilities in the steady state) will require reconsideration of issues ranging from the DC footprint and office configuration to HR and IT policies, as well as visa considerations.

¹ Video views were up strongly, across almost the entire range of meetings content, and the Fund's public webpage [imf.org](https://www.imf.org) received 1.6 million visits during the meetings period.

24. **Field Presence.** The Fund’s field presence, including experts, has grown steadily in recent years, driven by an expansion in field-based CD, including in FCS. It comprises 94 resident representative offices, two permanent offices, and 17 regional capacity development centers (RCDC), mainly funded through external partners. As of end-December 2020, more than 700 personnel were posted overseas, including 139 non-staff resident experts in-country and 457 local staff, accounting for 18 percent of all Fund personnel.² The global footprint is driven by resident representative offices in program, near program or intensive surveillance countries, and RCDCs which have almost doubled in the last ten years.



- **Review of framework:** The current crisis, with rising demand for Fund engagement and broader lessons regarding remote delivery, offers a useful window to re-assess the scale, location and forms of the Fund’s field-based operations, recognizing that these are complex questions that will take time to consider. In this context:
 - The update to the Fund’s strategy for FCS provides an early opportunity to consider the broader question of the balance of HQ and field-based staff across the Fund’s various functions as relates to operations in these countries.
 - HRD has plans to review the model for field-based employment over the next 2 years. The review recognizes the benefit of stocktaking following a period of rapid growth under a wide range of employment arrangements.
 - Broader implications for facilities, security, IT infrastructure and the role of external financing also need to be considered.

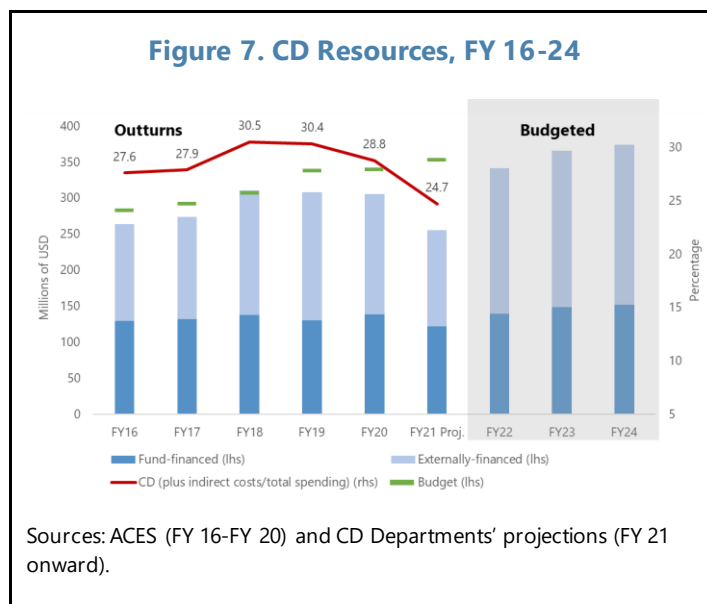
25. **Resources.** Reconsideration of how and where the Fund operates promises more flexibility to staff and more efficient use of office space. However, this will also require investment in IT, remote working support, audio visual capabilities, and new space arrangements to support a hybrid workforce that is expected to grow in the near term with a changing mix between HQ and field operations. Within the broader context of the Fund’s strategic needs, CSF and HRD are leading work

² Does not include about 200 FTEs of short-term experts annually that support the Fund’s field-based CD operations.

to consider the balance of needs and timing to ensure that the Fund approaches these issues within a framework that first and foremost meets member’s needs and does so in a cost-effective manner that maintains the Fund as a leading workplace. A comprehensive examination of these questions will support full consideration of trade-offs.

Capacity Development

26. **Strong CD demand.** Although uncertainty remains, a rebound of CD spending is expected from the low levels in FY 21 that was driven in large part by restricted travel. The expected rebound reflects continued strong demand, crisis-related needs, including the expected increase in programs-related CD, and the expectations that crisis-related travel restrictions will be lifted over time. Indeed, rising program engagements will be a source of increased pressure on Fund-financing for CD.



- The **FY 22 budget**, particularly on the IMF02 side, provides space for a ramp up in CD spending as circumstances allow, with externally financed spending envelopes over 50 percent higher than projected spending in FY 21, albeit with actual spending expected to remain lower, mainly due to continued travel constraints. The budget incorporates a projected \$165 million in externally financed activities, with a budget ceiling on such expenditures of \$210 million.
- **FY 23-24.** Continued gains are expected in FY 23 and FY 24, as the travel rebound becomes more imbedded. As this occurs, the question of how to manage flexibly within spending limits will become more pressing. Implementation of a carry forward for external funds could provide additional flexibility. Such a mechanism is currently under review, with an expectation that a carry forward will be proposed in the FY 23 cycle.

27. **CD Priorities** include support for increased integration in program engagement, as program conditionality often requires complementary CD support. This is particularly relevant for the Fund-financed budget, given the broader range of countries it can serve. Demand in traditional areas remains strong, alongside emerging priorities such as governance and climate change. Work is continuing to strengthen prioritization and allocation of resources to activities with the highest impact—drawing on improved data and tools that will be increasingly available with the ongoing implementation of CDMAP and the strengthened CD governance framework. These issues were

discussed in an Informal Session on *Implementation of CD Priorities* on February 26 and are covered in more depth in Section IV.

28. **Medium-term risks.** While the issue of reduced chargebacks and management fees are expected to be resolved with the return to normal operations, fundraising challenges are likely to persist into the medium-term, with significant competing demands for donor resources. Risk mitigation measures include:

- More **cost-effective delivery**, including through rigorous results-based prioritization and shifting to blended delivery modalities with savings from some reduction in travel.
- New **financing instruments with greater flexibility**. Launching of the COVID-19 CD Initiative, which seeks to increase agility across existing CD funding vehicles.
- **Scale and balance of CD delivery**. In the longer run, consideration of the scale of CD within the overall Fund budget and the size of external financing will require careful consideration along with adjustments to delivery modalities and staffing approaches. An augmentation of the Fund's envelope would include space for Fund-financed CD in the areas covered by the augmentation. Such increased Fund-financed CD would also help overcome the inherent difficulties of fragmented external funding, through higher fungibility of CD resources to meet countries' evolving needs. Furthermore, the augmentation would relieve some existing pressures on Fund-financed CD resources from urgent non-CD related needs. This dual effect of the budget would help create space to increase Fund's CD delivery, while ensuring quality control and considering members' absorption capacity.

Risk

29. **Enterprise Risk Management strategy.** The crisis has accelerated the process to strengthen the Fund's risk monitoring and management functions. Indeed, the Fund's mandate requires that it take on risk, and the key is to build on the existing framework to ensure that decisions are well informed and aligned with strategic objectives. The Board is now receiving quarterly updates on key crisis risks and discussed the draft findings and recommendations of OIA's review of the Enterprise Risk Management in the Fund in the Fall 2020. Consideration of next steps is underway, based on the findings of the review. As a first step, leadership of the risk management function has been elevated to the B5 level and resources have been allocated to support assessment of options in response to the OIA recommendations. Further resourcing needs are being assessed as a priority.

E. Fund’s Income Position and Budget

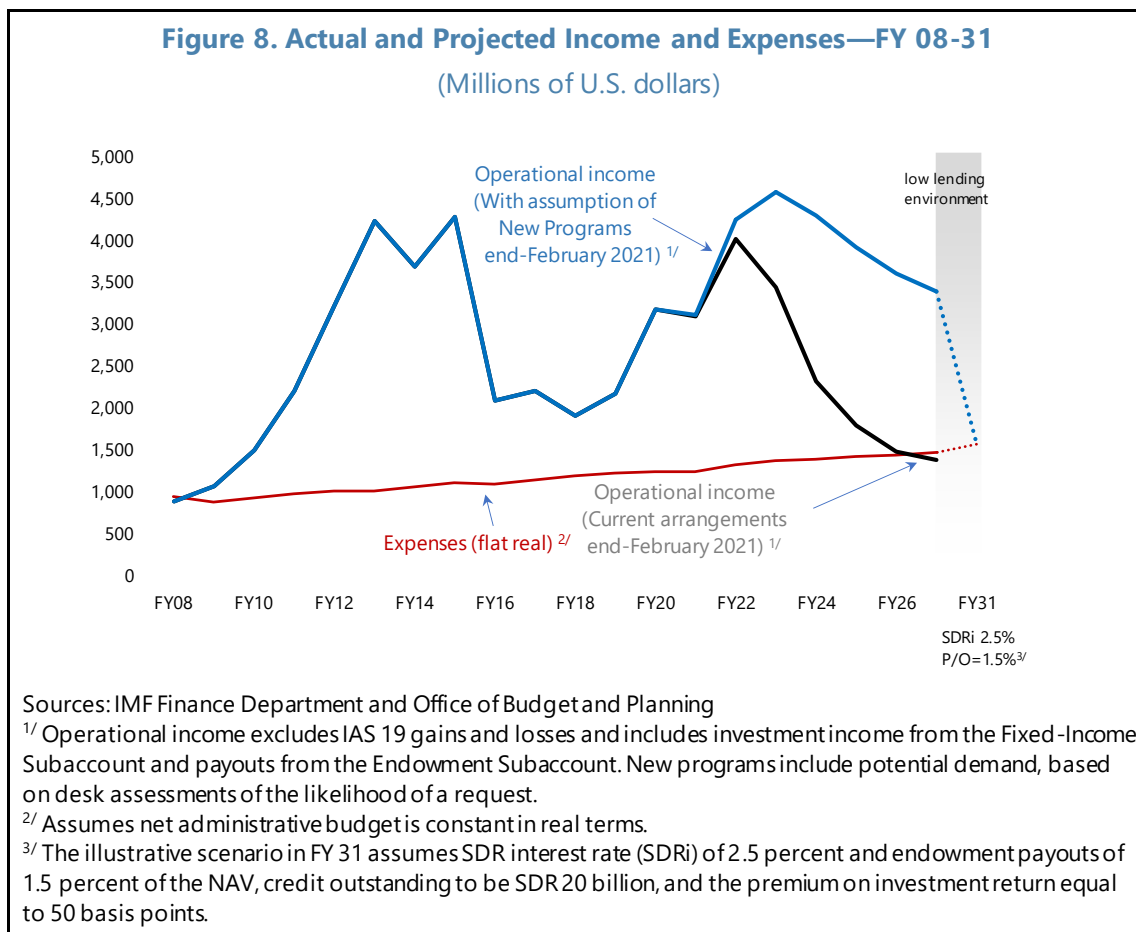
30. **Budget and Income.** The FY 22–24 budget is consistent with a projected surplus in the Fund’s medium-term income position and with continued progress towards the precautionary balance target. Income projections remain well above spending under a scenario that envisages new Fund programs, as projected by country desks. Given the relative scale of income to the Fund’s net administrative budget, these dynamics remain robust to increases to the budget, with 10 percent of the current budget base equivalent to about 3 percent of current income (Table 2). This scenario continues to maintain adequate reserve accumulation for [precautionary](#)

Table 2. Operational Income and Net Administrative Budget FY 21-24
(Millions of U.S. Dollars, unless noted)

	FY20	FY21	FY22	FY23	FY24
Projected Operational Income	3,180	3,109	4,256	4,576	4,307
Percent change		-2.2	36.9	7.5	-5.9
Projected Net Administrative Budget	1,230	1,186	1,214	1,245	1,266
Percent of Income		38	29	27	29
Sensitivity (10% change in budget)			121	125	127
Percent of Income			2.9	2.7	2.9

Sources: Finance Department and Office of Budget and Planning.

[balances](#) to reach the new target of SDR 25 billion over the medium term. In a conservative scenario that assumes no additional new arrangements beyond those that have already been approved, and excluding the impact of any pension-related (IAS 19) gains or losses, operational income would still cover expenses through FY 26 (Figure 8).



SECTION III. FY 21—A YEAR LIKE NO OTHER

31. **Agile response to crisis-driven needs.** Beginning in March 2020, the COVID-19 pandemic developed rapidly into a global economic crisis, taking a heavy human toll and bringing large parts of the world economy to a halt through the Great Lockdown. In response, governments took bold steps, with nearly \$12 trillion in fiscal measures and some \$7.5 trillion in monetary actions by Fall 2020. The Fund responded in a timely and agile manner, with unprecedented support to the membership while staying within the flat real budget envelope. Staff were redeployed—both within and across departments—to meet priority country needs, while operational teams worked to support effective remote work arrangements. Savings from travel and deferred activities were redeployed to ramp up staffing and address crisis-related operational needs.

- **Country Operations.** Within two months of the crisis outbreak, the IMF approved 41 emergency financing operations across all regions. By the end of CY 20, the IMF had committed over \$100 billion in financial support, including debt relief through the Catastrophe Containment and Relief Trust (CCRT) for the most vulnerable members. Article IV consultations restarted after an initial pause and are being conducted virtually. All countries receiving pandemic-related emergency financing have also received CD support, and CD departments are developing more robust virtual tools and experimenting with blended delivery modalities. While a return to in-person engagement is critical post-crisis, blended delivery is expected to continue across all forms of Fund country operations.

- **Multilateral Surveillance and**

Analytic Work. The Fund’s flagships focused squarely on crisis and emerging issues. The Fund provided tailored advice and cross-country experience on managing the crisis, including through a [policy tracker](#), complemented by a special series of CD-related [analytical notes](#) on fiscal, monetary and financial, statistics, and legal policies.

Key Achievements in FY 21

- **Country Operations:**
 - **Financing:**
 - 83 members received support in CY20
 - 45 financing operations
 - 29 grants for debt relief
 - 45 countries benefitted from the DSSI
 - 40 remote **Article IVs** projected
 - 160 countries received virtual **CD**
 - Almost 2,000 remote CD missions
 - 87 COVID-related notes published
- **Multilateral Surveillance:**
 - Crisis-focused flagships
 - Policy tracker
- **Policies:**
 - Creation of the Short-term Liquidity Line
 - Temporary increase in access limits
- **Internal Support:**
 - Annual and Spring Meetings hosted virtually with record participation
 - CDMAP, Workday, and Collaboration tool introduction
 - Crisis-related staff support (IT; HR; facilities)
 - 230 staff and family relocated

- Internal Support.** Fund operations have been highly affected by the crisis. WFH required swift enhancements to the IT platforms and essential equipment for staff. HR emergency measures allowed relocation of field-based staff and family members at the onset of the crisis, while temporary measures increased family leave and helped parents cope with challenges from remote schooling. A broad range of safety and health protocols were implemented to protect staff (e.g., enhanced cleaning protocols and alterations for touchless entrance/exits, temperature scanning). Unprecedented broadcast, video and language services support ensured a smooth process for virtual missions and the virtual Spring and Annual Meetings. These measures reinforced the operational continuity framework in the crisis but have temporarily increased service costs.
- Business modernization.** Despite remote-work challenges, the key modernization programs (CDMAP, 1HR, iDATA, KMU, and iDW) progressed, with phased rollouts by CDMAP and 1HR, with adjustments to their change management activities to reflect crisis needs. Other programs, such as iDW, are drawing on lessons from the crisis to adjust the tool selection and timing of rollout to support the work of staff during this time. In this context, rollout of collaboration tools under iDW have been prioritized.

32. **Crisis-related challenges:**

- CD.** Notwithstanding rapid adaption in the focus and delivery of CD during the crisis, spending is projected to fall in FY 21, reflecting travel restrictions (and related impact on hiring short-term experts), as well as absorption constraints for members. The travel-related underspend is most marked in the externally financed budget, reflecting the less flexible nature of these resources. As reported to the Board in the supplement to the FY 21-23 budget, lower expenditure has led to a shortfall in trust fund

FY 21 CD Delivery (Projected)			
	\$ million	% of budgeted	% change FY 20-FY 21
Overall	255	73	-16
Fund financed	122	85	-12
Externally financed	133	65	-20
Of which:			
Travel ^{1/}	4	9	-92
ST Experts	23	63	-23
<i>Memorandum items: (Impact, \$ million)</i>			
Management Fees	-5		
Chargebacks	-4		
^{1/} Travel includes items from Group IV and V beyond business travel			

management fees and chargebacks for an overall estimated impact of around \$9 million on the FY 21 administrative budget. These issues are expected to be largely resolved with the return to travel. As noted above, the FY 22 budget incorporates projected delivery assumptions that minimize the risks of continued shortfalls in these items.

- Vendor support and lost revenue.** The shift to WFH has led the Fund to negotiate temporary arrangements with its long-term vendors, including those providing on-site childcare, food services and fitness services (\$3 million in FY 21). Revenues (e.g., Concordia, parking) are also lower than projected due to WFH and the travel suspension (\$5 million). These issues are expected to be largely mitigated with return to normal operations, albeit with NWOW expected to have permanent impacts on some services and revenue streams.

33. **Maintenance of flat real budget in FY 21.** FY 21 crisis needs were met through extraordinary reallocation of approved resources within the real flat budget. Gross crisis-related demands focused on direct support to member countries, enhancements to the Fund’s toolkit, and crisis-related operational support. Savings covered 86 percent of these needs, with just less than half met through the repurposing of travel and events resources and 37 percent through department-level reprioritization and savings (mainly from refocused country work and streamlining internal processes). The remaining 15 percent were funded through use of emergency buffers and allocation of carry forward (about 1 percent of the structural budget).

Table 3. Overview of FY 21 Crisis Needs
(Millions of FY 21 U.S. dollars, unless otherwise noted)

	\$	%
FY 21 Available Budget	1,241	
Of which, Structural Budget	1,186	
Of which, Transitional Agreements	38	
Crisis Demands	112	9.4
Area/Functional Dept.	69	
Operations incl. CSF, HRD, and ITD	41	
Other	2	
Crisis Savings	95	8.0
Area/Functional Dept.	32	
Operations incl. CSF, HRD, and ITD	7	
Travel and events	53	
Other	3	
Contingency funds and Carry forward	16	1.4

Sources: Department submissions and OBP estimates
Note: Second column: percent of FY 21 structural budget

34. **Temporary staffing.** 128 temporary positions were created to meet crisis demands during FY 21 beyond those initially budgeted, with the bulk of these positions allocated in November (text table). Hiring is under way, and is expected to continue into FY 22, reflecting expected recruitment lags, particularly given benefits to a structured approach supporting broader [diversity objectives](#). As such, full use of authorized vacancies is not anticipated in FY 21, contributing to the projected underspend.

Distribution of Crisis Positions

74	Direct country support in area departments, FAD, LEG, MCM, SPR.
42	Review and policy/analytical work on crisis issues (SPR, LEG, FIN, COM, RES).
12	SEC/small offices/ORM

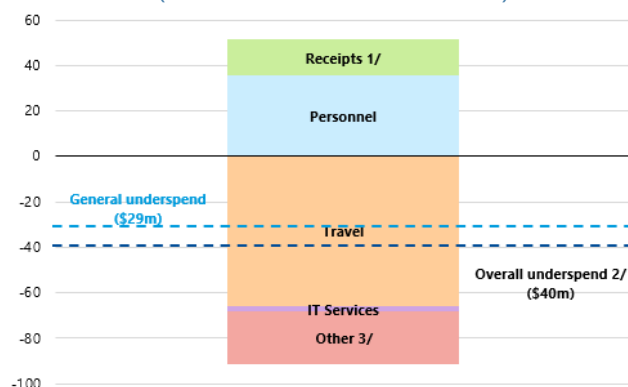
35. **Projected utilization.** In a year of exceptionally high uncertainty, a 3 to 4 percent underspend of the structural budget is currently projected, with most of this attributable to the general accounts and about 0.5 percent to IEO and OED together.

- **Key drivers** (Figure 9). The moratorium on travel is the most important driver of underspend relative to the April 2020 budget. About 70 percent of travel-related resources were reprogrammed, with a portion held back in case conditions allowed resumption, which did not occur. Personnel spending was higher than projected in April, driven by intra-year staff

increases linked to the crisis. While crisis-related IT spending increased, net spending was below budget due to crisis-related delays in some activities, deferral of non-priority work, and vendor credits. Corporate services, maintenance, and Annual/Spring Meetings also contribute to underspend.

- Carry forward limit:** As noted, staff recommends a temporary increase in the carry forward limit from 5 to 8 percent of the general administrative budget to allow full capture of projected underspend. This is consistent with experience in the global financial crisis (Box 3). It mitigates uncertainty and avoids a special temporary allocation of structural resources for crisis response.

Figure 9. FY 21 Projected Fund-Financed Outturn Relative to Budget
(Millions of FY 21 U.S. dollars)



Source: Office of Budget and Planning
 1/ Positive value indicates a projected shortfall in receipts.
 2/ Includes IEO and OED.
 3/ Incl. building occupancy; communications; subscriptions & printing; supplies; contract services; and contingencies

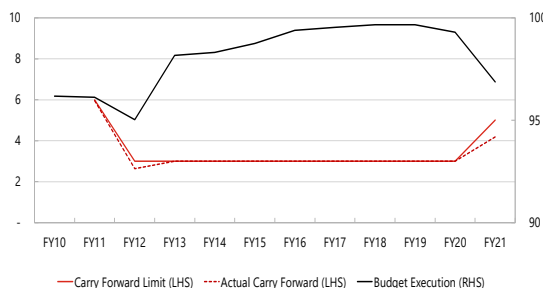
Box 3. Carry Forward

Carry forward (CF) of administrative expenditures was introduced in FY 10 as part of crisis response and has been in place since, allowing approved resources to be spent beyond an annual cycle. It reduces incentives for inefficient end-year spending, provides flexibility in timing, and allows targeted support for transitional needs. Limits on sustained CF reduce risks of entrenching temporary needs. The policy has helped improved pre-crisis utilization to near 100 percent.

CF limits are set for the IEO, OED, and general level and are implemented automatically in successive years until the Board approves a change. The general CF limit has varied, rising to 6 percent following the GFC (during a period of higher structural buffers) and reverting to 3 percent in FY 12.

In April 2020, the Board approved an increase in the general carry forward limit to 5 percent for three years in response to emerging crisis needs. The IEO's CF limit was also raised to 8 percent. In line with the streamlining of OED central budget accounts, OED's central carry forward has been discontinued and the CF limit set at a maximum of 20 percent (or two FTE advisors for each of the offices).

Carry Forward Policy and Budget Execution
(in percent)



Source: Office of Budget and Planning. Note: General carry forward excludes OED and IEO.

SECTION IV. FY 22 ADMINISTRATIVE BUDGET

36. **Overview** (Table 4). The proposed net FY 22 administrative budget of \$1,214 million in current prices remains flat in real terms. Structural demands of \$41 million (in constant FY 21 dollars) are offset by reallocations and savings efforts of the same amount, with additional expenditures to be funded through use of carry forward.

	FY 21		Budget changes			FY22	FY23-24	
	Structural Budget	Outturn (est.)	Demands	Savings	Donor financed	Proposal	Indicative	
						Structural Budget	FY 23 Budget 1/	FY 24 Budget
Constant FY 21 USD								
Gross administrative budget	1,429	1,301	38	41	0	1,426	1,435	1,429
Receipts	-243	-154	3	0	0	-240	-243	-243
Net Administrative Budget	1,186	1,147	41	41	0	1,186	1,192	1,186
<i>of which Annual Meetings</i>							6	
Capital Budget 2/	99	78				77	88	82
Current USD								
Total operational income	3,109					4,256	4,576	4,307
Gross administrative budget	1,429	1,301				1,459	1,499	1,526
Receipts	-243	-154				-245	-254	-259
<i>of which externally-financed</i>	-206	-133				-210	-215	-220
Net Administrative Budget	1,186	1,147				1,214	1,245	1,266
Capital Budget 2/	99	78				79	92	88
<i>Memo items:</i>								
Carry forward 3/	55					87	...	...
Global external deflator (change) 4/	2.4					2.3	2.1	2.2
Sources: IMF Finance Department and the Office of Budget and Planning.								
1/ Includes travel to the Annual Meetings held abroad.								
2/ Capital budget line reflects the Capital and Cloud Budget proposed in Section V for FY 22-24.								
3/ FY 22 figure based on proposed 8 percent ceiling.								
4/ Reflects January WEO projections of U.S. CPI.								

37. **Carry forward resources.** Current projected underspend is \$40 million (3.3 percent) relative to the structural budget, mainly from the general administrative budget (text table).

An increase of the general carry forward limit temporarily from 5 to 8 percent would provide temporary resources to address crisis needs during the medium-term budget period. Projected OED underspend beyond the OED carry forward limits would be made available for the Fund's FY 22

FY 21 Projections			
	Underspend ^{1/}	Carry Forward ^{2/}	Carry Forward Limit
Total	\$40 m	\$87 m	\$101 m
General	\$29 m	\$74 m	\$88 m
OED	\$10 m	\$12 m	\$12 m
IEO	\$ 0.3 m	\$ 0.5 m	\$ 0.5 m
1/ Relative to structural budget.			
2/ Includes FY20 carry forward.			

general administrative budget, under the framework established for OED resources in FY20. Staff further propose to mirror this treatment for the IEO underspend above its carry forward limit, in line with the proposed IEO Budget for FY22.³

38. **Deflator.** The Fund's global external deflator is 2.3 percent for FY 22. As agreed in the FY 21-23 budget process following up on agreements under the Comprehensive Compensation and Benefits Review (CCBR) reforms, the published value for the U.S. CPI in the January WEO Update is used for budget calculations.

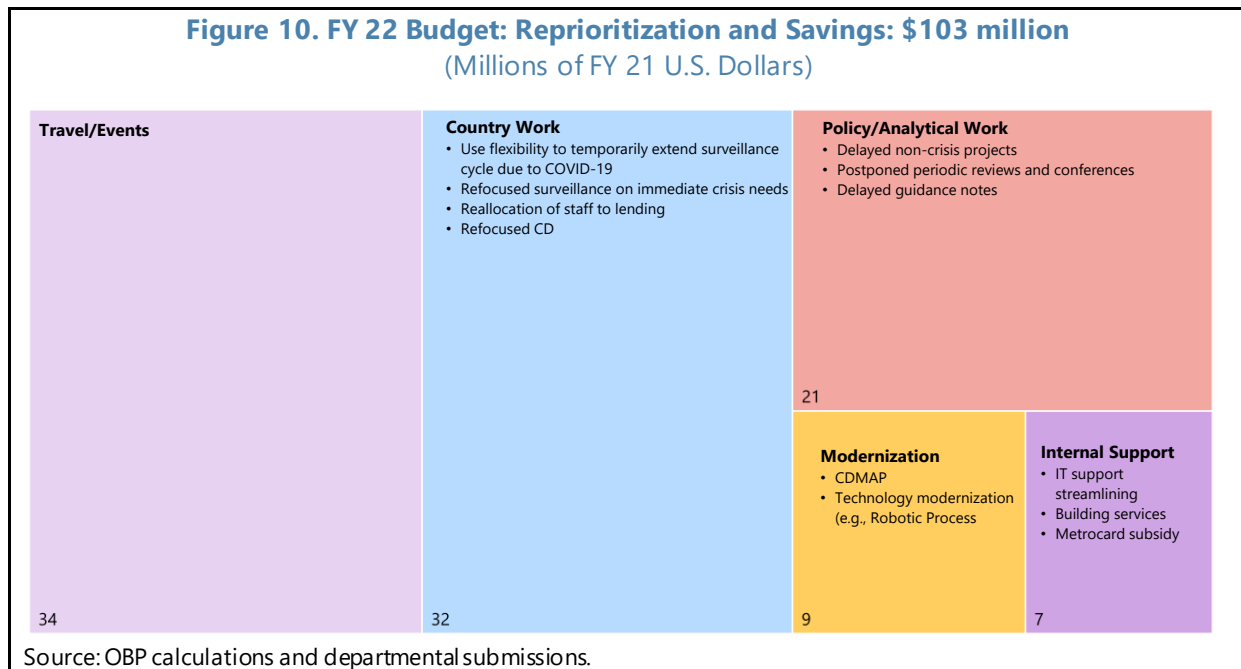
A. Reprioritization and Saving Measures

39. **Significant reprioritization.** About \$103 million, or 9 percent of the net administrative budget will be redirected, funding 58 percent of gross priority needs in FY 22 (Figure 10), while preserving critical investment in core Fund work. Targeted reprioritization and savings include:

- **Departments** (51 percent of total). Departments have identified sizable opportunities for reprioritization to support the crisis response, albeit with a large temporary share, including focusing surveillance on crisis-related issues and making use of the flexibility provided for Article IV consultations that were temporarily extended by the Board due to the pandemic ([April 22](#) and [July 7, 2020](#)). This will be based on departments' plans in consultation with relevant members. Other measures include dropping lower priority policy and analytical work.
- **Travel/Events** (33 percent of total). Travel budgets will be limited to half of the FY 20 budget level (and events related spending to 30 percent). This reflects the likelihood that a broad resumption of mission travel will be well into the new financial year and that virtual engagement will substitute for some travel on a structural basis.
- **Modernization** (9 percent). The coming-on-line of CDMAP will provide savings beginning in the fourth quarter of FY 22. About \$1.1 million of the net \$3.4 million full year effects (including IT-related costs) is included in the FY 22 budget. These savings largely reflect process redesign and efficiencies in the five large CD departments.
- **Internal support** (7 percent). Savings of \$7 million includes among others, a reduction in hospitality services and events, lower utilities costs, reduction in mail services, lower cost of freelance interpreters in support of missions, streamlined IT services, and paused MetroCard subsidies. Broader steady state efficiencies will need to be assessed going forward in the context of the Fund's NWOW and the resulting impact on Fund operations.

³ Under this framework, projected OED and IEO underspend above their respective carry forward limits, currently estimated at almost \$8 million and \$0.4 million, respectively, would be made available for the Fund's FY 22 general administrative budget

- HR Policies.** The five-year review of the *Staff Retirement Plan*—assessing the economic and demographic assumptions, actuarial methods, funding framework, and grossing-up formulas—will be presented to the Board before the end of FY 21. The timeline for implementation of these changes, including amendments to the SRP, if applicable and approved, is being finalized to take into account the complexities in technical implementation. If implemented, the proposed modifications to the grossing-up formulas will lower annual Fund contributions to the SRP by more than \$7 million starting in FY 23 (assuming a May 1, 2022 effective date). Other savings from the CCB, excluding the SRP reforms, were reflected in the FY 21 budget and will build over time.

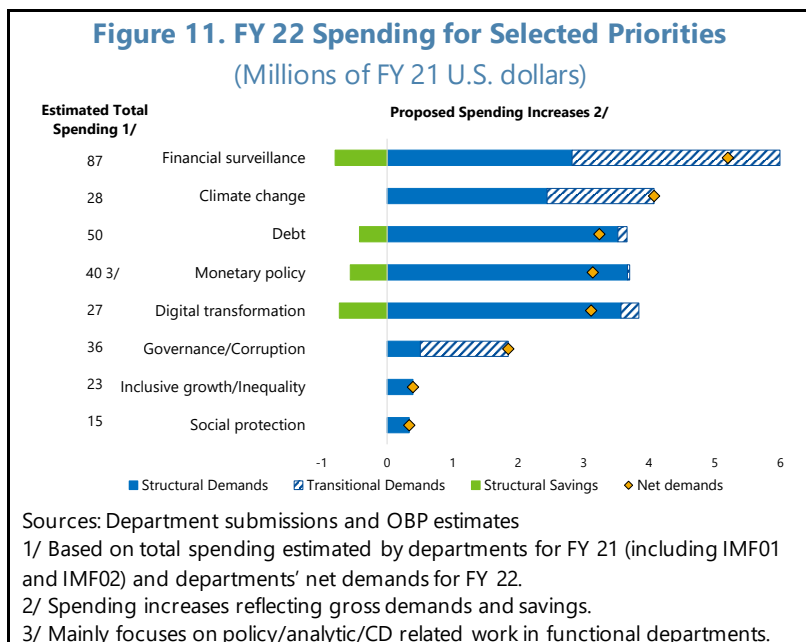


B. Budget by Priority Topics

40. **Increased Funding in Priority Areas.** The budget provides for (Figure 11):
- Proposed new spending on **financial surveillance** including macroprudential stress testing, new data requirements for surveillance and strengthening of selected country teams.
 - Additional resources on **monetary policy**, allowing continued work on the IPF, work on monetary policy frameworks, and reviewing the Fund’s institutional view on capital flows. Work on the AREAER database and new indices will strengthen monitoring and analysis of capital flows.
 - Resources for **debt**, allowing for the rollout of the MAC DSA, the review of the official arrears policy, support for the G-20 Debt Service Suspension Initiative (DSSI) and the Common Framework, the SDN on private firms’ liabilities, and, more broadly, work on debt

vulnerabilities (Board paper with the World Bank, monitoring of the multipronged approach, and the rollout of debt limits policy).

- Work on **digital transformation**, including a focus on digital money, cross border payments, the international monetary system, regulatory policies post-COVID, and implementing the Fund’s fintech agenda.



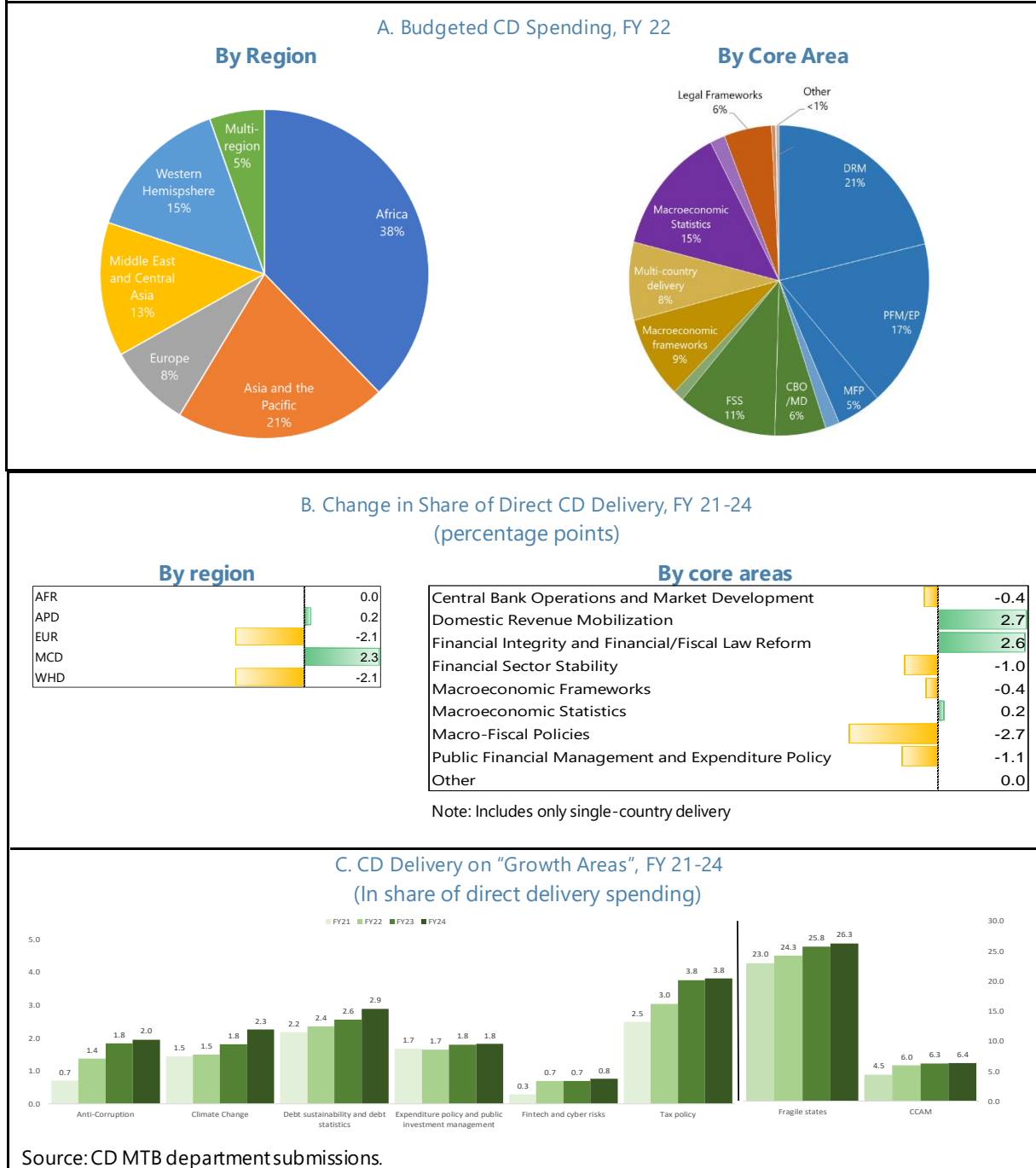
- Other key needs for FY 22 include the review of the framework for enhanced Fund engagement on **governance**, a Board presentation on **gender**, and a guidance note on **social spending**, and review work on **trade policy**.

41. **Focus on crisis support.** In FY 22, almost two-thirds of additional net needs are linked to the Fund’s continued crisis response. A bottom-up exercise shows that departments project some 40 percent of all spending is currently focused on the response to the pandemic, in which meeting member’s evolving demand for Fund’s lending will play a prominent role. It also sets a baseline understanding of the overall scale of spending in priority areas as the Fund continues to strengthen its investment in these key areas.

42. **Focus on FCS.** The budget envisages incremental investment in FCS of \$4.8 million to reinforce country teams, increase field presence related to new programs, support additional CD demand, and put in place a B-level coordinator in ICD.

43. **CD spending and priorities** (Figure 12). The focus of CD spending has shifted temporarily from institutional reform to shorter-term priorities such as business continuity, risk management, cash and debt management, identification and tracking of COVID-related spending, and digitalization. In the medium-term, staff currently project a continued increase in the share of work on domestic revenue mobilization, financial integrity (i.e., governance and anticorruption reform), and financial/fiscal law reform, with some reduction in the relative share of CD on macroeconomic frameworks and macro-fiscal policies. Regionally, growth is focused on MCD, where the new Caucasus, Central Asia and Mongolia Technical Assistance Center is due to open.

Figure 12. CD Spending Composition and Evolution



- Growth areas.** Emerging topics and institutional priorities are supported through targeting CD in "growth areas" within the core areas of expertise, which are endorsed annually by the CCB and reported to the Board (including through a new dedicated discussion early in the CY, which took place on February 26 this year). Notably, CD departments are targeting a substantial increase in the share of delivery to FCS over the medium-term, reversing the

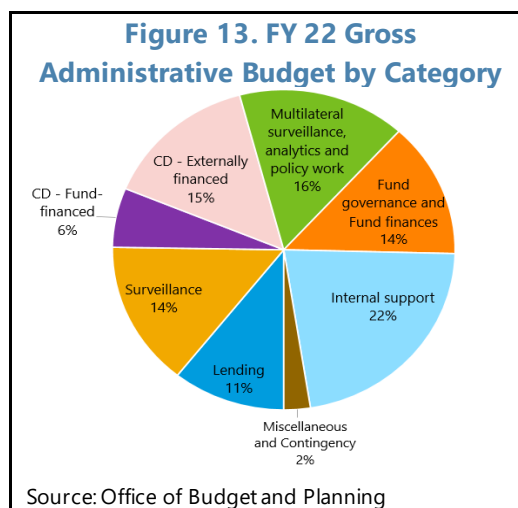
short-term reduction that occurred as a result of the crisis. Growth is also envisaged in the share of delivery devoted to debt sustainability and reporting, tax and expenditure policies, governance and anti-corruption, climate change, fintech, and cyber risks, recognizing that many of these are building off a low base and in some cases the level of projected growth is modest.

- Strengthened systems and processes.** The recently revamped CD budgeting and prioritization framework (Box 3, [FY 21-23 budget](#)), supported by the new Fund-wide information system, will ensure that medium-term allocations endorsed by the Committee on Capacity Building (CCB) integrate existing commitments, expected new CD demand from members, and changing institutional and area department priorities. The current budgeting and prioritization cycle is, for the first time, being executed within CDMAP.

C. Budget by Output Category

Breakdown by Category.

- Country operations** (\$660 million, 46 percent of the overall gross budget), encompassing bilateral surveillance, lending and CD delivery, reflect sustained demand for Fund’s financial support, and the expected increase in Resident Representative positions linked to new programs. Members’ evolving demand for Financial operations, with 44 of 53 expected in FY 22, drives the lending budget increase in FY 22 (by \$51 million), as well as increased review of programs (SPR). Crisis savings reduce net additional needs for surveillance, while Fund-financed CD remains close to FY 21 levels.



- Multilateral surveillance, analytics and policy work** (\$229 million, 16 percent). Additional resources in FY 22 will mostly focus on work linked to debt restructuring and resolution (SPR), as well as debt sustainability and management (MCM, SPR), the IPF (RES, MCM, SPR), and the impact of COVID-19 on inequality (STA).
- Fund governance, membership, and finances** (\$196 million, 14 percent). This funding will allow FIN, LEG and SPR, for instance, to support resource mobilization for the GRA, PRGT and CCRT, commence the 16th Quota Review, and continue work on governance reform.
- Internal support** (\$319 million, 22 percent). Resources, mainly for CSF, ITD and HRD, support services benefitting all outputs and staff. From the IT infrastructure to security, facilities maintenance, and HR services, these resources enable the delivery of core functions.

D. Department Budget Allocations

Breakdown by Department. (Tables 5 and 6)

44. **Area Departments.** **AFR** will receive new resources to support program work and assist FCS, including the upsizing of the Resident Representative (RR) posts in Burundi and South Sudan along with the opening of 3 new offices (Cabo Verde, Sao Tome, and Seychelles). **APD** will receive additional resources to finance intensified surveillance work and support new programs, including reestablishing the RR post in Nepal. **EUR** will receive new resources for programs triggered by the crisis and regional needs. **MCD** will receive additional resources to assist FCS and manage increasing program work, including through two new RR posts. **WHD** plans to open four RR posts to support anticipated programs.

Projected Financial Operations in FY 22	
AFR	19
APD	3
EUR	3
MCD	7
WHD	12
Source: Area Departments	

45. **Non-CD functional.** **FIN** plans to channel new resources to crisis workstreams, including implications for the Fund’s lending toolkit, securing availability of resources for member countries, and Sudan’s debt relief. **RES** will leverage new resources mainly for pandemic-related work, covering new forecasting tools, assessment of the long-term impact of the crisis, and macro policies mix for the recovery phase. **SPR** will receive new resources for lending operations, including support to area departments, as well as COVID-related multilateral surveillance and work on climate change, FCS, and governance among others. **COM** will target new resources at the maintenance and revamp of the policy tracker, boosting regional media outreach, and increased writing needs, as the department—in addition to the ongoing crisis—resumes non-COVID work and a broader range of operations, including support to Article IVs and UCT lending programs.

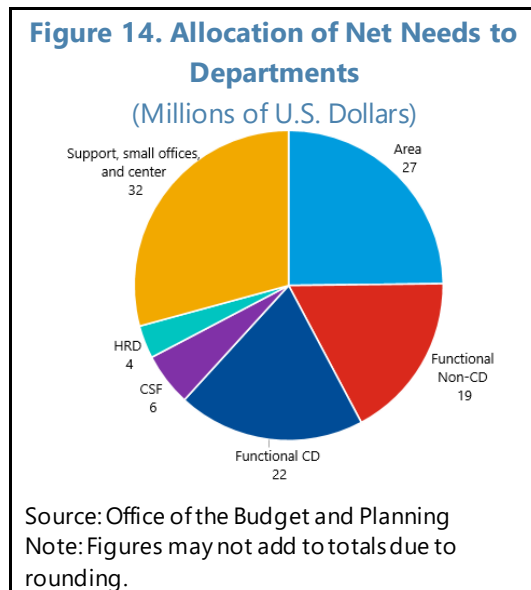


Table 5. Budget Adjustments by Department, FY 21-22

(Millions of FY 21 U.S. dollars, unless otherwise noted)

Departments	FY 21 Budget		FY 22 Proposed Adjustments				
	Approved Budget	Transitional Funds 1/	New Structural Spending	Structural Savings	Net Structural Needs	Transitional Funds	Crisis Funds 2/
Area	310.9	8.9	3.0	1.0	1.9	10.0	15.4
AFR	93.6	2.2	1.2	0.1	1.1	1.8	5.8
APD	45.7	1.3	-	0.0	(0.0)	1.5	2.1
EUR	67.9	2.2	0.5	0.5	-	1.0	1.8
MCD	53.3	1.9	1.3	0.2	1.1	2.1	2.0
WHD	50.5	1.4	-	0.3	(0.3)	3.5	3.6
Functional Non-CD	168.1	4.5	14.5	13.6	1.0	3.8	14.4
COM	38.8	0.4	0.7	0.8	(0.1)	0.5	0.8
FIN	36.1	0.8	3.7	3.5	0.2	0.9	4.6
RES	36.9	0.9	-	-	-	0.7	3.5
SPR	56.3	2.5	10.1	9.2	0.9	1.6	5.6
Functional CD 3/	267.6	5.1	13.3	12.8	0.5	8.3	12.7
FAD	63.0	1.3	1.2	3.2	(2.0)	4.1	6.0
ICD	35.6	0.4	3.8	4.1	(0.3)	1.2	-
LEG	29.4	0.9	1.4	1.2	0.1	0.6	2.8
MCM	88.3	2.3	6.0	3.2	2.8	1.3	3.8
STA	51.2	0.3	0.9	1.0	(0.1)	1.2	-
Support	291.6	16.4	3.3	2.6	0.8	7.0	9.1
CSF	103.0	1.8	0.8	0.8	-	1.1	5.0
HRD	40.7	5.7	0.2	0.2	-	2.9	0.9
ITD 3/	109.7	8.8	1.3	0.7	0.7	2.2	1.3
OBP	5.3	-	0.3	0.3	-	0.7	0.3
OIA	5.3	-	-	-	-	-	0.4
ORM	3.2	0.1	0.6	0.5	0.1	-	0.5
SEC	24.4	-	-	-	-	-	0.8
Small Offices	27.3	1.4	0.7	0.1	0.6	1.0	-
Other (OED, IEO, Center) 4/	120.8	1.5	6.4	3.1	3.3	13.5	7.1
Total	1,186.2	37.9	41.2	33.1	8.1	43.6	58.8
Central Savings and Other 5/				8.1	(8.1)		(42.2)
Grand Total	1,186.2	37.9	41.2	41.2	-	43.6	16.6
Memorandum items							
Estimated carry forward						86.6	
General (with 8% limit)						73.8	
OED						12.3	
IEO						0.5	

Sources: OBP estimates and department submissions.

^{1/} FY 21 Transitional Funds as originally approved. Do not reflect in-year working budget adjustments.^{2/} Net crisis needs. Gross crisis needs are \$94m, of which \$35m is funded with intra-departmental reprioritization.^{3/} Includes CDMAP related savings and transitional needs. See Section V for department breakdown of net savings.^{4/} Includes \$3.3 million allocation at the central budget for FY 22 FTE reprofiling and promotion related expenses.^{5/} Includes \$34m related to moratorium on travel and OED/IEO underspend above carry forward limit.

Table 6. FTE Changes by Department, FY 21-22
(FTEs)

Departments	FY 21 Budget		FY 22 Proposed Adjustments				
	Structural FTEs	Transitional FTEs 1/	New Structural FTEs	Structural Reductions	Net Structural Needs	Transitional FTEs	Crisis FTEs 2/
Area	779.7	19.8	5.0	4.2	0.8	19.6	46.0
AFR	223.9	5.8	3.0	-	3.0	3.0	18.0
APD	113.4	3.3	-	0.2	(0.2)	3.0	7.0
EUR	175.4	4.6	-	3.0	(3.0)	3.0	5.0
MCD	134.5	2.8	2.0	1.0	1.0	4.0	6.0
WHD	132.5	3.3	-	-	-	6.6	10.0
Functional Non-CD	498.5	12.0	50.0	46.9	3.1	10.9	45.0
COM	90.0	1.3	1.0	1.0	-	1.0	1.0
FIN	126.5	1.3	13.1	13.1	0.0	2.0	14.0
RES	111.5	2.3	-	-	-	3.0	11.0
SPR	170.5	7.1	35.9	32.8	3.1	4.9	19.0
Functional CD 3/	725.2	11.1	40.6	36.0	4.6	13.6	38.0
FAD	160.5	1.3	4.0	3.0	1.0	2.0	18.0
ICD	123.5	1.3	13.8	13.9	(0.1)	3.3	-
LEG	83.2	2.0	3.0	3.0	-	1.0	8.0
MCM	223.3	6.5	17.6	13.0	4.7	4.9	12.0
STA	134.8	-	2.2	3.2	(1.0)	2.3	-
Support	533.0	21.9	3.0	3.0	-	8.6	6.0
CSF	162.2	1.3	1.0	1.0	-	1.0	-
HRD	110.0	20.3	-	-	-	6.6	-
ITD 3/	153.1	0.3	-	-	-	-	-
OBP	15.7	-	1.0	1.0	-	1.0	1.0
OIA	16.0	-	-	-	-	-	-
ORM	10.0	-	1.0	1.0	-	-	2.0
SEC	66.0	-	-	-	-	-	3.0
Small Offices	63.5	3.3	1.0	-	1.0	2.0	-
Other (OED, IEO, Center)	276.7	-	-	-	-	2.0	-
Total (excl. donor financed)	2,876.5	68.0	99.5	90.0	9.5	56.7	135.0
Donor financed	97.7	-	...	...	3.4	...	...
Grand Total	2,974.2	68.0	99.5	90.0	12.9	56.7	135.0

Source: OBP estimates and department submissions

^{1/} FY 21 Transitional FTEs exclude in-year working budget adjustments.

^{2/} Net crisis needs. Total gross crisis needs are 260 FTEs, of which 125 are funded through reprioritization.

^{3/} Includes CDMAP related savings and transitional needs. See text table in paragraph 57 for department breakdown.

46. **CD departments. FAD** will receive transitional resources to expand work in tax and expenditure policy and continue work on Sustainable Development Goals. **ICD** repurposed resources, including from HQ-based training, to revamp its training program and ramp up country-tailored TA for strengthening macroeconomic forecasting and policy analysis and will receive resources for a FCS coordinator as well as transitional resources to lead the CDMAP Project. **LEG** will receive resources related to the enhanced governance framework and work on fintech. New funds will help **MCM** provide direct and policy support to area departments on crisis-related topics,

prioritizing debt issues, financial surveillance/FSAPs with focus on crisis-related risks, cybersecurity, fintech (including digital currencies), the IPF, and climate change. **STA** will receive new resources to address statistical challenges arising from the crisis, deepen methodological work, step up work on climate and iData, support the new G7/G20 international data initiative, and meet CD needs, including in FCS.

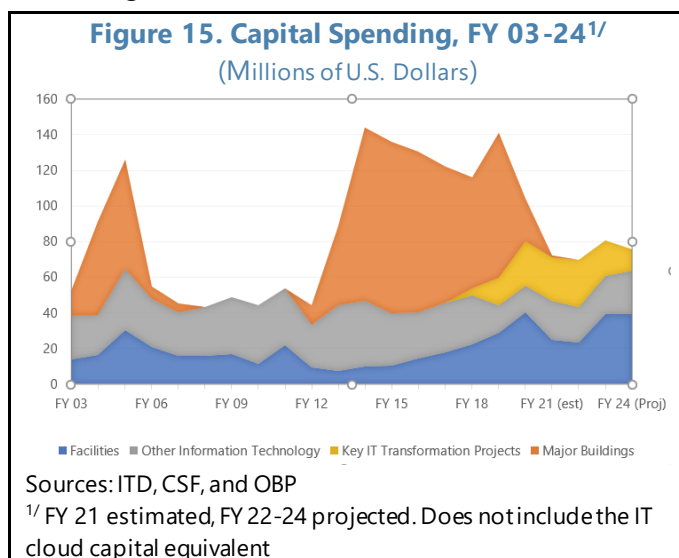
47. **Support departments.** New resources to **CSF** will mainly address crisis response through vendor support for increased video and multimedia services, business continuity and health screenings, copyright issues, while balancing revenue shortfalls from the Concordia, parking, and tenant leases. Resources were also provided for third party risk management, a key risk mitigant identified in the Risk Report. **ITD** will receive resources to continue support of WFH modalities, while moving towards an improved service delivery model based on managed service providers. Resources for **HRD** will enable completion of CCBR implementation, enhancements to 1HR, and consolidation of the new integrated service delivery model, in addition to continued support for the sharp increase in crisis-related hiring. **SEC** will focus on promoting effective membership engagement, including strategic and efficient Board interactions and implementing hybrid meeting approaches, and successful 2021 Annual Meetings and 2022 Spring Meetings.

SECTION V. FY 22 CAPITAL BUDGET

A. Overview

48. **Capital spending**, while still high by historic standards, has declined from peaks associated with HQ1 renewal. FY 21 spending is split between budgeted IT-related (\$56.3 million) and facilities-related (\$42.4 million) investments:

- IT.** Large-scale IT-intensive projects and related prerequisite projects represent the bulk of current IT capital spending. After several years of underinvestment, these projects hold the promise of transforming the way the Fund works by modernizing systems and addressing process and information fragmentation. This in turn is enhancing productivity and serving as a source of savings that can be rechanneled to core operations, with savings from 1HR and CDMAP coming online in FY 21 and FY 22, respectively. Following a period of heightened modernization investment, IT-linked capital expenditures would be expected to decline in the steady state, albeit with a portion of these costs to be replaced by cloud-based subscriptions. ITD is also well advanced in its own restructuring to



better meet the needs of the Fund of the future including through a more agile model for cost-effective delivery.

- **Facilities.** On the facilities side, the focus has shifted from HQ1 renewal to timely updates, repair, and modernization of facilities (drawing lessons from previous under-investment in HQ1), incorporating energy-efficient and sustainable investments where possible. In FY 21, the ability to execute projects was affected by the COVID-19-related shutdown and supply chain delays. While construction activity is resuming, new investments will be lower for the next year so that delayed projects can be completed, and CSF can focus on crisis-related needs. Future improvements to facilities will incorporate lessons from the remote work experience, taking into consideration post-crisis workplace needs, greater steady-state use of remote capabilities, NWOV, and questions around the size and configuration of the Fund's DC and overseas footprint.

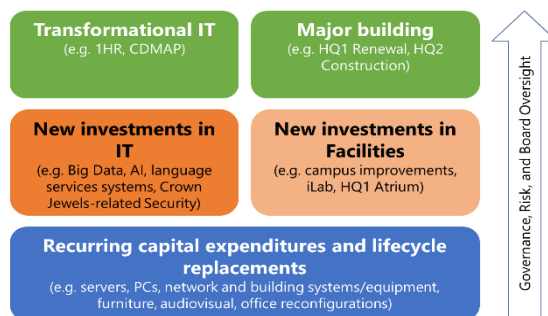
49. **Capital Investment Framework (CIF).** To support these investments, a strengthened CIF was agreed last year, drawing together strategy, governance, budgeting and operational practices, and incorporating a needed focus on risk and change management. Significant progress has been achieved in implementing this framework (Box 4), particularly in clarifying governance of large capital investments. An advisory group has also been initiated to provide input and oversight on facilities-related priorities. Ongoing work will reinforce operationalization of the framework.

50. **Budget and the Cloud.** Responding to a changing information technology landscape that increasingly leverages cloud solutions, staff is proposing a change in the budgetary treatment of cloud subscription costs. With the IT-intensive modernization, the Fund is migrating from software purchased or custom-built and maintained on premise to cloud-hosted platforms with recurring subscription costs. This is driving a shift of related costs from capital to administrative budgets at a cumulative scale that will increase in coming years before stabilizing. To mitigate related budget pressures and to better monitor ongoing cloud costs, staff is proposing a change in the budgetary treatment of these expenses, drawing on OIA advice and comparator experience. Details are set out in Annex VI. The Board is asked to approve the following key elements of the proposed change in budgetary treatment for cloud subscription costs:

- Recognizing the close offsetting linkage of cloud costs to ongoing capital costs, cloud subscription costs will be presented with the capital budget each year to allow for tracking of overall capital and cloud costs.
- The scale of cloud subscription costs relative to the IT capital envelope will inform deliberations on the sizing of the overall IT capital envelope. Capital investments in IT, over time, are expected to decline as the Fund increases its cloud adoption.
- Cloud costs will follow the rigor and governance of the capital investment framework, including decision-making, reporting and oversight.
- The proposal will be implemented within a framework of strong Fund cloud financial management, forecasting, and reporting practices.

Box 4. Capital Investment Framework (CIF)

CIF approved in FY 21. Reflecting a sharp rise in capital expenses, the Board approved an updated CIF that refined the classification of investment projects to ensure that governance, procedures and reporting are calibrated based on type and size of projects. OBP, ITD and CSF have advanced implementation of the updated CIF:



- **Board Oversight:** In addition to annual budget and outturn reporting, the framework provides for Board endorsement of CBAs pre-implementation for large projects, a practice already initiated informally for 1HR and CDMAP. In FY 21, the iData project was also endorsed. The Board receives periodic updates on the status of the modernization programs, most recently in February 2021. Similar practices have been in place historically for major building projects.
- **Governance Mechanisms:** The governance framework outlined in Appendix X of last year’s [budget](#) is being operationalized for both IT and facilities-related investments.
 - **IT:** Governance arrangements are being explicitly articulated for the management-chaired and Director-level Committee for Business and Information Technology (CBIT), with clarified roles and responsibilities of stakeholders and standard procedures for submission, decision-making, and monitoring of projects. The framework also calls for an empowered corporate Program Management Office responsible for overseeing project execution, facilitating governance and reporting across the various capital initiatives. ITD’s reorganization also supports a more strategic approach, including project vetting against the IT strategy (e.g., a unified enterprise IT architecture; security).
 - **Facilities:** As anticipated as part of the CIF, a Director-level Corporate Services Facilities Strategic Advisory Committee was launched in December 2020, chaired by the Director of CSF. The committee will review and endorse the portfolio of facilities investments based on a proposal by the Director of CSF, leveraging information provided by the secretariat and relevant technical teams.
- **Prioritization Framework:** To drive consistency in prioritization and decision-making, standardized criteria and procedures are being implemented for capital investments. These criteria include: (i) Strategic fit, including to reduce fragmented approaches to corporate challenges; (ii) Financial costs and benefits; (iii) Institutional risk mitigation; (iv) For IT investments, consistency with IT Enterprise Architecture, to support more integrated systems solutions; and (v) Capacity to Deliver.
- **Costs/Benefits:** More systematic assessment of upfront capital costs and ongoing costs and benefits (financial and non-financial) is being implemented for large projects. CBAs for large projects are also monitored and updated as part of project and portfolio governance processes.
- **Targeted monitoring and rebalancing of the capital portfolio:** The capital portfolio and estimated spending is periodically reassessed during the year to ensure optimal use of capital resources and to make room, through reprioritization, for additional demands that might arise during the year.
- **Risk and Change Management:** OIC works with key modernization projects to ensure integration of change management in implementation. OIA’s readiness assessments of modernization programs are designed to provide a timely and independent view of the program’s readiness to deploy, informing go-live decisions. Project risks are reported to the respective steering committees and in ORM’s reporting.

B. FY 22 Capital Budget

51. **Proposed budget.** The overall capital budget proposal (including the IT cloud capital equivalent defined below and Annex VI) is \$79 million (Table 7). The FY 22 proposal is \$19.7 million less than FY 21’s budget and \$8.9 million lower than the projection for FY 22 in last year’s budget. This represents a reduction of about \$18.9 in facilities and \$0.8 million in IT-related expenses versus FY 21, respectively. This reflects the continued uncertainties and disruption associated with the pandemic, which has led to delays and some deferral of activities, particularly on the facilities side. The proposal is based on estimated spending and staff will reallocate within the portfolio as required by emerging needs or changes.

Table 7. Medium-Term Capital Budget, FY 21-24
(Millions of U.S. Dollars)

	FY21	FY 22	FY 22	FY 23	FY 24
	Approved	Projected in FY 21-23 MTB	Proposed	Indicative	
Total (Capital with IT Cloud Capital Equivalent)	98.7	87.9	79.0	92.4	87.9
Total (Capital without IT Cloud Capital Equivalent)	98.7	87.9	69.5	80.9	75.7
Building Facilities	42.4	35.4	23.5	39.1	39.4
<i>of which:</i>					
Lifecycle replacements and repairs	32.5	23.8	12.2	26.8	29.4
<i>of which:</i>					
Audio-Visual	6.5	5.9	4.7	4.8	4.9
HQ1/HQ2/Concordia	11.2	14.1	7.5	21.9	24.5
New Investments	0.7	4.3	5.1	5.7	3.2
Vehicles	1.2	1.2	2.0	2.1	2.1
Information Technology	56.3	52.5	46.0	41.8	36.3
Key Modernization Projects (and pre-reqs) 1/	31.1	31.5	30.7	21.9	12.8
New Investments	15.4	10.5	9.2	12.5	16.0
Of which : Information Security	7.8	5.3	3.1	4.2	5.3
Infrastructure end-of-life	9.9	10.6	6.1	7.3	7.5
IT Cloud Capital Equivalent 2/	...	...	9.5	11.5	12.2

Sources: OBP, CSF, and ITD

Note: Figures have been recategorized to align with new defined groupings in the Capital Investment Framework.

Totals may not add due to rounding.

1/ Projections for FY 23-24 are indicative at this stage

2/ FY 22 reflects the cumulative cloud license cost as on date

C. Facilities Capital

52. **Crisis-driven reprioritization.** During FY 21, staff pivoted to pandemic response, which necessitated delaying non-critical projects and prioritizing construction projects that benefit from the buildings being largely empty. After a pause during the early part of the pandemic, some back-

of-house and high staff impact capital projects (e.g., HQ building systems nearing end of life, restroom renovations, HQ1 Atrium skylight water leak repairs, HQ1 floor sealing, Fire Alarm repair) were accelerated, while others (e.g., furniture replacement) were delayed due to supply shortages and delivery delays. Investments in response to the pandemic were also prioritized, including installation of touchless restroom door openers and ultraviolet lighting for air purification. The net impact of these measures is expected to drive lower-than-budgeted spending in FY 21, with a higher balance carried forward than in prior years (estimated at about \$60 million versus \$45 million in FY 20), under provisions allowing use of capital funds over a three-year period. About half of the carry-over balance is allocated to furniture replacements, HQ1 building systems (substations, generator, chillers), and audio visual.

53. **FY 22 budget.** For FY 22 a facilities budget of \$23.5 million is proposed, about \$18.9 million less than the FY 21 budget, \$2.5 million lower than projected FY 21 spending, and \$11.9 million lower than was estimated for FY 22 last year. While project execution is resuming in FY 22, the lower budget is driven by the large carry-over and continued impact of the pandemic on capacity to deliver. The planned FY 22 facilities lifecycle investments mainly include standard audio-visual equipment replacements, the first phase of HQ1 elevator refurbishment, and remediation of HQ1 air/humidity issues. New investments include acoustics remediation in conference rooms to improve sound quality and user experience for virtual meetings, increased shower/locker amenities for bikers as part of the greening effort, and configuration of unused space in HQ1 (descoped during the HQ1 Renewal project), which will help with near-term office space needs as additional crisis staff are onboarded. Recognizing that further capital investments will be needed to support the ongoing “future of work” effort, a portion of the budget earmarked for recurring tenant renovations is being reprioritized for this purpose. These allocations, together with the available contingency funds, aim to address immediate needs in FY 22, until a longer-term space use strategy has been formulated.

54. **Outlook.** In the medium-term, the estimated facilities capital budget reflects a return to pre-pandemic levels (Annex VII). The amounts are indicative at this stage due to pandemic-related uncertainties. Previously indicated workplace improvement projects, such as the relocation of the HQ1 Bistro, new Visitor’s Entrances and renovation of the HQ1 Auditorium, are currently on hold pending a better understanding of the future of work at the Fund and the associated space use strategy. Updates to the Board will be provided when more information is available.

D. IT Capital

55. **FY 22 budget** (Table 8). The proposed IT capital budget appropriation for FY 22 is \$46 million, \$10.3 million lower than in the FY 21 budget, on par with the projected FY 21 spend, and \$6.5 million lower than was expected at the time of last year’s budget. Large modernization programs and pre-requisite projects are expected to continue to drive spending in FY 22. The proposed portfolio also provides funding for other critical systems development and upgrades, information security, and lifecycle replacements for IT infrastructure.

Table 8. Estimated IT Capital Needs for Key Modernization Projects
(Millions of U.S. dollars)

	Total Estimated Project Cost	Approved in Previous Years (thru FY21)	FY 21		FY 22	FY 23-24
			Estimated Spending at Year End	Remaining estimated approved budget	Additional Projected Needs	
Key Modernization + Prerequisites	155.3	98.2	98.0	0.1	30.7	33.0
Key Modernization	135.3	83.1	83.0	0.1	26.9	32.0
1HR 1/	46.1	46.1	46.1	0	-	-
CDMAP	18.9	15.4	15.4	0	3.6	-
Knowledge Management	24.6	12.5	12.5	0	8.5	3.8
iData	22.6	4.5	4.5	0	6.6	11.6
Integrated Digital Workplace 2/ Modernization- unallocated	23.1	4.5	4.5	0	2.0	16.6
					6.1	
Prerequisites projects	19.9	15.1	15.1	0.0	3.8	1.1
Azure	0.8	0.8	0.8	0	-	-
Corp Data Warehouse	9.5	6.1	6.1	0	2.4	1.1
DMX Modernization	1.6	1.6	1.6	0	-	-
IAM Replacement	6.3	4.8	4.7	0.1	1.5	-
Ent Int Platform	1.9	1.9	1.9	-	-	-

Note: Totals may not add due to rounding.

Source: IT Project Management Office.

^{1/} Additional resource needs for completion of 1HR release 2 are being assessed; an updated CBA will be presented to the Board in April 2021.

^{2/} IDW figures represent module 1 and the scoping and design work. Project is still in early stages and estimates of total cost and projected needs are not yet available.

56. **Key FY 22 needs:**

- **Large modernization and pre-requisite projects** (\$30.7 million):
 - **1HR (FY 22 resource needs under review)** modernizes, simplifies, and transforms the way the Fund delivers its HR services, through streamlined business practices, best in class cloud software, and enhanced controls. The platform also provides flexibility to accommodate future policy, practice or regulatory changes. Two Releases (0 and 1) were implemented in March and November 2020, respectively. Work is underway on a final release which includes solutions for complex benefits, tax and pensions, including through custom development (Release 2). The program has faced delays and implementation challenges, owing to its scale and complexity (including links to CCBR reforms), the impact of the pandemic and the resulting remote work, and vendor-related issues. Release 2 is being recalibrated to take on board these lessons, also drawing on independent analysis and advice from OIA. Given the longer timeframe, the scope of the project is also being expanded to include implementation of the 5-year Staff-Retirement Plan Grossing Up formula and CCBR related reforms to complex benefits. An updated CBA reflecting the additional resource needs will be presented to the Board in April 2021. FY 22 expenditures,

and those of iDW (below) will be accommodated within the proposed capital budget request

- **CDMAP (\$3.6 million)** provides a single platform for management and administration of the Fund's CD operations, reducing process and information fragmentation and strengthening data for monitoring, prioritization, and decision-making. The project is broadly on track and on budget with successful implementation of two initial releases (Release 1 and 1.5), which allowed for use of the CDMAP platform for FY 22 CD resources allocation planning. Release 2, which covers resource management and project execution, is planned for April 2021 and Release 3, which covers project close and evaluation and risk management, in August 2021, with the project expected to conclude on time in fall 2021. New requirements, including updates to the donor costing model, will be considered either as an addendum or as part of a follow-up project.
- **iData (\$6.6 million)** mitigates the operational risks stemming from the Fund's current aging economic data management platform. The project will deliver a modern economic data lifecycle management platform that can be further extended to meet the growing business needs for creating and maintaining databases for multilateral surveillance and economic research. Implementation commenced following CBA approval in July 2020, with the selection of an implementation partner. Onboarding, knowledge transfer, and design activities are underway as part of program implementation. The overall program consists of six phases to conclude in Q3 FY 24.
- **KM (\$8.5 million)** provides a framework for efficiently capturing, storing and sharing knowledge, thereby enabling staff to more easily draw lessons and insights from the Fund's rich cross-country experience and subject-matter expertise. This includes a new document management system and enterprise search systems, as well as underlying work on content classification. Implementation of an improved Enterprise Search tool has been completed and work is underway on defining the solution architecture for the new Document Management system. The KM team is working closely with the iDW team to build on the synergies between the two projects. Implementation is expected to be completed by Q3 FY 23.
- **iDW (\$2.0 million for scoping with overall costs being assessed)**: will provide staff with tools to support productivity and collaboration, addressing the pain points experienced from existing fragmented content, information silos, and obsolete technology. In response to urgent staff demands emerging from the extended remote work, the program has been restructured with an initial focus on teamwork in a virtual environment. The program now comprises five modules: (i) Collaboration; (ii) Intranet; (iii) External Relationship Management; (iv) Document Workflow and Review; and (v) Workstream Automation. The modules have been prioritized based on urgency and will be implemented sequentially. An overall CBA for the project will be presented to the Board in Q2 of CY 21.

○ **Prerequisite projects:**

Work is also underway on key prerequisite projects such as the Corporate Data Warehouse (\$2.4 million in FY 22) which aims to implement a modern platform to enable business departments with self-service reporting and dashboard capabilities, and on replacing the existing “home-grown” Identity and Access Management system (\$1.5 million in FY 22) with a cloud-based solution that integrates effectively with Fund’s systems and enterprise IT platforms.

	FY 20 Spending	Total Funds Available in FY 21	FY 21 Spending (Proj.)
Total	107	186	73
Facilities	42	88	26
Information Technology	42	82	46
HQ1 Renewal	23	16	1

Sources: Office of Budget and Planning, Corporate Services and Facilities and Information Technology Departments.
^{1/} Approved capital funding is available for three consecutive years, except for HQ1 Renewal which is available until April 2025.

- **Lifecycle replacements and IT infrastructure total \$6.1 million for FY 22.** In addition to funding upgrades of the remote office infrastructure, network equipment, servers and storage capacity, a portion of the Fund’s personal computers will also be replaced in FY 22. This aligns with the long-term IT Infrastructure plan detailed in Annex VII.

57. **Modernization benefits.** After their completion, these modernization programs will deliver significant financial and non-financial benefits. Harmonized processes and updated, integrated, and user-friendly systems, as well as more readily accessible information, will improve productivity and reduce risks across the Fund’s operations. A portion of these gains will translate into direct budget savings that can be reallocated to core activities. In this context,

- **1HR** will provide a net \$6.5 million in annual savings (after ongoing license and related costs), supported by a reorganization of HR functions and decommissioning of systems. These savings have been captured in the structural budget since FY 21, with \$2 million in transitional resources to support program implementation in FY 22 and similar project costs through the program period. Additionally, \$1.7 million in gross ITD savings will be delayed due to changes in the 1HR program schedule.

- **CDMAP** will deliver net annual savings of \$3.4 million from administrative efficiencies and capturable productivity gains, beginning in the fourth quarter of FY 22. For budget purposes, the full structural benefit is reflected in FY 22, with offsetting transitional funding for the first part of the year.
- **iData** will reduce annual administrative costs by a net \$0.7m through efficiency improvements and decommissioning of the legacy solution. These benefits will begin to be captured in FY 24.
- The full **iDW** CBA will be presented in FY 22 Q1. The first module, providing collaboration tools, will deliver \$0.4 million in annual savings through streamlining of tools and licenses.

FY 22 CDMAP Net Savings (Millions of U.S. dollars, unless otherwise noted)				
Dept	FY 22 Net Savings ^{1/}		Steady State Savings ^{2/}	
	\$	FTEs	\$	FTEs
Total	(0.2)	(2.3)	(3.4)	(9.9)
FAD	(0.4)	-	(1.6)	-
ICD	(0.2)	(0.8)	(0.9)	(3.1)
LEG	(0.1)	-	(0.2)	-
MCM	(0.2)	(1.4)	(0.9)	(4.8)
STA	(0.1)	(0.2)	(0.6)	(2.0)
ITD ^{3/}	(0.4)	-	0.8	-

^{1/} Includes FY 22 transitional support for CDMAP work.
^{2/} Mix of staff versus contractual and other reductions varies by department.
^{3/} Net steady state savings reflects \$1.2 m in annual admin cost, covered by the capital budget for FY 22.

SECTION VI. RISKS TO THE BUDGET

58. **Heightened risks due to the crisis.**⁴ The Fall 2020 survey of departments’ risk perceptions suggested a continued uptick in budget risks, although these were still perceived as moderate when compared with the Spring 2020 survey. While risk mitigation activities embedded in the budget will help reduce risk, significant residual risk will remain due to external drivers that can only be partly addressed through risk management.

- **Staff health and safety.** With the pandemic ongoing and case numbers high, risks to staff’s health and safety remain. Key mitigations already in place include continuation of WFH until conditions are in place for a safe opening of the Fund’s work locations. Evacuations for overseas staff were also an important mitigant. A broad range of safety and health protocols (e.g., cleaning, touchless entrance/exits, temperature scanning) is in place for staff in the DC area and overseas. The crisis will affect spending, in the form of higher occupational health-related spending (e.g., COVID-19 testing, contact tracing), incremental costs of cleaning and configuring office space, and needed staff support.
- **Program activity.** Large uncertainties remain on the duration of the pandemic and its impact on the demand for Fund services. Projections by departments during the FY 22 budget formulation process are for baseline program work to remain elevated (with knock on effects on CD) with Fund lending shifting from emergency financing towards more

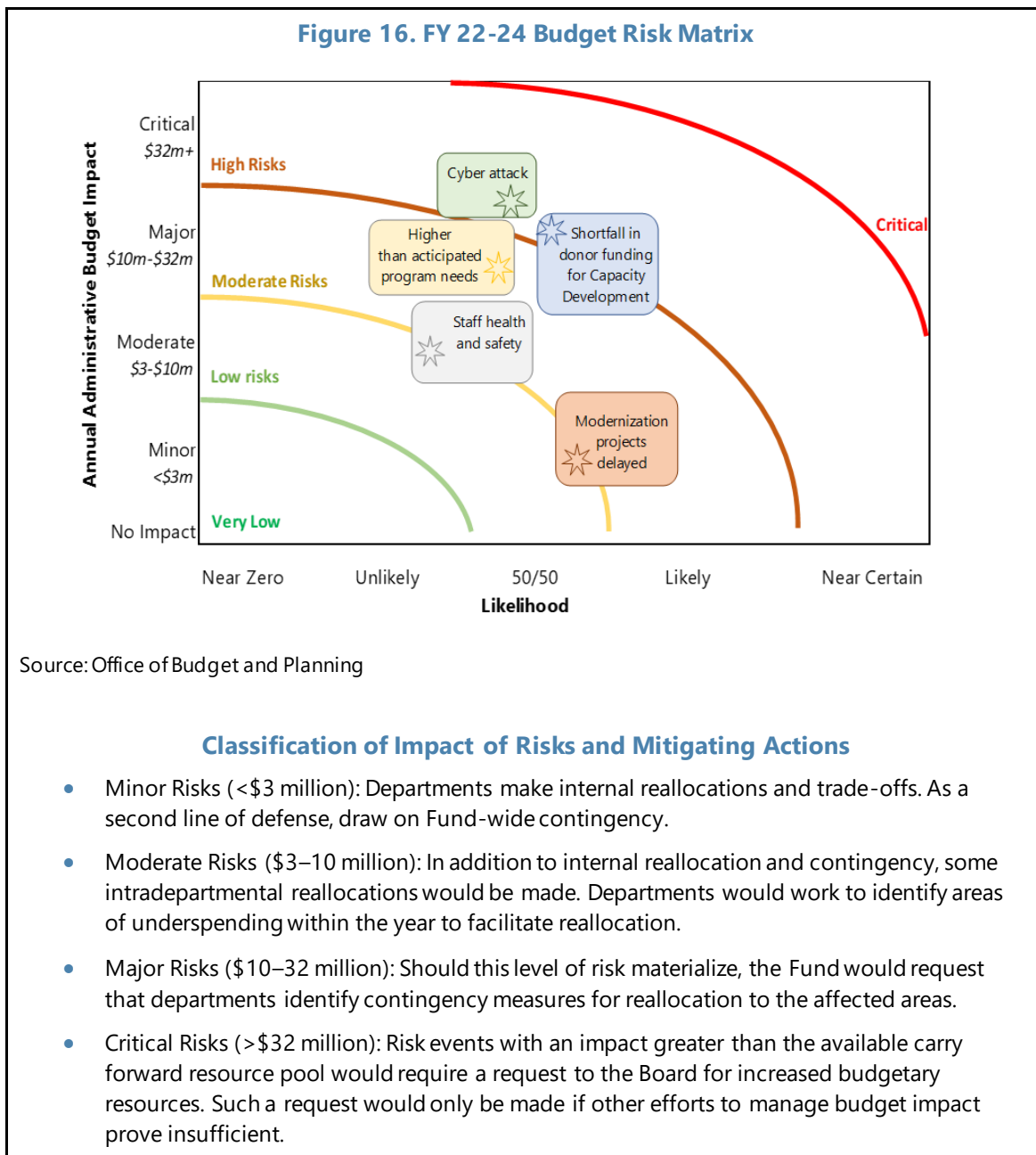
⁴ [2020 Risks Report](#) (SM/20/167, (11/16/2020)).

complex UCT programs. Program requests beyond what is reflected in the budget projections would require further reallocation of staff and budget resources to members with the highest needs.⁵ Key mitigation measures in this area include periodic ORM updates on scenarios on program activity, continued incorporation of risk considerations into budget planning, and a risk-based resource allocation.

- **Information security.** Risks arising from a large-scale cyber-attack remain elevated. The cyber threat landscape worsened with the crisis and the shift to WFH, while new threat vectors pose further risks. The Fund's capacity constraints are also contributing factors given the lack of dedicated data security, vulnerability management, incident response, and cyber threat intelligence functions and a waning cyber metrics program. Mitigation efforts have focused on protecting crown-jewels assets, training and awareness, as well as improving security logging and monitoring. However, a consistent labeling of assets' confidentiality in the asset inventory for the list of Crown Jewels (CJs) is not yet finalized (the May 2020 deadline was moved back). The new Chief Information Security Officer is focusing on building Governance, Risk, and Compliance (GRC) programs and Advanced Threat Protection (ATP) programs encompassing the Digital Security Strategy.
- **Business transformation.** Issues in the implementation of transformational modernization projects have the potential to absorb personnel resources, reducing the scope for reallocation, and could reduce envisaged savings. Key mitigation measures are strong internal controls with continued close monitoring of the schedule and budget process of major projects by the PMO, OIC's work on change management to facilitate projects' implementation, and governance oversight by the CBIT and steering committees. Also, ensuring that risk management considerations are reflected and communicated in large capital project milestones and by implementing a Third-Party Risk Management (TPRM) function to (i) identify risks at the procurement stage and (ii) provide ongoing monitoring of residual risks.
- **CD fundraising.** Competing demands for donor resources in the wake of the COVID crisis could lead to fundraising shortfalls, notably with respect to the regional CD centers. Key mitigation measures include engaging with donors to increase the flexibility of the use of trust funds and making adequate provisions for budget shortfalls. Some reduction in CD delivery would also be needed if such shortfalls persist.
- **Increasing staff** levels for crisis work may take longer-than-envisaged. A key mitigation measure in this area is maintaining a pool of identified potential candidates. Delays in hiring results in risks to the Fund's response to the crisis and risk persistent staff pressures. From a purely budget perspective, materialization of this risk would temporarily create budget space. Conversely, unwinding crisis level staffing requires careful workforce planning.

⁵ Similar action would be needed if the unit cost of mission travel increases.

59. **Risk mitigation activities embedded in the budget will help to reduce risk, but significant residual risk remains.** Figure 16 illustrates the probability and scale of key risks specific to the budget. OBP will continue to update the Board on the evolving cost estimates for risk events in these areas. To the extent possible, staff will seek reallocation as the first response to unforeseen costs arising from these risks, followed by reductions in non-country work. Should multiple risks materialize, further temporary resources may be sought as a final resort.



SECTION VII. SUMMARY PROPOSAL FOR FY 22

60. **Proposal.** Within the total administrative appropriations, separate appropriations and expenditure ceilings are proposed for the Offices of the Executive Directors (OED), the Independent Evaluation Office (IEO), and other administrative expenditure in the Fund (Table 10). The capital budget is made up of three components: building facilities, information technology, and IT cloud capital equivalent.

Table 10. Proposed Appropriations, FY 22
(Millions of U.S. dollars, unless otherwise noted)

	General	OED	IEO	Total
Net administrative budget	1,130.2	76.4	6.9	1,213.5
Receipts	243.5	1.5	0.0	245.0
FY 21 carry forward (upper limit) 1/	88.4	14.9	0.5	103.9 2/
Total gross expenditures (limit)	1,462.1 3/	92.9	7.4	1,562.4
Capital budget				79.0
Building facilities				23.5
Information Technology				46.0
Cloud				9.5
<i>Memorandum items:</i>				
Net administrative budget in mil. of FY21 U.S. dollars	1,104.8	74.7	6.7	1,186.2
Carry forward, upper limit (in percent)	8.0 4/	20.0	8.0	n.a.

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

1/ The actual amount that can be carried forward is the lesser amount of the underspend in the current year or the specified ratio (shown in the table) of the current year's net administrative budget.

2/ The current projected total carry forward based on projected underspend for FY21 is \$87 million. The precise amount will be determined when end-year financial books are closed.

3/ Total gross expenditure limit to increase by an estimated \$8.3 million from OED and IEO excess savings above their carry forward limit for underspend of FY21 resources. Precise amount will be determined when FY21 end-year financial books are closed.

4/ Adjusted to reflect proposed carry forward limit increase from 5 percent to 8 percent.

Proposed Decisions

The following decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board:

Decision 1. Administrative Budget for the Fund, FY 2022

A. Appropriations for net administrative expenditures for Financial Year 2022 are approved in the total amount of US\$1213.5 million, of which: (a) up to US\$76.4 million may be used for the administrative expenditures of the Offices of Executive Directors, (b) up to US\$6.9 million may be used for the administrative expenditures of the Independent Evaluation Office, and (c) up to US\$1130.2 million may be used for the other administrative expenditures of the Fund.

B. In addition to the amounts for net administrative expenditures appropriated under paragraph A, amounts appropriated for net administrative expenditures for Financial Year 2021 that have not been spent by April 30, 2021 are authorized to be carried forward and used for administrative expenditures in Financial Year 2022 in a total amount of up to US\$ 103.9 million, with sub limits of (a) US\$14.9 million for the Offices of Executive Directors, (b) US\$0.5 million for the Independent Evaluation Office, and (c) US\$88.4 million for the other administrative expenditures of the Fund.

C. A limit on gross administrative expenditures in Financial Year 2022 is approved in the total amount of US\$1562.4 million, with sub limits of (a) US\$92.9 million for the administrative expenditures of the Offices of Executive Directors, (b) US\$7.4 million for the administrative expenditures of the Independent Evaluation Office, and (c) US\$1462.1 million for the other administrative expenditures of the Fund.

D. The appropriations for “other administrative expenditures of the Fund” and the “limit on gross administrative expenditures” for FY 22 set out in paragraphs A and C above will be increased by the amount of (i) the OED excess underspend above the individual office carry forward limits and underspend from OED central resources from FY21; and (ii) the IEO underspend above the carry forward limit, as determined in the FY 21 year-end closure of the Fund’s financial books.

Decision 2. Budgetary Treatment of Cloud Subscription Costs

The budgetary treatment of cloud subscriptions costs within the Capital Budget Framework shall be as set out in paragraph 4 of Annex VI.

Decision 3. Capital Budget Appropriations for Financial Year 2022

Appropriations for capital projects underway or beginning in Financial Year 2022 are approved in the total amount of US\$79 million and are applied to the following project categories:

- (i) Building Facilities: US\$23.5 million
- (ii) Information Technology: US\$46 million
- (iii) IT Cloud Capital Equivalent: US\$9.5 million

Annex I. Key Budget Concepts and Overview of the Fund’s Budget Process

Financial year (t): May 1(t-1) to April 30(t)

E.g., FY 22 = May 1, 2021 to April 30, 2022

Administrative budget:

Gross (total spending envelope)

- (minus)

Receipts (donor funding + revenue)

=

Net (spending that needs funding)

Total Available Resources = Net + Carry Forward

Carry forward:

The right to spend budget allocations beyond the period for which budgetary authority is normally granted (12 months). Carry forward (CF) limits are set for the IEO, OED, and at the general level for other administrative expenses. The general CF limit has varied over time, rising to 6 percent following the GFC and reverting to 3 percent in FY 12. In 2020, the Board approved an increase in the general CF limit from 3 to 5 percent and IEO’s CF limit from 5 to 8 percent for the following three years in response to COVID-related travel restrictions and emerging crisis needs. In line with the streamlining of OED central budget accounts, in 2020 OED’s central carry forward has been discontinued and the CF limit set at a maximum of 20 percent (or two FTE advisors for each of the offices). The CF is the minimum of the underspend in the current year or CF limit of the current year’s approved net administrative budget. Specifically:

$$CF_t = \min (U_t, x B_t)$$

Where:

U_t = underspend in current FY ($B_t + CF_{t-1} - E_t$)

B_t = net administrative budget in current FY

CF_{t-1} = carry forward from previous FY

E_t = net expenditures in current FY

x = ratio limit of CF

Global external deflator:

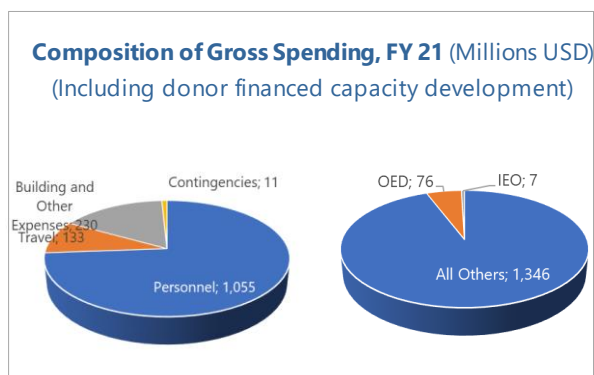
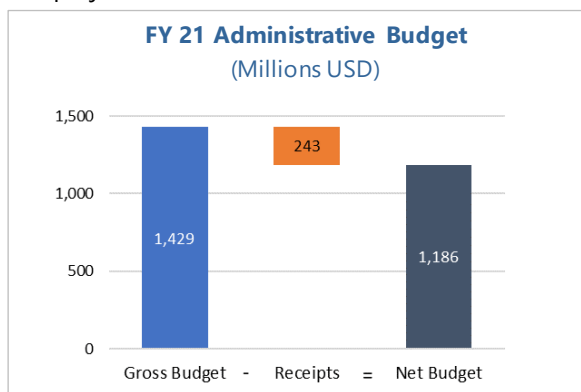
Starting in FY 21, the global external deflator is the U.S. CPI projection as published in the most recent WEO which is the January WEO Update (see Annex II of the [FY 2021–FY 2023 Medium-Term Budget](#) for the revision of the global external deflator).

Capital budget:

Used to finance investments in information technology and building improvements and repairs. Given the long-term nature of these projects, capital budgets are available for a period of three years, after which time unspent appropriations lapse.

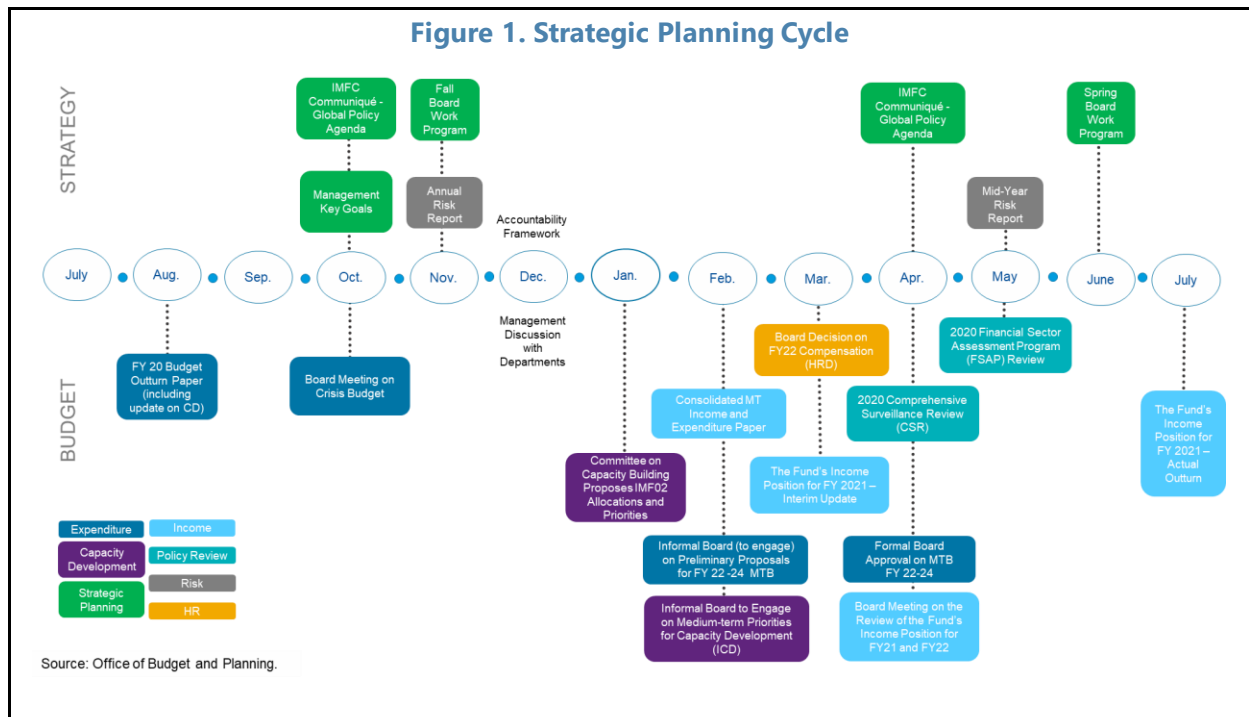
A project is included in the capital budget if it is for:

- the acquisition of building or IT equipment;
- construction, major renovation, or repairs;
- major IT software development or infrastructure projects.



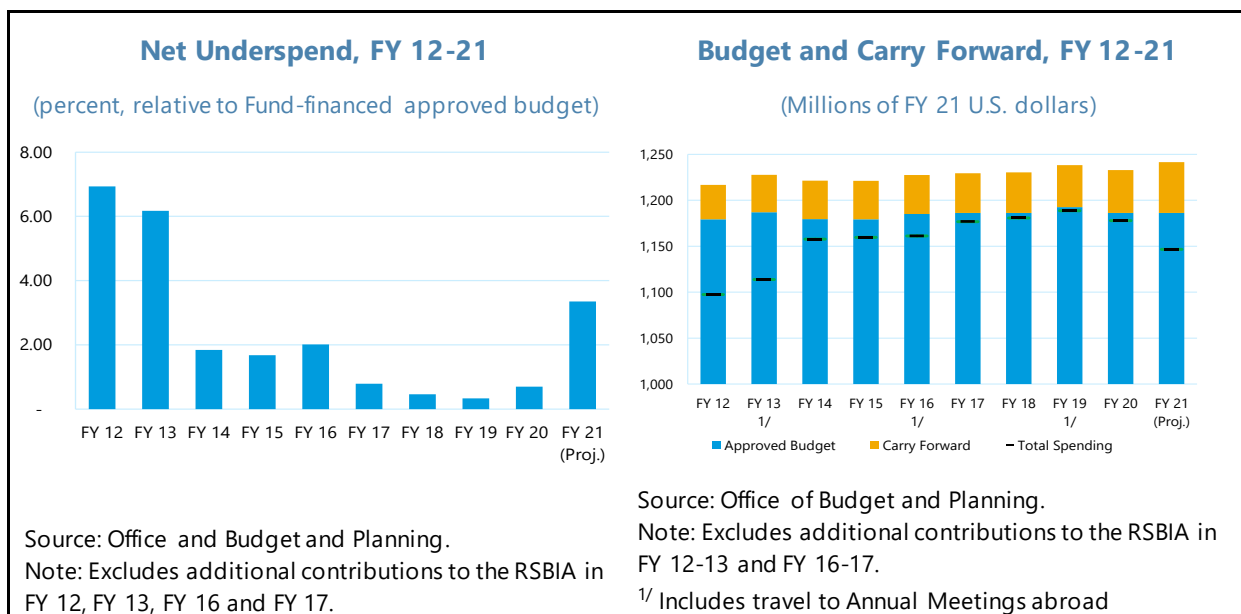
Annex II. Overview of the Fund’s Budget Process

- The budget process is part of a broader planning framework incorporating activities on strategic prioritization, risk management, policy reviews and financial and budget management.** The starting point for the annual budget exercise is the membership’s priorities as expressed in the Managing Director’s Global Policy Agenda, the IMFC Communiqué, and the Board Work Program. Together, these priorities guide the focus of bilateral and multilateral surveillance, policy and analytical work, CD, and internal reforms. The budget process also takes on board input from periodic policy reviews and evaluations.
- Redirection of resources mainly takes place within departments and existing workstreams.** The budget process itself translates priorities into reallocations across departments and outputs as needed. This is conducted through a “savings and demands” exercise. Departments, in consultation with OBP and management, identify where additional resources are needed to respond to the membership’s needs and management’s guidance. In recent years, these gross reallocations, along with central savings and modernization, have amounted to about 2-4 percent of the administrative budget.
- In parallel, the Board reviews the income and expenditure position, staff compensation, and the capital budget.** Since FY 21 the Committee on Capacity Building (CCB) established stronger links with the budget process and a Board briefing on the implementation of CD priorities has been added. New priorities are often initially accommodated through transitional resources and absorbed into structural resources in subsequent years. This approach allows new priorities to be absorbed into the structural base over time, as savings in other areas create room.



Annex III. Projected FY 21 Outturn

Addressing the crisis while rebuilding a more resilient global economy has required a quick shift in core priorities of Fund's work. This has generated new demands on staff and additional resource needs in FY 21. The impact of the crisis on the budget has, however, been offset by extensive reprioritization efforts and one-off savings.



1. **The FY 21 budget responded to the evolving crisis needs, in the context of exceptionally high uncertainty.** The Fund had to respond to unprecedented demand for emergency financing, analytical and policy work on crisis issues, and measures to keep staff safe and set up an effective work-from-home environment while ensuring that the Fund's HQ buildings were ready for business. As anticipated in the [FY 21-23 budget](#), the crisis response required swift redirecting of resources and bringing in additional staff to allow the Fund to respond to the membership's needs. The immediate impact was a large spike in overtime and contraction in leave usage (see Figure 2 in the main text), in particular in the frontline departments.

2. **Against this backdrop, departments carried out a reprioritization exercise and identified additional crisis needs.** This exercise identified gross crisis needs of \$112 million in FY 21. At the same time, departments also identified \$43 million in reprioritization and related savings, offsetting about 40 percent of the gross needs. These Fund-wide reprioritization and savings resulted from shifting resources to address immediate crisis needs while delaying or canceling lower priority work. The remaining net needs of \$69 million—including 128 additional positions—have been covered through the repurposing of travel and events resources, maintenance of buffers smaller than originally planned, and higher prospects of using the carry forward. The Board had increased the carry forward ceiling in the FY 22-24 budget to make the crisis-related underspend from FY 20 available in FY 21.

3. **Net crisis needs allocation mostly focused on direct country support.** 128 positions were created to meet crisis demands. 74 positions are for direct country support in area departments and functional departments that provide economists to country teams (FAD, MCM, SPR). 42 positions were dedicated to reviewing country documents (mainly emergency financing requests) and policy and analytical work on crisis issues. Another 10 positions were created in SEC and small offices to meet crisis-related work pressures, and 2 positions were created to support enterprise risk management. These crisis positions were allocated to departments in October, and hiring is under way. However, not all positions are expected to be filled by the end of the financial year.
4. **Externally financed spending is projected to fall in FY 21, reflecting the inability to travel and absorption constraints, notwithstanding the rapid adaption in the focus and delivery.** Externally financed CD spending is projected to fall by about 20 percent to \$133 million, or 65 percent of budget. As reported to the Board in the supplement to the FY 21-23 budget, lower expenditure has led to a shortfall in trust fund management fees. Chargebacks will fall below budget, but to a lesser degree than earlier anticipated. The expected impact on the Fund-financed budget of both effects is around \$9 million, or \$5 million from lower trust fund management fees and \$4 million from lower chargebacks. Over time, these issues are expected to be resolved with the return to travel.
5. **Preliminary estimates of FY 21 outturn suggest significant underspend, albeit with risks in both directions.** Most departments project that they will remain within their budget envelope, including crisis resources. A few departments project an overspend, albeit with ongoing efforts to align spending with budget. The underspending largely reflects the pace of hiring for crisis positions and the remaining budget allocation for travel.¹ Corporate and IT services, building maintenance, and the virtual Annual Meetings also contributed to the underspending.

A. Projected Spending by Fund Output Category

6. **In the first half of FY 21, work shifted towards lending and multilateral surveillance and away from bilateral surveillance and CD delivery.** Departments have quickly responded to the crisis by curtailing the regular Article IV cycle for many countries, canceling or postponing workshops and conferences, and delaying and streamlining medium-term analytical work. The Fund has also temporarily delayed some FSAPs and redirected these resources to provide additional direct country support. Bilateral surveillance has gradually resumed in the second half of the fiscal year. Externally financed CD spending was 21 percent lower due to the impact of COVID-19 to CD delivery.
7. **The June 2020 crisis [Board Work Program](#) reflected the changes necessary to swiftly adapt to the crisis needs.** Medium-term analytical work, including a discussion note on the Sustainable Development Goals (SDGs), were put on hold. The CSR and FSAP Review, and the review

¹ Given the uncertainty of when travel will resume, HR-related travel needs, and select essential mission travel, only 5 percent of the travel budget was allocated to cover crisis needs. In the event, with the overall travel ban remaining in place until the end of the financial year, most of these precautionary travel resources were not used.

of the transparency policy have been delayed, along with the safeguards assessment review; guidance notes on conditionality; social spending; pension issues; and multiple currency practices. The implementation of the upgrade of the core banking system was also delayed. Annual and Spring Meetings were moved to a virtual format.

B. Projected Spending by Input

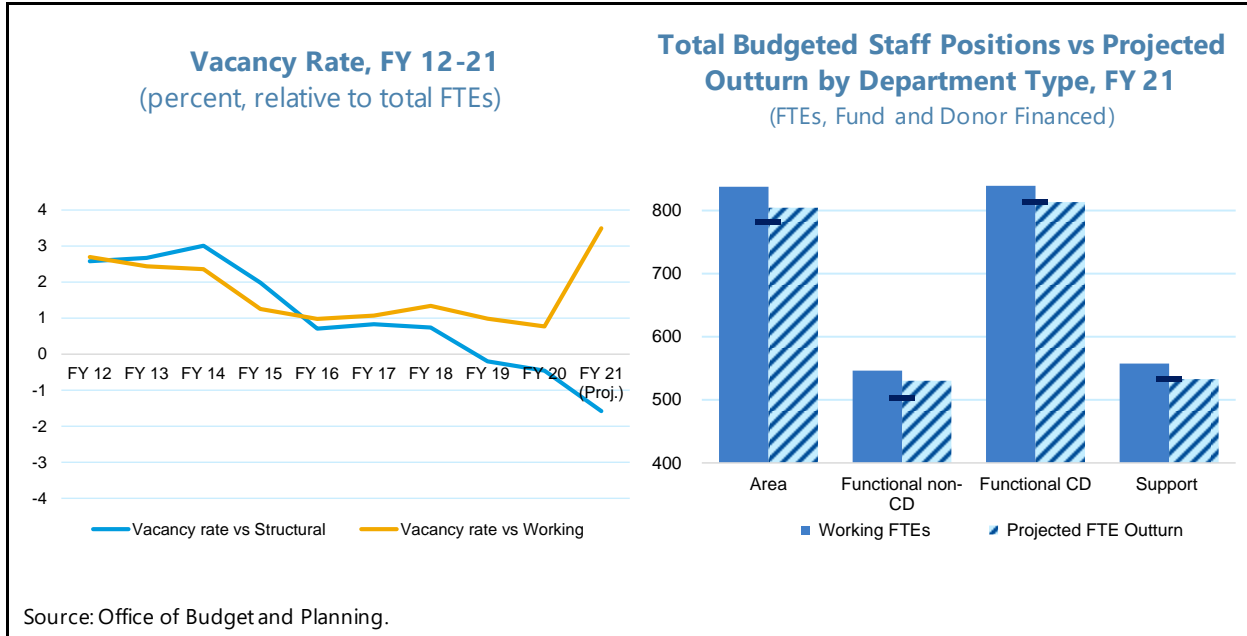
8. **Expected aggregate under execution of about 3 percent is mostly driven by lower spending in non-personnel budget categories (Table 1).** While personnel spending is projected to be higher than the structural budget, it will remain within the total personnel envelope which includes the 128 crisis positions—equivalent to 90 FTEs. Ongoing travel restrictions and extended WFH arrangements during the pandemic have affected utilization in the categories of travel, building operations and other discretionary spending. Receipts, including those received from delivering externally funded CD activities, are expected to be about 23 percent lower than FY 20 levels (\$199 million), reflecting reduced CD activities during the pandemic. At the aggregate, carry forward funds will remain available to meet most transitional and some crisis needs in FY 22.

Table 1. Net Administrative Budget: Estimated Outturn, FY 20-21
(Millions of U.S. dollars)

	FY 20		FY 21					
	Budget	Outturn	Budget		Projected outturn			
	Total	Total	Fund-financed	Donor financed	Total	Fund-financed	Donor financed	Total
Gross expenditures	1,397	1,350	1,223	206	1,429	1,167	133	1,301
Personnel	1,025	1,028	920	136	1,055	955	114	1,069
Travel	134	97	81	52	133	15	5	20
<i>Of which: Annual Meetings</i>								
Buildings and other expenses	224	225	212	18	230	198	14	212
Contingency 1/	15	...	11	0	11	...	...	...
Receipts	-239	-199	-37	-206	-243	-21	-133	-154
Net expenditures	1,158	1,150	1,186	0	1,186	1,147	0	1,147
<i>Memorandum items:</i>								
Carry forward from previous year	47		55		55			
Total net available resources and spending	1,205	1,150	1,241		1,241	1,147		1,147

Sources: Office of Budget and Planning and PeopleSoft Financials
 Note: Figures may not add to totals due to rounding
 1/ Represents the contingencies for staff, OED and IEO

9. **Personnel spending is projected to exceed the structural budget.** The overage reflects additional crisis resources and will be covered by resources available through savings from continued reduced travel and an increased carry forward allocation. The vacancy rate, relative to end-March working budget, is higher due to expected lags in ramping up crisis-related hiring. While vacancies vary by department type, in aggregate, departments are expected to remain within their total available FTEs.



10. **With travel restrictions and the shift to virtual events, \$53 million were repurposed to finance new spending.** Departmental travel budgets were reduced by almost 95 percent during FY 21, and 15 percent of the overall travel budget was held centrally in case travel could have resumed in the second half of the year. Virtual Annual Meetings are also contributing to overall savings, while providing new ideas for increased virtual events in the future.

11. **Spending on building operations and other expenditures is projected to be below the structural budget by about \$14 million (Table 2).**

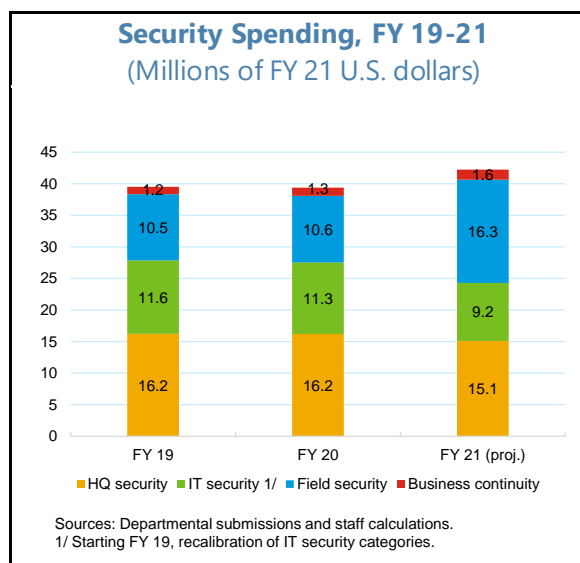
A shift to WFH arrangements, which began during the last quarter of FY 20, continues to affect spending in FY 21. Continued lower building occupancy is expected to decrease spending by \$2 million, mostly due to reduced costs for utilities. An underspend of \$3 million is also projected for IT services, due to a change in vendor services, while support to staff for IT equipment to WFH will slightly offset the decrease in IT spending. Spending on contractual services, also well within the approved budget allocation, has been affected by the virtual format of the Annual and Spring Meetings. The projected outturn of other cost categories is broadly in line with the budget.

Table 2. Building and Other Expenditures, FY 20-21
(Millions of U.S. dollars, Fund-financed)

	FY 20		FY 21	
	Budget	Outturn	Budget	Proj. outturn
Total	208	211	212	198
Building occupancy	65	64	67	65
Information technology	70	65	71	68
Contractual services	42	38	34	31
Subscriptions and printing	14	20	20	18
Communications	7	7	8	7
Supplies and equipment	4	5	3	3
Other	7	11	8	5

Source: Office of Budget and Planning.
Note: Figures may not add to totals due to rounding

12. **Security spending is projected at about \$42 million in FY 21**—an uptick in spending of about \$3 million from last year (see text Figure). Higher spending for field security is driven by evacuations, in-country security needs in High Risk Locations (HRL) and heightened international security surveillance. Business Continuity has also seen a marginal increase reflecting demands due to COVID-19. These increases were offset by reduced security needs at HQ and lower IT security costs due to vacancy lags and reductions in security monitoring and licensing costs that are expected to return to historical levels next year.



13. **Receipts are projected to come in at about \$90 million below budget, largely driven by the drop in externally financed activities.** A decrease of over 20 percent in receipts from externally financed CD activities, relative to FY 20 levels (\$133 million), is expected in FY 21. With the travel ban and demands from recipient

countries, externally financed CD has lagged past levels and pre-crisis budget expectations. CD departments and OBP are closely monitoring CD delivery and assessing options to minimize the projected shortfalls in trust fund management fees and chargebacks. FY 21 will see revenue losses also from suspended parking fees at headquarters, rent forgiveness for the retail tenant and sharply lower utilization of the Concordia hotel due to suspension of travel. To mitigate the impact on the latter, the Fund has introduced a policy requiring staff traveling to Washington D.C. to utilize the Concordia, in order to maximize its utilization and ensure that Fund's facilities are used in the most cost-effective manner.

Table 3. Receipts FY 20-21
(Millions of U.S. dollars)

	FY 20		FY 21
	Outturn	Budget	Proj. outturn
Total	204.3	242.8	154.2
Externally financed capacity development (direct cost only)	168.1	205.8	133.2
General receipts	36.2	37.0	21.0
<i>Of which:</i>			
Administrative and trust fund management fees 1/	11.8	14.4	9.3
Publications income	0.8	2.7	0.1
Fund-sponsored sharing agreements 2/	2.3	3.5	2.4
HQ2 lease 3/	2.3	1.3	0.5
Concordia	2.8	3.8	0.5
Parking	2.6	3.4	0.1
Corporate, Travel and P-cards rebates/bonuses	1.3	0.4	0.2

Source: Office of Budget and Planning

1/ Trust fund management fee of 7 percent under the new financing instrument.

2/ Includes reimbursement principally provided by the World Bank for administrative services provided under sharing agreements.

3/ Lease agreement with the World Bank expired. FY 20 includes Credit Union and retail tenants.

Annex IV. Comprehensive Compensation and Benefits Review Update¹

1. **In December 2019, the Executive Board approved a series of reforms resulting from the Comprehensive Compensation and Benefits Review (CCBR).** Further streamlining reforms were approved by the Board in May 2020.² The CCBR, the most comprehensive review of the Fund's compensation and benefits package since 2006, aimed at ensuring that the package is competitive and modern, and continues to enable the Fund to attract, motivate, and retain a high-caliber international staff. The review resulted in reforms to the compensation system and multiple benefits, including: annual and parental leave, Home Leave/Expatriate Allowance, Education Allowance, salary advances, coordination of benefits with the World Bank Group, the Medical Benefits Plan (MBP), the Voluntary Savings Plan, appointment and resettlement benefits, and Spouse and Child Allowance. In parallel, some new benefits were introduced, including a new Childcare Allowance and a Short-Term Disability program for long-term contractual employees.

2. **Given these substantive and cross-cutting changes and the interdependencies with the 1HR initiative, the effective dates and implementation timeline of the reforms were divided into several phases.** The following reforms and new benefits have already been implemented:
 - **May 1, 2020.** Compensation system and parental leave benefits.
 - **October 1, 2020.** Home Leave/Expatriate Allowance, Childcare Allowance, Education Allowance, salary advances, Fund/Bank coordination, Short-Term Disability program, appointment and resettlement benefits, and Spouse and Child Allowance.

3. **While the bulk of the CCBR reforms were implemented in the first two phases, several remain, including mandatory enrollment in Medicare Part B (January 1, 2021), overseas benefits and allowances, and retirement program reforms.** The new requirement under the MBP that all eligible retired participants enroll in Medicare Part B, effective January 1, 2021, has been communicated to staff and retirees and the communication campaign is ongoing. Consultation is underway on the administrative reforms to simplify the design of overseas benefits and allowances, for management approval for implementation early in CY2021. Implementation of the retirement program reforms, including adjustment to the Staff Retirement Plan (SRP) grossing-up formulas and a revised defined contribution plan (i.e., Voluntary Savings Plan), were envisaged for May 2021. However, as indicated in December 2019, given the complexity of the retirement programs, their implementation will be delayed. The precise timing of these reforms is being reviewed to align with the phased rollout of the 1HR system reforms to ensure that the IT systems are ready to operationalize these changes and taking into account the availability of subject matter experts to design the system.

¹ Prepared by HRD.

² See *Comprehensive Compensation and Benefits Review—Revised Proposed Decision (EBAP/19/104, Sup. 1, 12/20/2019)* and *Comprehensive Compensation and Benefits Review—Elaboration on Transition Measures and Further Policy Simplification (EBAP/20/42, 5/21/2020)*.

Annex V. Selected Policy Reviews and Evaluations in CY 20–21¹

	Title	How Resource Implications Have Been Addressed
Surveillance	Comprehensive Surveillance Review	The formal review is scheduled for April 2021 (see references in paragraphs 4, 9, 12 and 16 in the main text). Following a Board decision, staff would prepare a guidance note that fleshes out modalities but this would likely take time. With most of the cost implications arising once the guidance note is in place, the cost implications would impact FY 23 budget.
	FSAP Review	The formal review is scheduled for May 2021 (see references in paragraphs 4, 9, 12, and 16 in the main text). Most proposals will likely be absorbed within the continuous work on developing and disseminating FSAP's tools and technical guidance notes. A more substantial ramping up of macrofinancial work and work on climate risk analysis and on digital payments systems would be included in the proposed structural budget augmentation.
	Toward an Integrated Policy Framework	Budget impact has been reflected in FY 22 departmental demands (see paragraphs 9, 40, 43 and 46 in main text). In principle, Staff remains guided by the Fund's Institutional View (IV) on the Liberalization and Management of Capital Flows. Changes to that policy framework, including use of the IPF's findings, will be considered during the forthcoming review of the IV (Summing Up, last paragraph). Additional budgetary impact to be determined; would be considered in the FY 23 budget.

¹ Selected Reviews and Evaluations during the period January 1, 2020 to June 30, 2021. See Fall 2020 Board Work Program Follow up (FO/DIS/20/242, (12/23/2020)) and Board Work Program Implementation Update.

	Title	How Resource Implications Have Been Addressed (cont'd)
	Integrated Policy Framework— Update on Operationalization and Analytical Work	Informal brief scheduled for May 2021.
	Independent Evaluation Office—IMF Advice on Capital Flows	Changes to the policy framework, including use of this IEO's Evaluation, will be considered during the forthcoming review of the IV. (Summing Up, last paragraph). Budgetary impact to be determined; would be considered in the FY 23 budget.
	Review of Debt Sustainability Framework for Market Access Countries	Proposes a new methodology based on risk assessments at three different horizons to better align the DSA with the Fund's lending framework. Increased use of automation will keep the changes broadly cost neutral (see paragraphs 40 in the main text).
	Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities	The budgetary impact would be considered as part of the annual budget process.
	Issues in Restructuring of Sovereign Domestic Debt	The budgetary impact considered as part of the annual budget process.
	Independent Evaluation Office— Working with Partners—IMF Collaboration with the World Bank on Macro-Structural Issues	IEO study finalized. Management is now looking at implementation of recommendations with some qualifications. No cost implications anticipated.
	The IMF Climate Strategy	The informal meeting is scheduled for April. A ramping up of climate work would be included in the proposed structural budget augmentation.
	Review of Climate Change Policy Assessment Pilots	The date for the informal brief is to be defined.

	Title	How Resource Implications Have Been Addressed (cont'd)
	Fund Engagement with Countries in Post-conflict and Fragile Situations	The informal meeting is scheduled for June. Work is underway to assess the potential scale of needs.
	Preparing the International Monetary and Financial System for the Rise of Digital Money	The informal meeting is scheduled for April. A ramping up of digital money work would be included in the proposed structural budget augmentation.
Lending	IMF COVID-19 Response—A New Short-Term Liquidity Line to Enhance the Adequacy of the Global Financial Safety Net	Established a new special facility in the GRA. The budgetary impact is part of the ongoing efforts to strengthen Fund lending and policies.
	Enhancing the Emergency Financing Toolkit—Responding to the COVID-19 Pandemic	The budgetary impact considered as part of the annual budget process.
	Fund's Pandemic Response—Lending Options to Support Members During the Next Stage of the Crisis	The budgetary impact would be considered as part of the annual budget process.
	Temporary Modification to the Fund's Annual Access Limits	The budgetary impact would be considered as part of the annual budget process.
	Review of the Temporary Increase in Fund Access Limits	The budgetary impact would be considered as part of the annual budget process.
	Review of Enhanced Access Limits Under the Rapid Credit Facility and Rapid Financing Instrument	The budgetary impact would be considered as part of the annual budget process.
	Reform of the Policy on Public Debt Limits in IMF-Supported Programs	The budgetary impact would be considered as part of the annual budget process.
	Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure	The budgetary impact would be considered as part of the annual budget process.

	Title	How Resource Implications Have Been Addressed (concluded)
	Review of Concessional Financing and Policies	The budgetary impact would be considered as part of the annual budget process.
	Eligibility to Use the Fund's Facilities for Concessional Financing, 2019	The budgetary impact is part of the ongoing efforts to strengthen Fund lending and policies.
	The IMF's Lending Framework for Low-Income Countries – Next Steps	Informal to engage. The budgetary impact is considered as part of the annual budget process.
	Catastrophe Containment and Relief Trust (CCRT)—Third Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic	The budgetary impact is considered as part of the annual budget process. See paragraphs 9, 31, and 43 in the main text.
	Catastrophe Containment and Relief Trust—Approval of the Second Tranche of the Grant Assistance for Debt Relief	The budgetary impact is considered as part of the annual budget process.
	Catastrophe Containment and Relief Trust—Approval of Grant Assistance for Debt Service Relief	The budgetary impact is considered as part of the annual budget process.
	Review of the Adequacy of the Fund's Precautionary Balances	Directors revisited the indicative medium-term target and minimum floor for Precautionary Balances. Some budgetary impact in FY 22 is expected as Directors will reassess the adequacy of precautionary balances before the next regular review in two years. (Summing Up, fourth paragraph)
CD	Capacity Development Priorities for FY22-24	Informal to engage in February 2021. The budgetary impact is to be considered as part of the annual budget process.
Fund Finances	2020 Borrowing Agreements—Status of Commitments and Sixth Set of Agreements—Further Supplementary Information and Proposed Decision	The budgetary impact is considered as part of the annual budget process.

	Title	How Resource Implications Have Been Addressed (concluded)
	The Case for a General Allocation of SDRs during the Twelfth Basic Period	The budgetary impact is considered as part of the annual budget process.
	Fifteenth and Sixteenth General Reviews of Quotas—Draft Report of the Executive Board to the Board of Governors	The budgetary impact is considered as part of the annual budget process.
	Sixteenth General Review of Quotas—Adequacy of Fund Resources –Initial Considerations.	Informal session to engage scheduled for March 2021. The budgetary impact is considered as part of the annual budget process.
	Sixteenth General Review of Quotas—Quota Formula and Realignment Shares	Informal session to engage scheduled for June 2021. The budgetary impact is considered as part of the annual budget process.
	Proposed Decision to Modify the New Arrangements to Borrow and to Extend the Deadline for a Review of the Borrowing Guidelines	The budgetary impact is considered as part of the annual budget process.
	Maintaining Access to Bilateral Borrowing and Review of the Borrowing Guidelines	The budgetary impact is considered as part of the annual budget process.
Human Resources	2021 Review of Staff Compensation; Staff Recruitment and Retention Experience for CY2020	The budgetary impact is reflected in the FY 22 budget proposal.

Annex VI. Budget and the Cloud

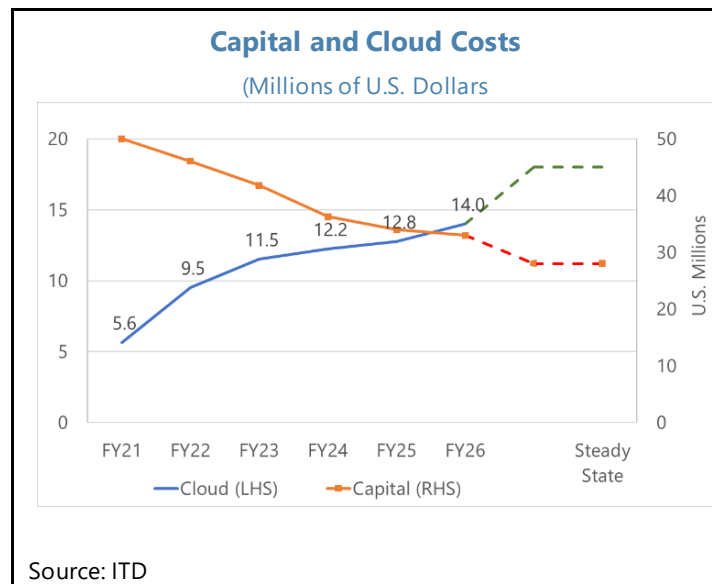
1. **Shift to Cloud-based IT Strategy:** The Fund’s shift from traditional capital-intensive, on-premise IT development to cloud subscription-based solutions is in line with industry practice (Box 1). It provides a more flexible, scalable, and “on-demand” model, where updates are “pushed” to the client, in many cases going beyond regular maintenance and often involving upgrades to functionality and design. The widespread disruption caused by the COVID-19 outbreak has further reinforced the need for organizations to be agile enough to scale up or down with fluctuations in demand by leveraging cloud solutions. The Fund has embraced this rapidly evolving model.

Box 1. Cloud Adoption Industry Trends

- By 2024, more than 45 percent of IT spending on system infrastructure, infrastructure software, application software and business process outsourcing is expected to shift from traditional solutions to the cloud.
- The global public cloud infrastructure market is expected to grow 35 percent in 2021.
- In 2020 Cloud vendors reported high year-over-year growth, with customers leaning heavily on the cloud to help adapt to the new reality post pandemic.
- By 2022, over 90 percent of enterprises worldwide will be relying on a mix of on-premises/dedicated private clouds, multiple public clouds, and legacy platforms to meet their infrastructure needs.
- An April 2020 survey of 50 CIOs found respondents expected to see the proportion of total workload done on-premise drop from 59 percent in 2019 to 38 percent in 2021, a reduction of 41 percent.

Source: Industry reports from Gartner, Forrester and Deloitte cited by OIA in their recommendations

2. **OIA Advisory.** At the request of OBP and ITD, OIA has provided advisory recommendations, to better manage cloud costs (Box 2). The recommendations are designed to improve transparency, decision-making and oversight over cloud costs, and support continued strengthening of the Board-approved Capital Investment Framework. Within the context of strong cloud financial management practices, OIA has proposed the establishment of a distinct funding category for cloud subscriptions and licenses (presented together with the capital budget) to better equip the Fund’s budgeting model for cloud investments. OIA has noted that this proposed solution would align better with the new paradigm of the cloud model where some degree of



“avoidance” of traditional capital investments is expected to occur, over the medium-term, alongside the Fund’s shift to a cloud environment. The establishment of a separate funding category would help ensure that adequate funding is set aside for predictable future costs of approved cloud investments and would provide an effective and transparent framework to demonstrate efficiency gains derived across the IT budget portfolio.

Box 2. OIA Recommendations to Manage Cloud Costs				
	Planning	Funding	Governance & Monitoring	
Recommendations	<p>Build a multi-year cloud migration roadmap to project and assess ex-ante the budgetary impact of migration to cloud from on-premises hosting solutions</p>	<p>Record and Report on cloud subscriptions & licenses and capital costs separate from the administrative budget</p>	<p>Commit & set aside funds for cloud expenses at time of investment approval</p>	<p>Continue to operationalize key aspects of the Capital Investment Framework, including protocols for portfolio prioritization and optimization with key stakeholders</p>
Other Considerations	<ul style="list-style-type: none"> Leverage existing work (Department Level IT Spend Roadmaps) to formulate a medium-term blueprint for cloud workload migration Other MDB/IFIs e.g., the World Bank have developed a similar approach to help plan for cloud spend 	<ul style="list-style-type: none"> Follow rigor & governance of the Fund’s Capital Investment Framework (CIF), including reporting and oversight Cater explicitly to budgetary impact of cloud projects Cloud spend has offsetting link to capital costs Inform deliberations on the size of the overall IT capital and cloud funding envelope Enable greater transparency and visibility into cloud costs, and offsetting impact to capital budget 	<ul style="list-style-type: none"> Support integrated decision-making by considering capital and cloud-capital equivalent costs in a holistic fashion for planning and reporting processes. 	<p>Strengthen cloud financial management practices and tools to forecast, capture, and report cloud cost/spend</p> <p>Establish mechanisms to better-articulate efficiency gains across IT portfolio that result from cloud migration.</p>

Source: OIA

3. **Benchmarks.** An important takeaway from the OIA advisory work is that seven out of the eight International Financial Institutions (IFIs) surveyed reserve funds to pay for ongoing cloud cost commitments. The World Bank has implemented a model for cloud capital investments that is conceptually aligned with the approach being proposed for the Fund (i.e., establishment of a cloud funding category). The Inter-American Development Bank is also experiencing funding model limitations and is investigating changes to its budgeting approach for cloud spend. While most IFIs are increasingly focusing on cloud costs as part of the budget planning and forecasting process, only 25 percent of surveyed IFIs have started building specialized tools for cloud financial management. This remains an area where there is significant potential for governance and oversight improvements.

4. **Proposal.** In keeping with OIA’s recommendations, staff proposes to record and report on cloud subscriptions separate from the capital and administrative budgets. Specifically:

- Cloud subscription costs will be estimated and presented with the capital budget outside the administrative budget each year to allow for tracking of overall capital and cloud costs.

Specifically, cloud subscription costs will be identified as IT Cloud Capital Equivalent and included as a sub-category within the capital budget, along with Facilities and Information Technology.

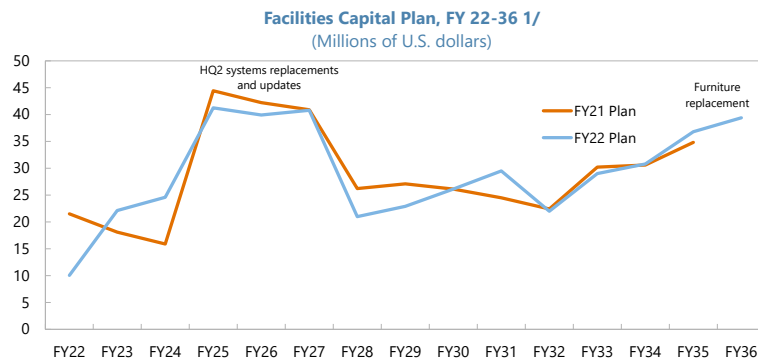
- Cloud costs would follow the rigor and governance of the capital investment framework, including decision-making, reporting and oversight.
- The scale of cloud subscription funding relative to the IT capital envelope would inform deliberations on the scale of the latter.
- To manage the impact of cloud solutions on the Fund's budget, the framework will combine a multi-year portfolio approach and, at the project level, ex-ante consideration of the budgetary impact of cloud subscriptions. In this context, capital investments and cloud licenses will be considered in an integrated manner at the time of investment approval.
- The expected increase in overall cloud subscription costs will be monitored at the portfolio and individual project levels to ensure ongoing sustainability of these costs. To optimize cloud costs, it will be important to build robust cloud financial management practices and tools to support the forecasting, capturing, and reporting of cloud costs and spends.
- The updated Capital Investment Framework will continue to be fully operationalized, including elements of roles and responsibilities, prioritization, oversight and reporting.

Annex VII. Long-Term Capital Plans

The components of the capital budget that are related to life-cycle replacements are subject to long-term planning. These plans are reviewed and revised regularly based on new assessments, information and updated strategy.

1. **Overview:** The long-term facilities capital plan (LTP) covers the portion of the budget that relates to the replacement of equipment, critical building systems and renovations for HQ1, HQ2 and Concordia. These projects are a subset of the overall facilities capital budget which also includes facilities improvement projects that are planned within a shorter timeframe. The LTP is informed by third-party Facilities Condition Assessments (FCA) conducted every three to five years. FCAs consider the age of the assets and best practice assumptions on the useful life to establish broad parameters for replacement costs. As end-of-life milestones are reached, engineering and other feasibility studies are performed to confirm the actual condition and need to replace the asset. The requested appropriation for a given year is based on the actual needs which may reflect an acceleration or delay compared to the assumptions in the LTP.

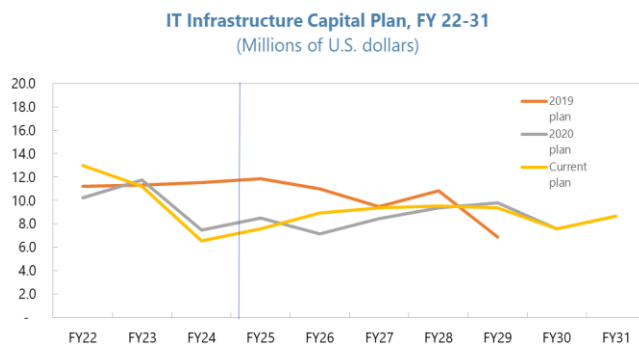
2. **Facilities:** The updated projections for facilities lifecycle replacements show an increase in FY 25 in anticipation of HQ2 end of life replacements and updates. In FY 25 HQ2 will be 20 years old, when updates to the building systems and finishes, which will have reached the standard life expectancy, will begin. Higher occupancy during the HQ1 renewal has also impacted the condition of systems and furnishings.



Source: Corporate Services and Facilities Department.
1/ Includes life-cycle replacements and major renovations.

3. **IT:** The IT infrastructure long term plan covers network equipment, servers, storage, and end-user devices. The updated LTP indicates an overall reduction in the medium-term, mainly resulting from migrations to cloud platforms. This trend is somewhat offset by higher costs for technologies that provide network security services.

- The FY 22-24 MTB includes a refresh of the remote office infrastructure, personal computer (PC), and Mobile devices. After FY 23, the plan

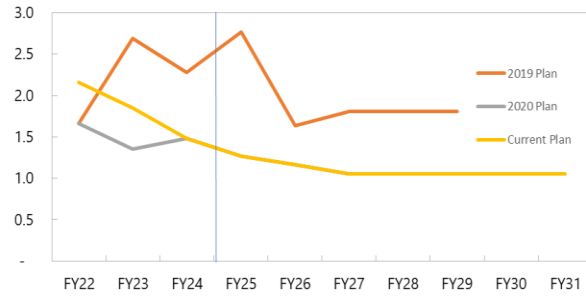


Source: Information Technology Department.

reflects a rolling 5- year lifecycle replacement schedule for PCs and a reduction in remote office infrastructure related to cloud initiatives.

- Migration of applications and the business continuity center to the cloud have also reduced server and storage expenditures. These impacts are quantified in the context of the cost-benefit analyses of relevant capital projects.

Servers and Storage Trend, FY 22-31
(Millions of U.S. dollars)



Source: Information Technology Department.

Annex VIII. Assumptions Underlying the FY 22 Budget

The proposed FY 22 Budget has been formulated on some key assumptions reflected in the distribution of spending by major budget category (text tables).

1. **Salaries:** The proposed increase to the Fund’s salary structure is 1.8 percent, and the average adjustment of salaries for staff and long-term contractual employees is 2.8 percent, effective May 1, 2021. The 2.8 percent average adjustment reflects both the structure noted above and a notional merit component derived from comparator organizations.¹ The global external deflator equal to the latest published U.S. CPI in the January WEO (2.3 percent) and wage erosion is equivalent to 1.8 percent. As such, the nominal price effects of salaries on the administrative budget provide for a reduction of 0.7 percent, which have been largely allocated to other institutional priorities after accounting for a modest increase in structural staffing (10 positions) and buffers for uncertainty in benefits administration.

Preliminary Personnel Spending, FY 22 1/ (Millions of U.S. dollars)	
Budget Category	FY 22
Personnel budget	1,079
Salaries	674
Staff, OED, and IEO	533
Other personnel	141
Other personnel budget	405
Retirement benefits 2/	127
Retired Staff Benefit Investment Account (RSBIA)	62
Health benefits	46
Tax allowances	42
Home leave	34
Children’s education allowances	30
Child Care	5
Overseas allowances	22
Training and study allowances	13
Spouse and child allowances	7
Other benefits 3/	12
Other misc. personnel budget 4/	6
Source: Office of Budget & Planning. Note: Figures may not add to totals due to rounding.	
1/ Includes donor financing. Composition of budget line items pending finalization of donor-funded activities. Excludes spending funded from transitional resources.	
2/ Includes the Staff Retirement Plan (SRP) and 401K retirement accounts.	
3/ Includes emergency travel, life insurance benefits, settlement allowances, and SBF separation incentives.	
4/ Includes payments to non-Fund staff such as ICD participants, and other miscellaneous expenses.	

2. **Staff Retirement Plan (SRP):** The proposed contribution for FY 22 from the administrative budget to the SRP is 14 percent of estimated pensionable gross remuneration (PGR)—a rate consistent with the funding framework approved by the Executive Board in 2004 and reaffirmed by the Pension Committee, most recently in January 2016.² For FY 22, in line with the proposal by the Pension Committee, 10.66 percent of PGR, approximately \$94.2 million, will go to the SRP as indicated by the actuary, and 3.34 percent of PGR, approximately \$29.5 million, will be added to the pension reserve.³

3. **Retired Staff Benefits Investment Account (RSBIA):** The proposed FY 22 contribution from the administrative budget to the RSBIA is 7 percent of estimated PGR, or about \$61.9 million. The

¹ See 2021 Review of Staff Compensation (EBAP/21/7).

² See Staff Retirement Plan and Retired Staff Benefits Investment Account—Five Year Review of Actuarial Assumptions and Methods, Funding Frameworks and Grossing-Up Formulas (RP/CP/16/1),

³ See Fund Contribution to the Staff Retirement Plan in FY 2022 (RP/CP/21/2).

7 percent contribution rate is consistent with the funding framework approved by the Executive Board in 2012 and reaffirmed by the Pension Committee in January 2016 (footnote 2).

4. **Medical Benefits Plan (MBP):** During the period beginning with the MBP reforms in 2008 and FY 20, contributions to the MBP were indexed to the structural change in the pay scale. In FY 21, MBP contributions were aligned to the new single salary increase implemented as a result of the CCBR reforms. For FY 22, the proposal envisages that premium contribution rates will again be adjusted with the single salary increase.⁴

5. **Other costs:** Other expenses are assumed to rise in line with the global external deflator. Certain expenses, including commercial data subscriptions, have in recent years risen by more than the global external deflator and need to be accommodated within the overall budget envelope, including from other expenses with relatively subdued price increases (e.g., travel).

6. **Standard cost by grade** (Text Table): Taken as a whole, salary and benefits combined give an indicative standard cost for each staff member (or “person year” cost). FY 22 standard cost rates are based on the 2021 midpoints as proposed to the Executive Board in the *2021 Review of Staff Compensation*, and adjusted for an assumption that benefits are spread equally across staff and grades.⁵ This methodology protects privacy of individual staff and also prevents departmental hiring decisions made on the basis of individual demographics (such as age, family status, or nationality).

7. **Travel:** The proposed FY 22 budget includes repurposing of crisis-related needs amounting to \$34 million in travel and events resources, including \$27.8 million from limiting business travel by half for departments and for ICD participants; \$2.4 million from a moratorium on seminar travel budget; and \$2.7 million from limiting events budget, excluding annual and spring meetings, to 30 percent.

Preliminary Standard Cost by Grade, FY 22 (in U.S. dollars)	
Grade	Standard Cost
B05	638,110
B04	554,070
B03	497,920
B02	448,980
B01	390,410
A15	390,410
A14	339,480
A13	285,270
A12	248,080
A11	215,710
A10	187,570
A09	163,110
A08	155,300
A07	138,650
A06	123,790
A05	110,520
A04	98,680
A03	88,120
A02	78,700
A01	70,330

Sources: Office of Budget and Planning and Human Resources Department.

⁴ Forthcoming *2021 Medical Benefits Plan-Annual Review of Finances*.

⁵ *Changing the Personnel Standard Cost* (EB/CB/08/5, 11/26/2008).

Annex IX. Statistical Tables

Table 1. Administrative Budget, FY 15-21

(Millions of U.S. dollars)

	FY 15		FY 16		FY 17		FY 18		FY 19		FY 20		FY 21	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Personnel	896	862	907	896	934	922	969	962	1,009	995	1,025	1,028	1,055	1,069
Travel	128	112	130	120	123	115	126	121	135	126	134	97	133	20
Buildings and other expenditures	193	204	200	199	205	218	209	226	215	224	224	225	230	212
Contingency 1/	7	0	10	0	11	0	11	0	12	0	14	0	11	0
Total Gross Expenditures	1,224	1,177	1,247	1,215	1,273	1,255	1,315	1,309	1,371	1,346	1,397	1,350	1,429	1,301
Less: Receipts	197	167	196	176	200	189	211	211	236	214	239	199	243	154
Total Net Expenditures	1,027	1,010	1,052	1,038	1,072	1,066	1,104	1,099	1,135	1,131	1,158	1,150	1,186	1,147
Memorandum item:														
Carry Forward	42		42		43		44		46		47		55	

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding. Includes donor financing.

^{1/} Represents the contingencies for staff, OED and IEO.

Table 2. Gross Administrative Expenditures: Personnel, FY 15-21^{1/2/}
(Millions of U.S. dollars, unless otherwise noted)

Expenditure category	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21 Proj.
Personnel expenses	862	896	922	962	995	1,028	1,069
Salaries	534	552	569	603	619	641	677
Staff, OED, and IEO	410	427	444	465	484	504	529
Other personnel	124	125	126	138	135	137	148
Other personnel expenditures	323	339	348	354	371	383	390
Retirement benefits 3/ 4/	142	155	157	162	168	178	182
Health benefits	44	44	45	44	47	49	50
Tax allowances	35	38	39	39	41	41	40
Home leave	28	28	29	29	31	31	37
Children's education allowances	26	27	28	29	32	32	37
Overseas allowances	19	19	19	20	21	22	16
Training and study allowances	10	10	10	11	11	10	10
Spouse and child allowances	7	7	7	7	7	7	7
Other benefits 5/	12	11	14	13	13	14	11
Other misc. personnel expenditures 6/	5	5	5	5	5	5	2
<i>Memorandum items:</i>							
Total gross expenditures	1,177	1,215	1,255	1,309	1,364	1,350	1,301
Personnel expenses (percent of total)	73	74	74	73	73	76	82
Salaries (share of total personnel expenses)	62	62	62	63	62	62	63
Other personnel expenditures (share of pers. exp.)	38	38	38	37	38	38	37
Total personnel expenses (in FY 21 dollars)	1,002	1,018	1,024	1,037	1,050	1,056	1,069
Salaries	621	627	632	650	653	658	677
Other personnel and other misc. personnel expenditures	381	391	392	387	397	398	392

Source: Office of Budget and Planning. Note: Figures may not add to totals due to rounding.

^{1/} Reflects current expense categories in the chart of accounts, adjusted retrospectively as appropriate.

^{2/} Includes donor financing.

^{3/} Includes the Staff Retirement Plan (SRP), 401K retirement accounts, and Retired Staff Benefits Investment Account (RSBIA).

^{4/} FY 16-17 reflect additional contributions to the RSBIA.

^{5/} Includes spouse point and emergency travel, life insurance benefits, settlement allowances, and SBF separation incentives.

^{6/} Includes ICD participants' allowances, and social and welfare expenses.

Table 3. Gross Administrative Expenditures: Travel, FY 15-21
(Millions of U.S. dollars)

	FY 15		FY 16 1/		FY 17		FY 18		FY 19 1/		FY 20		FY 21 2/	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn
Expenditures	128	112	130	120	123	115	126	121	135	126	134	97	133	20
Business travel	100	87	104	92	98	88	99	92	111	99	107	72	103	5
Transportation	100	48	104	50	98	49	99	52	111	56	102	41	98	3
Per diem	...	39	...	42	...	39	...	40	...	43	6	31	5	2
Charters				0		0		0		0	0	0	0	0
Seminars & other	17	15	15	17	14	15	15	18	14	18	16	14	19	2
Other travel	11	10	12	11	12	11	12	11	10	10	10	10	10	13

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

^{1/} Includes travel to the Annual Meetings in Lima (\$5 million in FY 16), Bali (\$6 million in FY 19).

^{2/} Projected outturn for "Other travel" in FY 21 includes COVID-related medical travel and evacuations.

Table 4. Gross Administrative Expenditures: Buildings and Other Expenditures, FY 15-21
(Millions of U.S. dollars)

	FY 15		FY 16		FY 17		FY 18		FY 19		FY 20		FY 21	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn
Buildings and other expenses	193	204	200	199	205	218	209	226	215	224	224	225	230	212
Building occupancy	60	61	59	60	59	65	63	68	67	69	70	69	73	70
Information technology	57	60	60	59	61	65	65	69	69	66	72	67	73	70
Subscriptions and printing	20	20	20	20	19	21	21	22	20	21	14	20	21	18
Communications	7	9	7	8	7	8	8	8	8	8	8	8	8	7
Supplies and equipment	6	7	8	6	6	6	4	7	4	6	4	5	4	3
Miscellaneous 1/	42	47	46	46	52	53	50	52	46	55	57	56	52	43

Source: Office of Budget and Planning.

^{1/} Mainly for contractual services, for example, translation and interpretation services, external audit, as well as other consulting services on business practices and processes.

Table 5. Receipts
(Millions of U.S. dollars)

	FY 15		FY 16		FY 17		FY 18		FY 19		FY 20		FY 21	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn
Receipts	197	167	196	176	200	189	211	211	236	214	239	199	243	154
Externally-financed	154	131	157	142	160	153	172	174	196	178	200	168	206	133
General receipts 1/	43	37	39	34	40	35	39	37	40	36	39	31	37	21

Source: Office of Budget and Planning.

^{1/} Includes Trust Fund Management Fees.

Table 6. Net Administrative Expenditures by Department/office, FY 15-21^{1/}
(Millions of U.S. dollars)

	FY 15		FY 16		FY 17		FY 18		FY 19		FY 20		FY 21
	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/
Area	297	293	300	294	291	281	295	292	302	300	312	303	306
African	85	85	86	84	83	79	85	86	89	89	93	91	92
Asia and Pacific	42	41	43	43	42	41	43	43	44	44	46	46	45
European	74	71	73	70	69	65	69	66	69	68	71	68	66
Middle East and Central Asia	51	51	52	51	51	50	51	51	52	52	53	49	52
Western Hemisphere	45	45	46	46	45	45	46	46	47	47	50	49	51
Functional non-CD	146	143	151	149	157	155	163	161	167	165	170	170	180
Communications	36	36	36	36	37	36	37	37	38	36	39	36	38
Finance	32	31	33	33	35	33	36	34	36	35	37	38	41
Research	32	31	34	33	34	34	36	35	35	35	36	36	39
Strategy, Policy and Review	46	45	48	48	52	52	54	54	58	59	58	61	63
Functional CD	224	216	225	222	240	235	246	245	260	256	266	259	259
Fiscal Affairs	54	53	55	53	59	57	61	61	62	62	63	62	63
Institute for Capacity Development	31	28	31	31	33	33	34	34	34	34	35	33	32
Legal	23	23	24	24	25	25	27	26	28	28	30	30	31
Monetary and Capital Markets	77	75	77	76	83	81	84	83	86	85	87	86	85
Statistics 3/	38	38	39	38	40	39	41	40	49	46	50	48	49
Support/offices	277	267	284	276	294	291	311	305	310	300	319	303	339
Technology and General Services	191	186	83	83	...	...	...	...	...	...	...	...	...
Corporate Services and Facilities	...	...	53	53	91	91	95	95	100	99	102	99	112
Information Technology	...	...	49	47	102	102	106	106	107	104	108	104	112
Human Resources	32	32	33	32	35	35	36	35	38	38	42	41	50
Risk Management	2	1	2	2	2	2	3	2	3	3	3	3	4
Secretary's	19	18	21	20	22	22	23	23	23	21	24	20	22
Office of Budget and Planning	5	5	5	5	5	5	5	5	5	5	5	5	6
Office of Internal Audit and Inspection	4	4	4	4	5	5	5	5	5	5	5	5	6
Office of the Managing Director	10	9	10	10	10	10	10	10	11	11	11	11	11
Other small offices 4/	16	13	26	22	22	19	27	23	17	15	18	15	17
Total departments/offices	943	920	962	941	982	962	1,015	1,003	1,039	1,022	1,066	1,035	1,084
Others	87	69	90	72	90	73	93	73	97	75	97	75	92
Independent Evaluation Office	6	6	6	6	6	6	7	6	7	6	7	7	7
Office of Executive Directors	81	63	84	66	84	67	87	67	91	69	90	68	85
Central accounts 5/	38	21	42	26	44	35	40	28	44	37	42	41	65
Total	1,068	1,010	1,094	1,038	1,116	1,070	1,148	1,104	1,181	1,134	1,205	1,150	1,241
<i>of which: Carry forward</i>	42		42		43		44		46		47		55

Source: Office of Budget and Planning.

Note: Numbers may not add to totals due to rounding.

^{1/} Working budget. Excludes external financing.

^{2/} Represents total available resources, i.e., approved budget plus carry forward from previous year.

^{3/} Includes training institutes overseas, Administrative Tribunal Office, Office of Innovation and Change, Secretarial Support, Office for Asia and the Pacific, Office in Europe, the Ombudsman, the Mediator, Ethics, Grievance, Economic Data Team, Investment, HQ1 Task Force, Knowledge Management, and the Independent Investigator.

^{4/} Includes contingencies and resources in centrally administered accounts, e.g., for the resident representative program, HR-related programs, standard cost adjustments.

^{5/} Crisis savings include travel and event savings.

Table 7. FTE Utilization by Department/Office, FY 15-21^{1/}

	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Area	809	798	785	788	799	799
African	219	215	210	221	226	229
Asia and Pacific	113	112	114	114	114	116
European	205	200	188	186	189	187
Middle Eastern and Central Asia	136	137	137	134	137	129
Western Hemisphere	136	134	135	133	133	138
Functional non-CD	476	488	507	505	511	522
Communications	91	91	95	91	87	88
Finance	121	125	126	128	129	132
Strategy, Policy, and Review	164	171	176	174	183	188
Research	99	102	110	112	112	113
Functional CD	653	664	693	707	710	718
Fiscal Affairs	136	136	150	161	160	160
Institute for Capacity Development	108	115	122	123	124	128
Legal	69	70	73	77	80	80
Monetary and Capital Markets	204	208	219	220	221	228
Statistics	136	135	129	127	126	122
Support/others	510	535	547	556	565	566
Technology and General Services	293	148	...	...	...	...
Corporate Services and Facilities	...	87	160	159	160	158
Information Technology	...	64	148	153	145	144
Human Resources	79	87	90	88	96	99
Office of Budget and Planning	17	18	16	16	17	16
Office of Internal Audit	14	11	11	12	13	13
Office of Risk Management	...	...	...	2	9	10
Secretary's	55	59	57	59	59	60
Office of the Managing Director	21	23	26	25	25	25
Other small offices 1/	31	37	39	43	40	40
Central allocation 2/	16	16	12	11	17	17
Total departments/offices	2,464	2,501	2,543	2,568	2,603	2,622
Others	260	258	264	262	263	264
Independent Evaluation Office	15	14	14	15	15	15
Office of Executive Directors	246	244	250	247	247	249
Total (excl. donor financed)	2,724	2,760	2,807	2,830	2,865	2,886
Donor financed	57	69	77	87	93	96
Grand Total	2,781	2,829	2,883	2,916	2,958	2,982

Source: Office of Budget and Planning.
Note: Numbers may not add to totals due to rounding.

^{1/} Includes training institutes overseas, Administrative Tribunal Office, Office of Innovation and Change, Ethics Office, Diversity Office, Secretarial Support, Office for Asia and the Pacific, Office in Europe, the Ombudsman, the Mediator, the Grievance Committee, Economic Data Team, HQ1 Task Force, Investment Office, and Knowledge Management Unit.

^{2/} Includes HR-related programs.

**Table 8a. Fund-financed Gross Administrative Spending Estimates
by Output (indirect costs allocated), FY 19-21^{1/}**

	Millions of FY 21 U.S. dollars				Percent of total			
	FY 19	FY 20	FY 21		FY 19	FY 20	FY 21	
			Est. Resources	Proj. Outturn			Est. Resources	Proj. Outturn
Total	1,229	1,210	1,223	1,167	100.0	100.0	100.0	100.0
Multilateral surveillance	266	265	279	290	21.6	25.3	22.8	24.9
Global economic analysis	128	125	126	131	10.4	11.4	10.3	11.2
WEO	18	19	19	20	1.4	1.8	1.6	1.7
GFSR	15	14	17	17	1.2	1.5	1.3	1.5
General research	40	39	41	42	3.2	3.7	3.3	3.6
General outreach	56	52	49	51	4.5	4.5	4.0	4.4
Support and inputs to Multilateral Forums and Consultations	24	23	21	22	2.0	1.9	1.7	1.9
Multilateral consultations	4	4	4	4	0.3	0.3	0.3	0.3
Support and inputs to multilateral forums	20	19	17	18	1.6	1.6	1.4	1.5
Tools to prevent and resolve systemic crises	70	74	84	88	5.7	7.6	6.9	7.5
Analysis of vulnerabilities and imbalances	20	24	30	31	1.6	2.7	2.4	2.7
Other cross cutting analysis	45	44	48	50	3.7	4.3	3.9	4.3
Fiscal Monitor	5	5	7	7	0.4	0.6	0.5	0.6
Regional approaches to economic stability	44	44	48	50	3.5	4.4	3.9	4.3
REOs	20	20	23	24	1.6	2.1	1.9	2.1
Surveillance of regional bodies	8	7	8	8	0.7	0.7	0.6	0.7
Other regional projects	16	17	17	18	1.3	1.5	1.4	1.5
Oversight of global systems	149	150	151	155	12.1	13.5	12.4	13.3
Development of international financial architecture	48	55	52	53	3.9	4.6	4.2	4.5
Work with FSB and other international bodies	7	7	7	7	0.6	0.6	0.6	0.6
Other work on monetary, financial, and capital markets issues	41	48	45	46	3.3	4.0	3.7	3.9
Data transparency	40	37	41	42	3.3	3.6	3.3	3.6
Statistical information/data	31	28	29	30	2.6	2.6	2.4	2.6
Statistical manuals	2	2	6	6	0.2	0.5	0.5	0.5
Statistical methodologies	6	7	6	6	0.5	0.5	0.5	0.5
The role of the Fund	61	59	59	60	4.9	5.3	4.8	5.2
Development and review of Fund policies and facilities excl. PRGT and GRA	27	25	26	26	2.2	2.3	2.1	2.3
Development and review of Fund policies and facilities - PRGT	14	15	14	14	1.1	1.2	1.1	1.2
Development and review of Fund policies and facilities - GRA	8	9	11	12	0.7	1.0	0.9	1.0
Quota and voice	7	6	5	5	0.6	0.4	0.4	0.4
SDR issues	4	4	4	4	0.3	0.3	0.3	0.3
Bilateral surveillance	355	320	304	245	28.9	20.9	24.8	21.0
Assessment of economic policies and risks	308	284	279	225	25.0	19.2	22.8	19.2
Article IV consultations	235	210	174	140	19.1	12.0	14.2	12.0
Other bilateral surveillance	73	74	105	85	5.9	7.2	8.6	7.3
Financial soundness evaluations - FSAPs/OFCs	38	31	18	15	3.1	1.3	1.5	1.3
Standards and Codes evaluations	9	6	7	5	0.7	0.5	0.5	0.5
ROSCs	1	0	0	0	0.1	0.0	0.0	0.0
AML/CFT	2	2	1	1	0.2	0.1	0.1	0.1
GDDS/SDDS	6	4	5	4	0.5	0.3	0.4	0.3
Lending (incl. non-financial instruments)	184	207	224	249	14.9	21.7	18.3	21.4
Arrangements supported by Fund resources	138	168	199	222	11.2	19.3	16.3	19.0
Programs and precautionary arrangements supported by general resources	71	94	111	123	5.8	10.7	9.0	10.6
Programs supported by PRGT resources	67	74	89	99	5.5	8.6	7.2	8.5
Non-financial instruments and debt relief 2/	45	38	25	27	3.7	2.4	2.0	2.3
Capacity development	252	235	229	203	20.5	18.6	18.7	17.4
Technical assistance	203	188	195	174	16.5	15.9	16.0	14.9
Training	49	47	34	30	4.0	2.7	2.7	2.6
Miscellaneous 3/	24	33	25	25	2.0	(0.0)	2.0	2.1
Contingency	...	...	11	...	...	...	0.9	...
Reconciliation item 4/	0	0	...	...	(0.0)	(0.0)	...	...

Sources: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

^{1/} Support and governance costs are allocated to outputs.

^{2/} Includes Post Program Monitoring (PPM), Policy Support Instruments (PSI), Staff Monitored Program (SMP), Near Programs, Ex-Post Assessments (EPA), Multilateral Debt Relief Initiative-I (MDRI-I), MDRI-II, Heavily Indebted Poor Countries (HIPC), Joint Staff Advisory Note (JSAN), Catastrophe Containment Relief Trust (CCRT), and trade integration mechanisms.

^{3/} The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance

^{4/} Reconciliation to gross administrative expenditures as per the Fund's financial system.

**Table 8b. Total Gross Administrative Spending Estimates
by Output (indirect costs allocated), FY 19-21^{1/}**

	Millions of FY 21 U.S. dollars				Percent of total			
	FY 21		FY 21		FY 21		FY 21	
	FY 19	FY 20	Estimated Structural Resources	Proj. Outturn	FY 19	FY 20	Estimated Structural Resources	Proj. Outturn
Total	1,414	1,382	1,429	1,301	100.0	100.0	100.0	100.0
Multilateral surveillance	266	265	279	290	18.8	19.2	19.6	22.3
Global economic analysis	128	125	126	131	9.0	9.0	8.8	10.1
WEO	18	19	19	20	1.2	1.4	1.4	1.5
GFSR	15	14	17	17	1.0	1.0	1.2	1.3
General research	40	39	41	42	2.8	2.8	2.8	3.2
General outreach	56	52	49	51	3.9	3.8	3.5	3.9
Support and Inputs to Multilateral Forums and Consultations	24	23	21	22	1.7	1.7	1.5	1.7
Multilateral consultations	4	4	4	4	0.3	0.3	0.2	0.3
Support and Inputs to multilateral forums	20	19	17	18	1.4	1.3	1.2	1.4
Tools to prevent and resolve systemic crises	70	74	84	88	5.0	5.3	5.9	6.7
Analysis of vulnerabilities and imbalances	20	24	30	31	1.4	1.7	2.1	2.4
Other cross cutting analysis	45	44	48	50	3.2	3.2	3.3	3.8
Fiscal Monitor	5	5	7	7	0.4	0.4	0.5	0.5
Regional approaches to economic stability	44	44	48	50	3.1	3.2	3.4	3.8
REOs	20	20	23	24	1.4	1.4	1.6	1.9
Surveillance of regional bodies	8	7	8	8	0.6	0.5	0.5	0.6
Other regional projects	16	17	17	18	1.1	1.2	1.2	1.4
Oversight of global systems	149	151	151	155	10.6	10.9	10.6	11.9
Development of international financial architecture	48	55	52	53	3.4	4.0	3.6	4.1
Work with FSB and other international bodies	7	7	7	7	0.5	0.5	0.5	0.6
Other work on monetary, financial, and capital markets issues	41	48	45	46	2.9	3.5	3.1	3.5
Data transparency	40	37	41	42	2.8	2.7	2.8	3.2
Statistical information/data	31	28	29	30	2.2	2.0	2.0	2.3
Statistical manuals	2	2	6	6	0.2	0.2	0.4	0.4
Statistical methodologies	6	7	6	6	0.5	0.5	0.4	0.5
The role of the Fund	61	59	59	60	4.3	4.3	4.1	4.6
Development and review of Fund policies and facilities excl. PRGT and GRA	28	25	26	26	1.9	1.8	1.8	2.0
Development and review of Fund policies and facilities - PRGT	14	15	14	14	1.0	1.1	1.0	1.1
Development and review of Fund policies and facilities - GRA	8	9	11	12	0.6	0.6	0.8	0.9
Quota and voice	7	6	5	5	0.5	0.4	0.3	0.4
SDR issues	4	4	4	4	0.3	0.3	0.3	0.3
Bilateral surveillance	355	321	304	245	25.1	23.2	21.2	18.8
Assessment of economic policies and risks	308	284	279	225	21.8	20.5	19.5	17.3
Article IV consultations	235	210	174	140	16.6	15.2	12.2	10.8
Other bilateral surveillance	73	74	105	85	5.1	5.3	7.3	6.5
Financial soundness evaluations - FSAPs/OFCs	38	31	18	15	2.7	2.2	1.3	1.1
Standards and Codes evaluations	9	7	7	5	0.6	0.5	0.5	0.4
ROSCs	1	0	0	0	0.1	0.0	0.0	0.0
AML/CFT	2	2	1	1	0.2	0.1	0.1	0.1
GDDS/SDDS	6	4	5	4	0.4	0.3	0.3	0.3
Lending (incl. non-financial instruments)	184	207	224	249	13.0	14.9	15.7	19.2
Arrangements supported by Fund resources	138	168	199	222	9.8	12.2	13.9	17.1
Programs and precautionary arrangements supported by general resources	71	94	111	123	5.0	6.8	7.7	9.5
Programs supported by PRGT resources	67	74	89	99	4.8	5.4	6.2	7.6
Non-financial instruments and debt relief 2/	45	38	25	27	3.2	2.8	1.7	2.1
Capacity development	432	398	435	337	30.6	28.8	30.4	25.9
Technical assistance	362	334	379	293	25.6	24.2	26.5	22.6
Training	70	64	56	43	4.9	4.7	3.9	3.3
					-	-	-	-
Miscellaneous 3/	28	41	25	25	2.0	3.0	1.7	1.9
Contingency	...	...	11	...	...	...	0.8	...
Reconciliation item 4/	0	0	...	...	-	-	...	...

Sources: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

^{1/} Support and governance costs are allocated to outputs.

^{2/} Includes Post Program Monitoring (PPM), Policy Support Instruments (PSI), Staff Monitored Program (SMP), Near Programs, Ex-Post Assessments (EPA), Multilateral Debt Relief Initiative-I (MDRI-I), MDRI-II, Heavily Indebted Poor Countries (HIPC), Joint Staff Advisory Note (JSAN), Catastrophe Containment Relief Trust (CCRT), and trade integration mechanisms.

^{3/} The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance.

^{4/} Reconciliation to gross administrative expenditures as per the Fund's financial system.

**Table 8c. Fund-financed Gross Administrative Spending Estimates
by Output (direct costs), FY 19-21^{1/}**

	Millions of FY 21 U.S. dollars				Percent of total			
	FY 19	FY 20	FY 21		FY 19	FY 20	FY 21	
			Estimated Structural Resources	Proj. Outturn			Estimated Structural Resources	Proj. Outturn
Total	1,229	1,210	1,223	1,167	100.0	100.0	100.0	100.0
Multilateral surveillance	176	176	178	189	14.3	11.9	14.6	16.2
Global economic analysis	89	86	83	88	7.2	5.5	6.8	7.5
WEO	11	12	12	12	0.9	0.8	1.0	1.1
GFSR	9	9	10	11	0.8	0.7	0.8	0.9
General research	25	25	25	26	2.0	1.7	2.0	2.3
General outreach	43	41	36	38	3.5	2.4	2.9	3.3
Support and inputs to Multilateral Forums and Consultations	15	15	13	14	1.3	0.9	1.1	1.2
Multilateral consultations	3	3	2	2	0.2	0.1	0.2	0.2
Support and inputs to multilateral forums	13	12	11	11	1.0	0.7	0.9	1.0
Tools to prevent and resolve systemic crises	44	46	52	55	3.6	3.4	4.2	4.7
Analysis of vulnerabilities and imbalances	12	15	18	19	1.0	1.2	1.5	1.6
Other cross cutting analysis	28	28	30	31	2.3	2.0	2.4	2.7
Fiscal Monitor	3	3	4	4	0.3	0.3	0.3	0.4
Regional approaches to economic stability	28	28	31	32	2.3	2.0	2.5	2.8
REOs	13	13	15	16	1.0	1.0	1.2	1.3
Surveillance of regional bodies	5	4	5	5	0.4	0.3	0.4	0.4
Other regional projects	10	11	11	11	0.8	0.7	0.9	1.0
Oversight of global systems	96	97	95	99	7.8	6.2	7.8	8.5
Development of international financial architecture	31	36	33	34	2.5	2.1	2.7	2.9
Work with FSB and other international bodies	5	5	5	5	0.4	0.3	0.4	0.4
Other work on monetary, financial, and capital markets issues	26	31	28	29	2.1	1.8	2.3	2.5
Data transparency	25	24	26	26	2.0	1.6	2.1	2.3
Statistical information/data	20	18	18	19	1.6	1.2	1.5	1.6
Statistical manuals	1	1	4	4	0.1	0.2	0.3	0.3
Statistical methodologies	4	5	4	4	0.3	0.2	0.3	0.3
The role of the Fund	40	38	37	38	3.2	2.4	3.0	3.3
Development and review of Fund policies and facilities excl. PRGT and GRA	18	16	16	16	1.5	1.0	1.3	1.4
Development and review of Fund policies and facilities - PRGT	8	9	8	8	0.7	0.5	0.7	0.7
Development and review of Fund policies and facilities - GRA	5	6	7	8	0.4	0.5	0.6	0.7
Quota and voice	5	4	3	3	0.4	0.2	0.3	0.3
SDR issues	3	3	3	3	0.2	0.2	0.2	0.2
Bilateral surveillance	225	204	217	158	18.3	9.6	17.7	13.5
Assessment of economic policies and risks	196	181	200	145	15.9	8.9	16.3	12.4
Article IV consultations	149	134	125	91	12.1	5.5	10.2	7.8
Other bilateral surveillance	47	47	75	55	3.8	3.3	6.1	4.7
Financial soundness evaluations - FSAPs/OFCs	24	19	13	9	1.9	0.6	1.1	0.8
Standards and Codes evaluations	5	4	4	3	0.4	0.2	0.4	0.3
ROSCs	0	0	0	0	0.0	0.0	0.0	0.0
AML/CFT	1	1	1	1	0.1	0.0	0.1	0.0
GDDS/SDDS	3	3	3	2	0.3	0.2	0.3	0.2
Lending (incl. non-financial instruments)	120	135	136	161	9.8	10.1	11.1	13.8
Arrangements supported by Fund resources	90	110	121	143	7.3	9.0	9.9	12.3
Programs and precautionary arrangements supported by general resources	47	62	67	79	3.8	5.0	5.4	6.8
Programs supported by PRGT resources	43	48	54	64	3.5	4.0	4.4	5.5
Non-financial instruments and debt relief 2/	30	25	15	18	2.4	1.1	1.2	1.5
Capacity development	147	142	148	122	12.0	8.2	12.1	10.5
Technical assistance	112	109	122	101	9.1	6.8	10.0	8.7
Training	35	33	25	21	2.8	1.4	2.1	1.8
Support and Governance	420	431	413	414	34.2	53.7	33.8	35.5
Miscellaneous 3/	26	25	25	25	2.1	0.3	2.0	2.1
Contingency	...	...	11	...	...	...	0.9	...
Reconciliation item 4/	19	0	...	...	1.6	-	...	...

Sources: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

^{1/} Support and governance costs are shown as a separate item.

^{2/} Includes PPM, PSI, SMP, EPA, JSAN, and debt relief initiatives.

^{3/} The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance.

^{4/} Reconciliation to gross administrative expenditures as per the Fund's financial system.

Table 9. Capital Expenditures, FY 15–21

	Formula Key	Facilities	Information Technology	HQ2	HQ1 Renewal	Concordia Renovation	Total Capital
FY 15							
New appropriations	(11)	22.0	29.8		0.0	0.6 ^{3/}	52.4
Total funds available	(12) = (10)+(11)	41.2	42.6		313.1	0.6	397.4
Expenditures	(13)	10.5	29.3		95.7	0.3	135.8
Lapsed funds 1/	(14)	0.6	0.3		0.0	0.3	1.2
Remaining funds 2/	(15) = (12)-(13)-(14)	30.1	12.9		217.4	0.0	260.4
FY 16							
New appropriations	(16)	14.4	27.7		132.0 ^{4/}		174.1
Total funds available	(17)= (15)+(16)	44.5	40.6		349.4		434.5
Expenditures	(18)	14.6	25.8		90.1		130.5
Lapsed funds 1/	(19)	0.4	0.1		0.0		0.6
Remaining funds 2/	(20) = (17)-(18)-(19)	29.4	14.7		259.2		303.4
FY 17							
New appropriations	(21)	32.5	28.0		0.0		60.5
Total funds available	(22)= (20)+(21)	62.0	42.7		259.2		363.9
Expenditures	(23)	17.9	27.9		76.3		122.1
Lapsed funds 1/	(24)	5.4	0.2		0.0		5.6
Remaining funds 2/	(25) = (22)-(23)-(24)	38.7	14.6		182.9		236.2
FY 18							
New appropriations	(26)	31.4	35.0		0.0		66.4
Total funds available	(27)= (25)+(26)	70.1	49.6		182.9		302.6
Expenditures	(28)	22.3	31.4		62.3		116.0
Lapsed funds 1/	(29)	0.3	0.0		0.0		0.3
Remaining funds	(30) = (27)-(28)-(29)	47.4	18.2		120.6		186.3
FY 19							
New appropriations	(31)	35.5	35.9		0.0		71.4
Total funds available	(32)= (30)+(31)	82.8	54.1		120.6		257.5
Expenditures	(33)	28.7	30.9		81.6		141.2
Lapsed funds 1/	(34)	5.9	0.0		0.0		5.9
Remaining funds	(35) = (27)-(28)-(29)	48.1	23.2		39.0		110.4
FY 20							
New appropriations	(36)	40.8	45.0		0.0		85.8
Total funds available	(37)= (35)+(36)	88.9	68.2		39.0		196.2
Expenditures (Est.)	(38)	41.8	42.2		22.8		106.8
Lapsed funds 1/	(34)	1.8	0.0		0.0		1.8
Remaining funds	(39) = (37)-(38)	45.4	26.0		16.2		87.6
FY 21							
New appropriations	(40)	42.4	56.3		0.0		98.7
Total funds available	(41)= (39)+(40)	87.8	82.3		16.2		186.3
Expenditures (Est.)	(42)	26.0	46.0		1.0		73.0
Remaining funds (Est.) 2/	(45) = (41)-(42)	61.8	36.3		15.2		113.3

Sources: Office of Budget and Planning and Corporate Services and Facilities Department and Information Technology Department.

^{1/} Figures reflect funds that were not spent within the three-year appropriation period, e.g., FY 16 appropriated funds lapsed at the end of FY 18.

^{2/} Figures reflect the unspent amount of the budget appropriation in the period concerned. Those funds can be used for authorized projects in the remaining period(s) the period covered by the appropriation.

^{3/} Unspent Concordia funds appropriated in FY 12 expired at the end of FY 14 with the exception of \$0.6 million that was specifically reappropriated for FY 15 to complete the remaining work under the project.

^{4/} Additional appropriations were approved for the HQ1 Renewal Program during FY 16.

**PRESS RELEASE**

Appendix I. Draft Press Release

PR/YY/XX

IMF Executive Board Approves FY 2022–FY 2024 Medium-Term Budget

FOR IMMEDIATE RELEASE

Washington, DC—On April [23], 2021, the Executive Board of the International Monetary Fund (IMF) approved the IMF’s administrative and capital budgets for financial year (FY) 2022, beginning May 1, 2021, and took note of indicative budgets for FY 2023–24.

The FY 2022 budget is set in the context of a global economic outlook that is marked by high uncertainty and the likelihood of uneven recovery, with many countries facing daunting crisis legacies. The budget provides for continued Fund support for its membership with the immediate crisis response and to navigate a safe exit from the crisis.

The approved net administrative budget for FY 2022, which covers all administrative expenses less receipts (primarily from external sources to help support capacity building activities and excluding lending income), has been set at US\$1,214 million. The approved FY 2022 budget sustains crisis response and provides incremental resources for long-term priorities within an unchanged resource envelope in real terms for the tenth year in a row, measured relative to the IMF’s budget deflator (with the exception of a small (0.6 percent) increase in FY 2017 to meet rising information and physical security costs). The budget is built on extensive reprioritization and savings—including from modernization. In light of immediate crisis-related needs, the Executive Board has also approved a temporary increase in the maximum amount of unused budget resources that can be carried forward from previous years from 5 to 8 percent of the underlying budget.

The FY 2022 capital budget is set at US\$79 million and provides financing for building facilities and information technology capital projects. This includes projects to modernize digital platforms and tools. In

response to the industry shift towards cloud-subscription based information technology solutions, the Board approved a change in the budgetary treatment of these expenses.

Additional information can be found in the staff paper.

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March 26, 2021

FY 2022–FY 2024 MEDIUM-TERM BUDGET

EXECUTIVE SUMMARY (NEW)

Context. Amidst the unfolding COVID-19 crisis, the Fund faces twin challenges. Signs of early crisis recovery are uneven across countries, and many face daunting crisis legacies. At the same time, longer term challenges from climate change, digitalization and increasing divergence within and between countries demand stepped up effort by the Fund within its areas of expertise and in partnership with others.

FY 22-24 budget framework. Considering these challenges and following a decade of flat real budgets, staff will propose a structural augmentation for consideration by fall 2021 to be implemented over two to three years beginning in FY23. Recognizing the importance of ongoing fiscal prudence, the budget would remain stable thereafter on a real basis at a new, higher level.

FY 22 administrative budget. The proposed FY 22 budget sustains crisis response and provides incremental resources for long-term priorities within the flat real budget envelope. The budget is built on extensive reprioritization; savings, including from modernization; and a proposed temporary increase in the carry forward ceiling to address crisis needs during the FY 22 to FY 24 period.

Capital budget. Large-scale business modernization programs continue to be rolled out, strengthening the agility and efficiency of the Fund's operations. In response to the shift towards cloud-based IT solutions, staff propose a change in the budgetary treatment of these expenses. Investment in facilities will focus on timely updates, repairs, and modernization, preparing for the post-crisis Fund where virtual engagement and a new hybrid office environment play a larger role.

Budget sustainability. The FY 22–24 medium-term budget framework, including assumptions for a material augmentation, is consistent with a projected surplus in the Fund's medium-term income position and with continued progress towards the precautionary balance target for coming years.

Budget risks. In the midst of a global crisis, risks to the budget remain elevated and above risk acceptance levels, including from uncertainty around the level of demand for Fund programs and ensuing staffing needs, as well as future donor funding for capacity development (CD). Enterprise risk management continues to be strengthened with this budget.

Approved By
Michele Shannon

Prepared by an Office of Budget and Planning team led by Maria Albino and Andrea Salerno under the supervision of Axel Schimmelpfennig with contribution from Feras Abu Amra, Gillian Adu, Emre Alper, Leslie Alvarez, Anand Balakrishnan, Rebecca Brofft, Raquel Chuayffet, Angeliki Economopoulos, Cher Huo, Sepideh Khazai, Mathew Madsen, Mercy Pinargote, Delano Radgman, Anika Shtuni, Justin Tyson, Muriel Vimond, and Barrie Williams.

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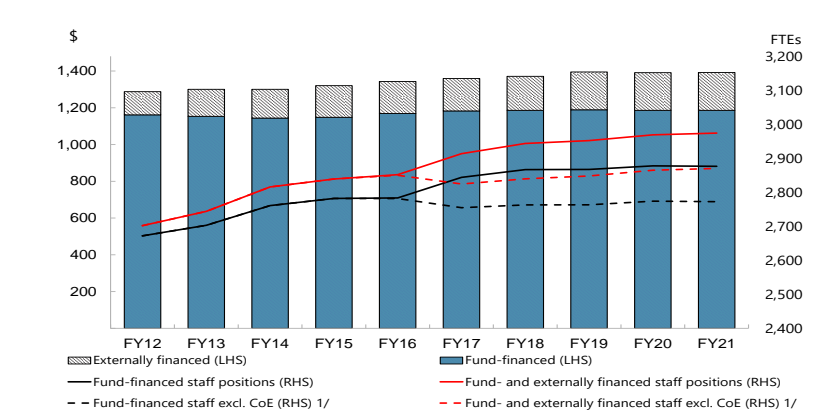
SECTION I. OVERVIEW

1. **The FY 22-24 budget is set against the intersection of twin challenges for the Fund:**
 - **Crisis response and recovery**—helping members drive toward a durable exit from the health and economic crisis. Notwithstanding the shift to a remote work environment, the Fund moved swiftly to assist the membership in its response to the pandemic, recognizing the need to do whatever it takes to mitigate the impact of the Great Lockdown. These efforts will continue to be a central focus as the membership moves at differing paces from crisis management to recovery and **addresses** crisis legacies.
 - **Addressing long-term shifts in the global economy**—moving more forcefully to **tackle** the impact of longer-term drivers of global change as they affect the Fund’s core work, in collaboration with global partners. The membership has **increasingly** called on the Fund to play a leadership role in addressing the economic and financial impact of climate change and digitalization on the global economy and to put greater focus on reduced fragility and inclusive growth. These issues will need to be integrated more fully into the Fund’s core work across surveillance, lending and CD, and in its ways of working. Doing so effectively will take time, but early action is critical to build the Fund’s capacity to contribute.

As emphasized in the [Spring 2021 Global Policy Agenda](#), these challenges are linked. The Fund must take full account of the still uncertain reverberations from the crisis as it strengthens its capacity to **support a green, resilient, and inclusive global economy**. The needs of the most vulnerable must remain a central focus, with the imperative to arrest and reverse the dangerous trend of divergence between **and within** countries. In doing so, **the Fund** must focus on areas where it is best placed to support the membership, including in collaboration with partners, deferring to other organizations **on issues** outside its expertise where **others** are best placed to lead.

2. **Longstanding budget discipline** (Figure 1). The Fund has demonstrated **sustained** fiscal prudence. Over the last decade, it has significantly enhanced its work in areas of importance to the membership (e.g., CD, macrofinancial and macrostructural issues, governance, and external sector issues) while maintaining a real flat budget, apart from a \$6 million (0.6 percent) increase for

Figure 1. Net Administrative Budget and Personnel, FY 12-21
(Millions of FY 21 U.S. dollars and FTEs) **(REVISED)**

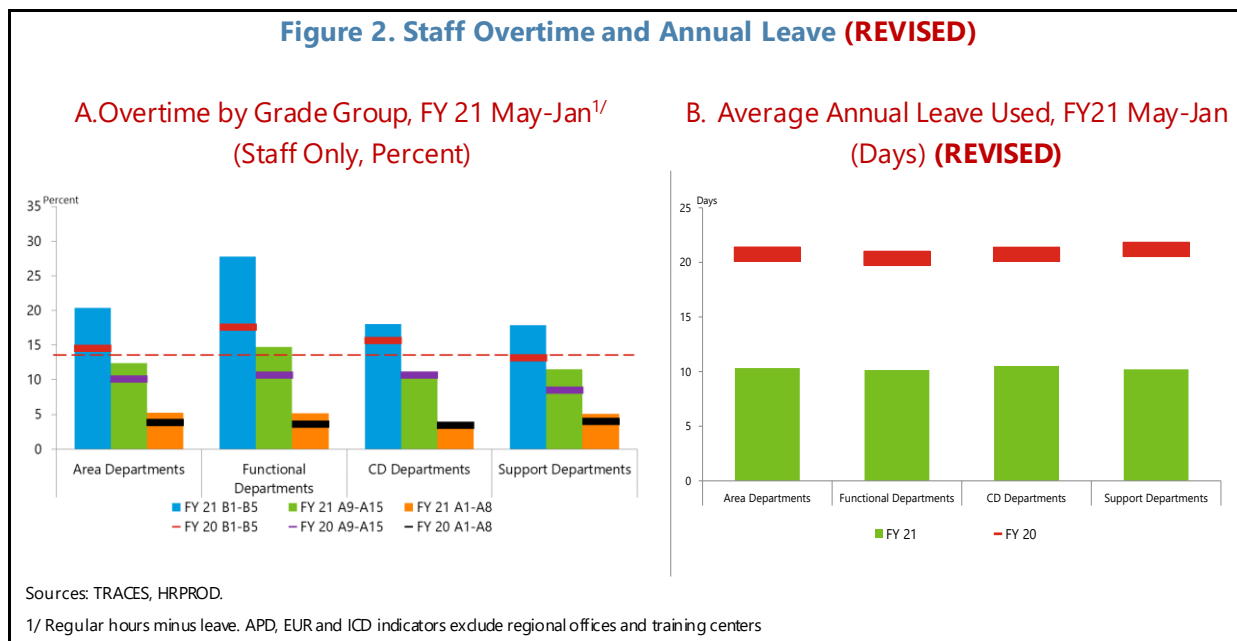


Source: Office of Budget and Planning.
^{1/}Excludes contractual employees moved to staff in the 2016 Categories of Employment (CoE) Reform

security expenditures in FY 17. While overall staffing increased during this period, this mainly reflects CD-related hiring funded through external resources and regularization of long-serving contractual employees as staff as part of a 2016 strengthening of the HR framework. Otherwise, pre-crisis staffing has been largely flat for some time (Figure 1, black dotted line). This discipline supported a lean, agile Fund and engrained the importance of continuous reprioritization and modernization.

3. **Budget challenges.** While budget prudence has served the Fund and its membership well, key pressure points have emerged:

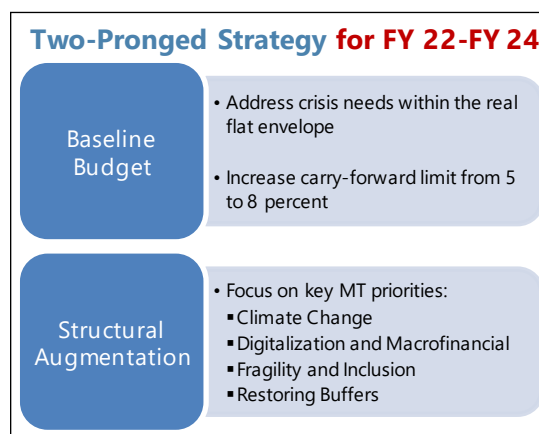
- Unsustainable demands on staff.** As in past crises, work pressures on staff have spiked, as reflected in increased overtime (work beyond normal hours, uncompensated for staff above grade A9) and a sharp reduction in leave usage (Figure 2). The special nature of the current crisis, particularly the work-from-home (WFH) environment, has exacerbated these pressures, including for those with school-age children. At the same time, average mission length increased in the virtual environment, with a survey of SPR country economists suggesting a change of about 25-30 percent. Time differences have required significant off-hours work that has proved disruptive for many staff. While they are expected to support savings over time, key modernization projects have required significant staff engagement, further contributing to temporary pressures. With unprecedented program engagement and crisis-related work projected to continue for some time, demands on staff will remain high. To address these urgent needs, a temporary increase in staff (projected for 2-3 years) was funded during FY 21 through crisis-related reallocations. However, this increase depends on the continued availability of carry forward resources, or underspending from previous cycles, and does not address demands related to longer-term policy challenges.



- **Reduced buffers.** As noted in the FY 20 budget outturn [report](#), budget utilization was close to 100 percent in the recent pre-crisis period. Notwithstanding this reduction of buffers, the Fund demonstrated agility in its crisis response, reprioritizing throughout late FY 20 and FY 21 to meet the changing needs of the membership. However, this has implied that workstreams which remain important in the steady state had to be paused or delayed. Carry forward resources remain available to meet short-term needs. However, budget space to address emerging issues in a comprehensive and sustained manner, while continuing to deliver on existing mandates, has largely been exhausted.
- **Rising pressures.** The ability of the Fund to absorb calls for a dynamic response to new priorities and challenges facing the membership is thus constrained. Ongoing uncertainty and the new demands for Fund action will heighten budget pressures and related risks in the absence of a response.

4. **A two-pronged budget strategy** for FY 22-FY 24 is proposed to address these challenges:

- **Baseline budget.** The first prong is a baseline budget that incorporates crisis response and the temporary impact of the crisis on the Fund’s own operations within the existing resource base, **with incremental shifts in resources to new priority areas.**



- **Continued fiscal prudence.** This includes continuation of temporary crisis staffing, as noted above, funded along with other near-term priority needs through savings (i.e., sustained lower travel and continued modernization), extensive reprioritization, and allocation of general carry forward.
- **Increased carry forward limit.** To support temporary needs during the FY 22-FY 24 period, staff proposes a temporary increase in the general carry forward limit from 5 percent to 8 percent. This would allow full capture of the FY 21 structural underspend to help cover crisis needs within a flat real budget envelope. A portion of the carry forward would not be allocated in FY 22, and actual use has historically been below allocated levels. Both factors are expected to allow the carry forward to continue to support crisis needs throughout the FY 22-FY 24 budget period.

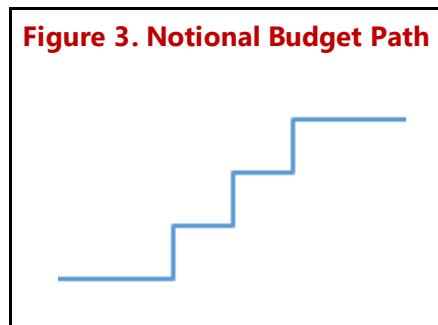
Current limit:	5 percent	\$55.2 m
Proposed limit:	8 percent	\$88.4 m
Current level:	4 percent	\$44 m
FY 21 est. underspend:		\$29 m
Allocation in FY 22:		\$60 m

- **Targeted structural augmentation to address new imperatives.** The second prong of the strategy addresses the limited space to accommodate new initiatives following a decade of flat real budgets. This augmentation recognizes the risk that resource constraints prevent the Fund from meeting members’ needs. It will allow for a more strategic, less piecemeal,

and timelier approach to **confronting** the exigencies that will shape the global economy for decades to come.

- **Focus.** This augmentation would ground the Fund’s **work on climate change** and digitalization in **the** areas of its expertise **and squarely within the IMF’s mandate**. It would accelerate ongoing efforts to strengthen the Fund’s macrofinancial **work in bilateral surveillance**, reinforce its support to fragile **and conflict-affected** states (FCS), including through targeted field presence, and drive organizational support for work on inclusive growth, **including** gender. It **also** would **support restoration of** buffers to ensure that the Fund remains well positioned to respond to unexpected developments.

- **Design.** The augmentation request would cover an adjustment over two to three years, with a return to a real flat path at the new, higher level thereafter (Figure 3). The pace of increase would mirror the envisaged speed in the ramp up of the underlying work. Consistent with existing good practice, these funds would not be earmarked, but their allocation would be transparently reported, both ex ante at the budget approval stage and ex post in output monitoring, as is the case with other spending.



- **Requirements.** The Executive Board has indicated that any augmentation request requires clarity on:
 - **Use**—specification of the outputs and activities that the additional structural resources will support, demonstrating a strategic focus on the Fund’s mandate and on collaboration with partner organizations. With the Spring GPA setting the overall medium-term context, the Board will discuss the strategic underpinnings for the augmentation through:
 - Dedicated informal briefings on the Fund’s climate and digital money strategy (April) and follow-on meetings on both topics (summer);
 - Upcoming discussions of the Comprehensive Surveillance Review (CSR) (April) and the Financial Sector Assessment Program (FSAP) Review (May); and
 - Discussion of the strategy for engagement with FCS and on work on inclusive growth and gender during the summer.

A discussion of New Ways of Working (NWOW) and broader modernization efforts in the summer will also highlight the impact of post-COVID shifts in work practices and outline the elements of a broader examination of the Fund’s DC and overseas footprint. This discussion will recognize both potential costs and savings, as well as the Future of Work at the Fund, including planning for a hybrid workforce.

- **Scale**—demonstration that the level of resources requested links clearly to the objectives and outputs in areas covered by the request, in a manner that reflects the underlying principles of budget discipline that have served the institution well.
- **Need**—evidence that all measures have been taken to find efficiencies within the current envelope. Box 1 outlines extensive reprioritization over the past decade and, as detailed in Sections III and IV, this practice has continued in the crisis period. In a similar vein, the requested augmentation will be embedded in a commitment to maintain such discipline and reprioritization will continue as part of annual budget cycles, albeit at a more incremental pace.
- **Sustainability**—confirmation that the expenditures are sustainable given the outlook for income. Section II outlines staff’s analysis of this issue, with a conclusion that a material augmentation of the range likely to be proposed would be consistent with existing objectives for the buildup of precautionary balances.
- **Commitment to ongoing budget prudence.** The plan to revert to a flat real budget trajectory following the implementation of the increase will reinforce ongoing budget discipline and sustainability.

5. **Next steps and FY 22 budget.** Notwithstanding the importance of moving swiftly to ramp up work in priority areas, additional time will allow consultation with the membership on underlying strategies and outputs in areas covered by the request. As such, the FY 22 budget does not include a specific augmentation request to provide the time needed to engage the Board this summer on the contours and parameters of a structural augmentation, followed by a request in the fall for formal endorsement of its overall scale, phasing and uses. With this endorsement, staff will incorporate the augmentation into its budget requests beginning in FY 23. The proposed FY 22 budget reflects only the baseline, maintaining a flat real structural envelope and calling for an increase in the general carry forward limit to 8 percent. The budget includes continued temporary provisions to meet crisis needs, funded through both reprogramming of existing structural resources and use of carry forward.

Table 1. FY 21-22 Budget Summary (REVISED)
(Millions of FY 21 U.S. dollars, unless otherwise noted)

	FY 21	FY 22
Net structural budget 1/	1,186	1,186
Transitional 2/	38	60
Total, including transitional 2/	1,224	1,246
Proposed net structural budget (current dollars)		1,214
Total, including transitional (current dollars) 2/		1,275
Crisis needs and funding		
Gross needs	112	94
Reprioritization/savings 3/	95	69
Contingency funds/carry forward/other	16	25

Sources: Department submissions and OBP estimates.
 1/ April 21 budget. \$69m repurposed for crisis needs during FY 21.
 2/ FY 22 transitional incl. crisis needs funded by carry forward (\$17m).
 3/ FY 22 total reprioritization/savings of \$103m, of which \$69m is applied to crisis needs

Box 1. Budget Discipline through Reprioritization and Savings (NEW)

Budget discipline has been supported through ongoing efforts to streamline, modernize and reprioritize to ensure that resources within the real flat envelope could be directed to existing and emerging priority activities. In the past decade, a range of initiatives, from Fund-wide streamlining reviews to large scale modernization effort to department-specific initiatives helped identify savings and efficiency gains. On average, past budgets reprioritized about 4 percent of the aggregate budget envelope, releasing space that allowed for expansion of the Fund's work in core areas.

Centralized Streamlining Reviews over the Last Decade:

- **Early Fund-wide efforts.** Yearly exercises since the early 2010s led to streamlining surveillance products, introducing e-Review to efficiently manage interdepartmental reviews and increase collaboration, and discontinuing comprehensive Statistical Appendix Tables in Article IVs. Some resident representative offices covered multiple countries and area department staff were reassigned to manage emerging programs. WEO data submissions by country desks were streamlined, and the Vulnerability Exercise, the Early Warning Exercise, and G20 work were scaled back. The merger of INS/OTM (into ICD) generated efficiency gains. Use of outsourcing for services also grew, along with regular upgrades in IT.
- **Towards a risk-based approach to identify savings.** A comprehensive streamlining exercise was undertaken to identify savings and a \$20 million package of measures was agreed as part of the FY 16 medium-term budget. Measures included streamlining a range of multilateral surveillance outputs; moving most regular policy reviews to five-year cycles; reducing the frequency of country program reviews and post-program monitoring; discontinuing Ex-Post Assessments; limiting internal funding for CD available to advanced economies; and extracting efficiency gains in administrative and other internal processes. Additional efficiency and cost-saving measures involved dropping Chapter 2 of the WEO, which focused on regional developments, and the October conjunctural chapter of the Fiscal Monitor; reducing the GFSR page count; integrating the spillover report into the WEO; creating an Ongoing Research Projects List; shifting the policy review cycle; making Safeguards Assessments more risk-based; moving program reviews from quarterly to semi-annual cycles; and streamlining administrative back office processes.
- **Focus on Fund's effectiveness and modernization.** Management constituted an Advisory Group on Modernization and Streamlining and, in mid-2018, endorsed the Group recommendations to implement a broad-based package of measures to support more agile, integrated and member-focused operations. A broad set of measures included adopting a sharper and more strategic approach to the Global Policy Agenda and the Board Work Program; making Article IV surveillance more prioritized and focused, and bilateral financial sector surveillance more evenly distributed; introducing an upper limit of 6 FTEs spending on mandatory FSAPs (or \$1.5 million equivalent); improving the focus and strategic messaging of multilateral surveillance; bringing a more strategic approach to conferences and seminars, as well as management outreach; modernizing CD and improving its integration with surveillance; strengthening institutional impact analysis; further leveraging technology; and applying internal and external best practices to further modernize support services.

Modernization agenda. The business transformation agenda provides critical building blocks towards a more productive, efficient workplace (Section V). It also promises administrative savings that free up space for priorities. Net steady-state savings of \$10.6 million have been identified for 1HR, CDMAP and iData.

Box 1. Budget Discipline Through Reprioritization and Savings (concluded) (NEW)

- **Response to the pandemic.** Immediate crisis response needs were met in large part through reprioritization, delays of non-crisis work and streamlining of operational procedures (Supplemental FY 21-23 MTB). About 62 staff were reallocated on an informal and temporary basis to provide direct support to teams in area departments, FIN, and SPR; most Article IVs and FSAPs were placed on a six-month hold to meet the unprecedented demands for emergency financing; major policy reviews were delayed, including the CSR, and FSAP Review, and the 2020 ESR; processes for review and approval, also at the Board level, were streamlined to expedite emergency financing cases; the staff Annual Talent Management Exercise was significantly simplified on an exceptional basis. In light of the impact of COVID-19, a cross-departmental group reviewed operational and business processes for “quick wins” to process simplification, including streamlining Board procedures, flagship and analytical work, and interdepartmental reviews; simplifying controls, procurement, risks and audit, as well as reporting. Additional immediate interventions involved remote interpretation capabilities, modernization and IT, HR issues and communication.

Department-level reforms. Departments have responded nimbly to changing priorities within an unchanged envelope through a variety of temporary and permanent measures. These include:

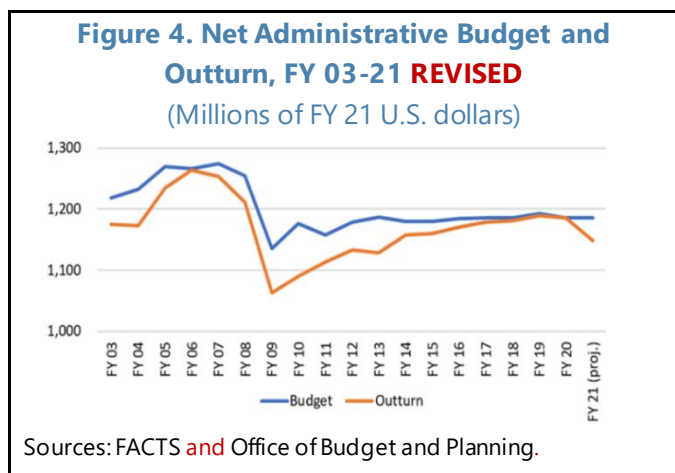
- **Country Operations.** Reduced selected issues papers; freed up space from the end of the Poverty Reduction Strategy Paper process; more frequent use of Lapse-Of-Time process; increased cost-effectiveness in field offices; moving more Article IVs to a 24-month cycle; increased cross-departmental coordination on analysis and operationalization of work on emerging issues to avoid overlaps; continued shift to more focused country review; CD reports streamlined or replaced by presentations; reduced on-site training, including by the use of online training; and phased out non-core research.
- **Internal Support.** Shifted to new self-service and automated translation tools; vendor contracts renegotiation; hospitality and mail services reductions; investments in energy efficient equipment; increased automation and streamlining of processes in the Fund’s financial operations; process efficiencies; increased use of technology; containing the budget of the Annual and Spring Meetings, while attendees have quadrupled; launched initiatives to cut waste (e.g., FAD’s *Go Green Initiative* cutting paper-based CD reports) and IT costs (e.g., STA’s *Streamline, Standardize and Automate Initiative*); and increased modernization and digitalization of Board documents.

6. **Roadmap.** Section II looks at the key medium-term issues that will shape the Fund’s budget outlook, including the longer-term issues that underlie the need for a structural augmentation. Section III (and Annex III) provide an initial review of FY 21 budget developments. Section IV details the proposed FY 22 budget overall and through four lenses: savings and reprioritization in the current cycle to ensure efficient use of resources, allocations in terms of outputs, what it means for funding priorities, and distribution of resources across departments. Section V looks at the capital budget, including the FY 21 projected outturn and proposed FY 22 budget. It also looks at initial implementation of the updated Capital Investment Framework approved last year and, along with Annex VI, sets out a proposal to address the budget impact of the shift to a cloud-based model for IT-intensive capital investment that, barring changes, would put pressure on the administrative budget over time. Section VI considers budget risks. Section VII presents FY 22 proposed decisions.

SECTION II. MEDIUM-TERM OUTLOOK (MOVED)

A. Context

7. **Tradition of Agility.** Throughout its history, the Fund has adapted to the changing needs of the membership—from the fundamental changes arising from the end of the Bretton Woods system of fixed exchange rates, to the 1980s debt crisis and post-Soviet transition, to the strengthening of financial support and debt relief for low-income members, to shifts in **financing** and **related** spillovers manifest in the global financial crisis, to the increasing recognition of the need to integrate structural considerations more fully into the Fund’s core work in concert with partners. In doing so, the Fund has demonstrated its ability to adapt in a cost-effective and flexible manner, to define a role consistent with its mandate, and to collaborate with partners (Figure 4).

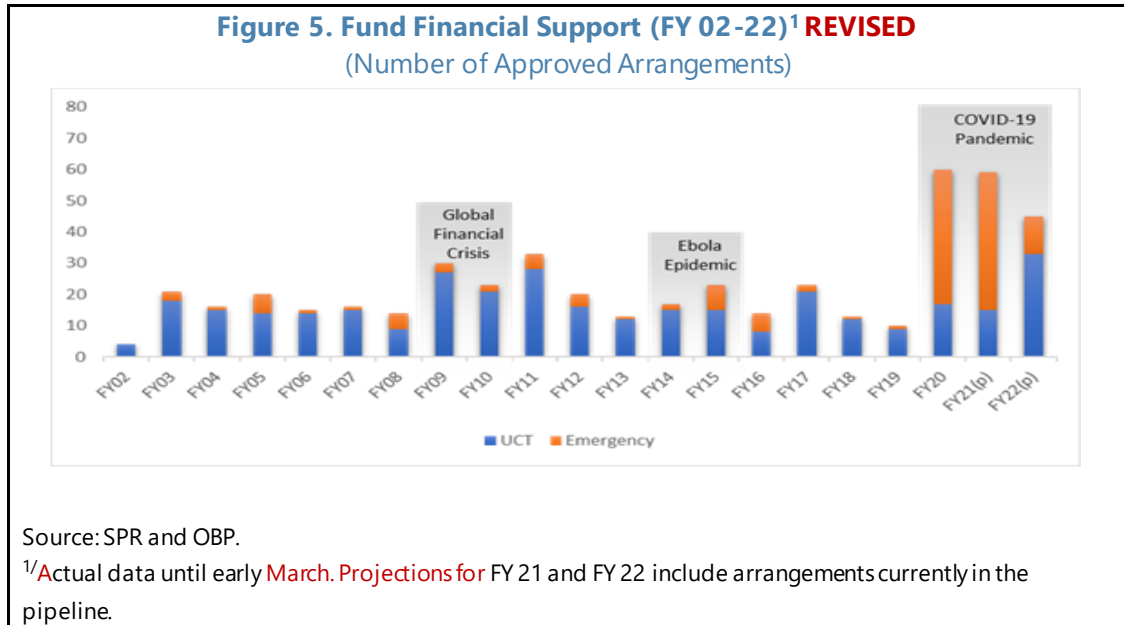


8. **FY 22-24 Needs.** The twin challenges of navigating a safe exit from the crisis and supporting a transformational recovery that addresses longer-term forces shaping the outlook require a dynamic, nimble, and forceful response. This section looks at these two challenges in turn, with the latter section focusing first on priorities that will underlie a proposed augmentation before turning to other issues.

B. Navigating a Safe Exit from the Crisis

9. **Responding to COVID-19 and its aftermath.** Notwithstanding countries’ efforts and the promise of vaccines, the crisis will leave economic and financial scars that will shape the Fund’s work in the period ahead. Many countries may not return to the pre-COVID path of economic activity for several years, and those without the means to mitigate the impact of the crisis will be hardest hit. With the pandemic still present in most countries and mutations of the virus emerging, uncertainty remains exceptionally high. Faced with a likely uneven recovery, the IMF will continue to focus on supporting members’ efforts to confront the impact of the COVID-19 crisis.

- **Financial support** is expected to rise and programs to become more complicated, as many emergency financing operations are followed with upper credit tranche (UCT) conditionality programs, in many cases characterized by complex debt issues. **As of early March, 12 UCT arrangements have been approved in the year since the pandemic hit. Going forward, another 38 members have expressed interest in new UCT programs. Moreover, 15 members are seeking emergency financing, for a total pipeline of 53 new Fund operations as of early March that are expected to come for Board approval over the next year. Not all of these requests will result in programs, but the discussions themselves are a form of intensified engagement. These current efforts compare to 27 arrangements during the Global Financial Crisis and a peak of 22 during the Ebola crisis (Figure 5).**



- Broader country engagement.** In parallel, bilateral surveillance and FSAP delivery **have resumed**. Virtual CD has focused on crisis-related needs and CD linked to crisis programs. As detailed below, departments are preparing to scale up in-country **surveillance, lending and CD** delivery as soon as feasible as part of a hybrid delivery model that incorporates the strengthened capacity for virtual delivery. **Baseline budgets in the FY 22-24 period continue to prioritize** crisis-related needs, **generally through temporary reprioritization and use of carry forward**. **Remaining resources will support incremental investments in broader priority work with members, including** debt, trade, **digitalization**, governance, social spending, and climate change.
- Analytical and policy work** will **continue to** underpin country operations, **including through** deepening **of work** on debt issues, insolvency and debt restructuring. **For FY 22, policy work** will also include the review of financing operations (e.g., the CCRT) and the lending toolkit. The CSR and the FSAP Review, scheduled **for end FY 21 and early FY 22 respectively**, will shape the Fund’s surveillance for the next decade. A guidance note **for Surveillance under Article IV Consultation** and internal training are planned for FY 22, **and** FSAP tools and technical notes will be disseminated. Work on the Integrated Policy Framework (IPF) will also continue, focused on providing country teams with the **staff** and tools to advise authorities, again reflecting crisis lessons. **Lastly, and in line with IEO recommendations on research at the IMF (Section I, attached)**, the Fund is **ensuring** that broader analytical work is well-focused and **of high-quality**, while preserving **needed** scope for **innovative analysis** by the Fund’s world-class economist staff.
- Fund finances.** In addition, work is underway to prepare the case for a new SDR allocation to supplement existing reserves, bolster global financial resilience, and provide timely assistance to countries in need. Work will also continue in the context of the 16th General Review of Quotas which is critical to maintaining a strong, quota-based, and adequately

resourced Fund at the center of the Global Financial Safety Net in light of members' exceptional needs and elevated risks.

- **Resources.** As noted, staff proposes to meet the temporary needs arising from the crisis and ongoing core work, through reprogramming of existing structural funds and use of carry forward resources. A key question in this regard is the duration of crisis needs. With the scale and complexity of crisis programs and the level of debt-related issues still uncertain, some flexibility will be needed (e.g., over a 3 to 5-year period) to ensure that the recovery is well embedded before withdrawing all related resourcing. Resource requirements related to the CSR and FSAP review will be outlined in those reports, with some elements of these reforms to be embedded in the proposed augmentation and others to be covered through normal reprioritization efforts.

C. Supporting a Transformational Recovery

10. **Meeting the changing needs of the membership.** The membership has been clear on the need for the Fund to step up activities in areas that will shape the future of the global economy.

With the lessons of the COVID-19 crisis still to be fully defined, and with the seismic shifts from climate change and digitalization driving fundamental structural changes in global economic and financial developments, a decision on how the Fund adapts to meet the moment is needed.

Caution might suggest investing only when fuller information is available. However, such an approach risks missed opportunities, a piecemeal approach, and delays in our ability to support the membership at a time calling for urgent action. A more ambitious approach, supported by a targeted augmentation of structural resources, will advance our ability to deliver what the membership is seeking in a sustainable manner, while continuing to deliver on existing activities core to the Fund's mandate. It will also require rigor in maintaining the principles of efficiency, prioritization, focus, and collaboration from which we have long benefited. This section outlines key issues within the institutional mandate that will be the focus of an augmentation request later this year.

Structural Augmentation: Focus

- Integrating climate change considerations into the Fund's core work.
- Retooling to address the changing financial landscape in the digital age.
- Addressing vulnerabilities and exclusion, including in FCS.
- Restore buffers to ensure the Fund is well positioned to respond to unexpected developments.

Integrating Climate Considerations into the Fund's Core Work

11. **Imperative.** Climate change is already having a large impact on many members' macroeconomic stability and prospects for growth. To limit any damage to growth prospects and economic and financial stability, countries will need to rapidly reform tax and regulatory regimes to reduce greenhouse gas emissions, invest in green infrastructure, assist vulnerable groups with a socially balanced transition to carbon-neutral energy systems, and build physical and financial resilience to climate change.

12. **The Fund's Climate Strategy.** The Fund has begun investing in climate-related issues in recent years as the membership has increasingly recognized the critical impact of climate change on

global economic and financial developments (Box 2). These efforts will continue, and the Fund is assessing how it can most effectively meet calls from the membership for it to play a larger role within its mandate. This work focuses on macroeconomic and financial aspects of climate changes, leaving related issues to the remit of **other** institutions, including, for example, setting mitigation targets, monitoring the Paris agreement, sectoral policies, **specific** infrastructure projects **for building** resilience, or evaluating the climate impact of specific technologies.

- **Strategy.** An informal briefing on the Fund’s role in climate change in early April will be followed by a further engagement on the strategy and its costing during summer 2021.
- **Policy Reviews.** The CSR **lays** out the strategy to integrate climate as a core Fund workstream, including through a background paper on integrating climate change into Article IVs. The FSAP Review **proposes** a framework for climate **risk analysis**—with a Board presentation planned for late this year. Work is also ongoing on improving climate data. And, a review of the Climate Change Policy Assessments (CCPAs), a joint product with the World Bank, is ongoing with a view to broaden them beyond small states.
- **Focus.** Key outputs will include:
 - **Comprehensive** coverage of **macro-critical** climate-related **policy challenges** in Article IVs; macro modeling to inform surveillance; fiscal policy advice to help countries transition to a low-carbon economy and build resilience to climate change; monetary and financial sector policy advice to cushion the impact of climate risks on output and inflation—including through covering climate risk **more** in FSAPs;
 - CD, including CCPAs; **and** provision of climate change data for macroeconomic analysis and surveillance;

More in-depth analysis on climate issues in country engagement would include:

- **discussion of** mitigation strategies with the countries contributing most to greenhouse gas emissions and **assistance to** countries in developing policies to meet their Nationally Determined Contributions under the Paris agreement;
- more routinely and explicitly **consideration in FSAPs of** the materiality of climate-related **risks, through development of scenarios for physical and transition risks,** conduct **of** stress tests, and **provision of related** advice; and
- the **coverage of adaptation and resilience building in climate vulnerable countries would be expanded, including by extending** CCPAs beyond the current **two** countries a year. **This work would be backed up by an expanded review function to ensure quality standards and even-handedness of treatment.**

Other work under consideration includes a G20 initiative on climate data and more consolidated reporting on Fund-relevant climate issues. This should be accompanied by enhanced training for both staff and the membership on linking macroeconomics and climate science. As the Fund steps up policy advice on climate-related issues, it also **needs** to do its part by reducing its own carbon footprint.

Box 2. The IMF's Work on Climate Change

The IMF's role in helping its members address the challenges of climate change focuses on its areas of core expertise. In particular:

- Advice on **mitigation** measures to contain and reduce emissions through fiscal policies such as carbon taxation and other carbon pricing schemes, reduced fuel subsidies, and improved regulation;
- Guidance on **adaptation**: Support financial and institutional resilience to natural disasters through monetary and financial sector policy advice to help cushion the impact of climate risks on output and inflation—including through covering climate risks in FSAPs. Support infrastructure investments to cope with warming-related phenomena through fiscal policy advice (revenue mobilization, public investment management, debt sustainability);
- **Transition** to a low-carbon economy: Fiscal policy advice to facilitate and support the transition, updates to financial sector risk assessment and regulation to cover climate risks and exposure to “brown” assets, and helping countries diversify away from carbon intensive industries while mitigating the social impact on affected communities.

Work to date includes:

- **Country work.** Country teams across all regions have **touched** on climate issues in FY 20 or FY 21 in analytic and policy work. Policy advice is provided mainly through surveillance supported by CD, including CCPAs for six small states jointly with the World Bank. Staff has developed tools to evaluate carbon pricing and other policy instruments for meeting countries' mitigation objectives. FSAP **risk analysis has often captured physical risks in countries prone to natural disasters, with insurance risks also being assessed in systemic countries. More recent FSAPs have explicitly assessed transition risks. Climate-related materials are being developed as part of a book and online course on inclusive growth. In addition, training modules on integrating climate into macro policies are under development for external audiences.**
- **Multilateral surveillance and policy.** The Fund has helped facilitate global dialogue, including through the flagships, and engagement in multilateral fora such as the Coalition of Finance Ministers for Climate Action and the Network for Greening the Financial System (NGFS). The Fund has proposed a carbon price floor arrangement and guidance on how climate change could be priced in financial assets. The Fund is co-leading a workstream in the NGFS on Bridging Data Gaps and working with international standard setters and IFIs to promote climate-related financial disclosures.
- **Data.** STA, in cooperation with MCM, FAD and SPR, is developing a framework for climate change indicators that will track carbon emissions; government expenditures for environmental policies; taxes and subsidies, and financing such as green bonds, including through a Climate Change Indicators Dashboard (beta version to be launched **before the 2021 Spring Meetings**).
- **Training Fund staff.** The internal economics training (IET) curriculum, run by ICD, features seminars by external academics and experts and includes a course on climate change developed by FAD. Training modules to support integrating climate into surveillance are under development for both internal audiences. ICD, FAD, RES, and SPR are also working on a Fundwide course on climate change.

- **Collaboration.** This work will continue to be done in collaboration with other institutions to leverage expertise and maintain the Fund's focus and build its expertise on macroeconomic and financial stability implications. The approach reflects **the** IEO's recent [recommendations](#) to both build in-house expertise and support effective collaboration with the World Bank, recognizing that collaboration with partners itself requires resourcing.

- **Organization.** The Fund will need to build climate specific skills to deliver this ambitious agenda. This would largely occur by hiring economists and experts to bring in staff with relevant background, supported by internal training. These resources would mainly sit in functional departments and provide direct country support through participation in bilateral surveillance and CD. Area departments will build expertise among fungible economists and have a central capacity to coordinate climate work and bridge to functional departments.
- **Resources.** As noted, the Fund has begun investing in capacity to provide for climate-related macroeconomic policy advice in its areas of expertise. Past budgets have allocated available resources to support initial strengthening of climate-related capacity, and departments have reallocated fungible economist time to climate issues. Estimated spending on climate-related work, based on initial departmental estimates (and subject to uncertainty), has increased from \$16 million in FY 20 ([FY 20 outturn paper](#)) to an estimated \$24 million in FY 21. This includes \$4.5 million in externally funded CD resources in FY 20 and FY 21 earmarked for climate-related work, reflecting growing interest and support from the Fund's partners. Under the FY 22 budget, departments plan to further increase work on climate issues through internal reallocations and **new resources totaling a net \$4.1 million.**

Retooling to Address the Changing Financial Landscape in the Digital Age

13. **Imperative.** Digitalization of money and finance is increasingly driven by technological innovation and changing end-user habits and expectations, spurred on by the pandemic. Change is fast, profound, and widespread across economic, monetary, payment, and financial systems. At the level of technology, the most relevant changes include the tokenization of money and assets, big data, and artificial intelligence. At the level of services, changes cover the provision of central bank digital currencies, and new forms of privately issued digital money for domestic and cross-border use. **The use of technology for regulation and supervision (RegTech and SupTech) will also be critical.** And at the level of entities, non-banks and BigTech companies are becoming increasingly prevalent in finance and banking.

14. **Implications of digitalization for the international monetary system and global financial stability.** The widespread use of digital money, whether public or private, will profoundly affect the international monetary system (IMS) and global financial stability, which are at the core of the Fund's mandate. Opportunities and risks arise for reserve currency configurations, the global monetary and financial architecture, exchange arrangements and policies, international payment arrangements, cross-border capital flows, and the global safety net. The Fund has a central role in terms of analysis and policy guidance to support the stability of the IMS, also by contributing to domestic monetary, financial, and macroeconomic stability.

15. **Ramping up Fund efforts.** To address these challenges and the increasingly complex and pressing questions from the membership across all areas of the its mandate, the Fund is defining an overarching strategy for its work on these issues that will be presented to the Board informally in April and this summer. This includes:

- Surveillance** (A-IVs, FSAPs, multilateral) will provide more systematic assessments of emerging risks at the national, regional, and global level. This will need to cover risks to members' present or prospective domestic and BOP stability, including risks to monetary and exchange policies, and to financial stability and financial integrity from fintech, cybersecurity, newly systemic payment systems, and the introduction of central bank digital currencies. This will also need to cover, where warranted, spillovers from members' digitalization policies (e.g., the introduction of a CBDC by a major economy that may have global repercussions) and countries' ability to respond, including through capital flow management measures. Surveys conducted as part of the CSR and FSAP Reviews suggest that appetite remains high for fintech work among the membership, especially among emerging markets. FSAPs will support surveillance by focusing on the above risks and policy challenges as well, while supporting effective CD prioritization in these areas.
- Policy development** will focus on currency substitution, implications for monetary policy independence and lender of last resort functions, capital flow volatility, implementation of current and capital account restrictions, and cyber, operational, and financial integrity risks. The Fund will continue to participate actively in international working groups tackling essential questions of digital money design and interoperability, providing concrete suggestions on the basis of its macro-financial perspective, analysis of spillovers, and consultation with its wide membership.
- Capacity development** will focus on avoiding a digital divide. It will help low-income and emerging market economies build capacity to evaluate central bank digital currencies, establish regulatory and legal frameworks for digital forms of money, manage transitions in the banking sector, and design supervisory frameworks for financial market infrastructures leveraging new technologies. It will also help countries develop appropriate macro frameworks that incorporate challenges from digitalization. Fund CD will also support peer-to-peer learning.
- Convening power.** The Fund can use its convening power to foster dialogue between private and official sector and other stakeholders and facilitate the extraction of cross-country lessons.
- Organization.** Experts in functional departments would support country teams, feeding into bilateral surveillance, and allowing for a ramp up in CD, in particular to countries not covered by the BIS and FSB. Close collaboration with other international organizations will also be essential.
- Resources.** Digital money as a still emerging issue has been covered through reallocation of existing resources concentrated in MCM, LEG, ITD, RES, and SPR. Modest dedicated resources have been provided in past budgets, mainly for fintech work. Existing resources support coverage of issues around digital money only in an ad hoc and mostly reactive manner. Risk analysis in surveillance remains constrained, while CD is limited and increasingly out of line with the needs of low-income countries.

16. **Macrofinancial.** Beyond digital money, the membership looks to the Fund to further deepen its engagement on macrofinancial issues, including to deepen and expand systemic risks analysis and better anchor macroprudential policy advice, as emphasized in the CSR and the FSAP Review, following up on the 2019 IEO Report. The February 1 Board discussion on Systemic Risk and Macroprudential Policy Advice in Article IV Consultations also highlighted gaps in these areas and called for expanding the pool of macrofinancial talent to deepen and expand systemic risk analysis and better anchor macroprudential policy advice. This will require additional resources to support country teams on monetary and macroprudential policies, financial stability, and stress testing.

- **Organization.** Additional fungible economists with deep macrofinancial expertise would initially be recruited to MCM and provide direct support to Article IV teams. This would be combined with mobility from MCM to area departments to support further broadening macrofinancial expertise across all country teams.
- **Resources.** While the Fund has built capacity for macrofinancial surveillance through hiring and training, resource limitations have constrained more rapid progress—with only half of all Article IVs including adequate coverage of macrofinancial issues as noted in the forthcoming CSR background report on systemic risk and macroprudential policy advice. The augmentation would seek to speed the pace of closing this gap in coverage.

Addressing Fragility and Exclusion

17. **Imperative.** The pandemic will reverse part of the progress made since the 1990s in reducing global poverty. The World Bank estimates some 70-100 million or more people could fall into extreme poverty. These developments put into stark relief the importance of ensuring that the Fund’s work centers squarely on supporting the most vulnerable segments of the membership in the areas of its expertise.

18. **Fund engagement with FCS.** A central element of these efforts is the Fund’s work with the FCS (currently 42 countries) and the need for an enhanced approach to this work across surveillance, lending and CD, drawing on recommendations from the IEO, including the importance of adequate and targeted resources for CD and for stepped-up field presence. A B4 position to coordinate the Fund’s work on FCS has been established in ICD, and the director-level Interdepartmental Committee has been revived to update the Fund’s FCS strategy, supported by a task force; the strategy will be discussed by the Board informally this summer and in a formal session later this year. At the country level, engagement and traction is envisaged to be enhanced by increasing the Fund’s footprint in FCS, including through posting CD experts that support the authorities, either in country or through RCDCs. This in the context of developing or strengthening country strategies for fragile states, with related communities of practice to share experience. This builds on the experience in AFR and, more

Spending in FCS (Millions of U.S. Dollars)	
	FY 20
Projected Spending	125
CD	61
Of which externally funded	45
Non-CD	64
<i>Sources: OBP and ICD.</i>	

recently APD and MCD, and the ongoing work on integrating CD and surveillance, following-up on the CD strategy review. Overall funding had been set to increase in FY 21 but was, like other country operations, affected by the interruption in travel. This should recover, including **with** increased targeting of **FCS** in the Fund's CD operations.

19. **Organization and Resources.** With the review of the Fund's strategy for **FCS ongoing**, the Fund will need to consider a sequential approach to strengthening its efforts **and increasing its resources in this area, beginning with targeted expansion in field presence, external engagement, and analytical work.**

Inclusion, Including Gender

20. **Imperative.** Supporting members' post-crisis growth strategies will draw on emerging Fund work on macro-critical **issues** related to effective social safety nets, promoting gender and income equality, investing in human capital, and strengthening health systems. This includes further institutionalizing the Fund's work in these areas through strengthened cross-departmental collaboration. Specifically, a central capacity is needed to pull together the different streams and to work with **country** teams to help them leverage existing tools and analysis in the Fund's advice to members. At the same time, this will help reinforce collaboration with the World Bank and other partners to ensure effective focus in the areas of the Fund's expertise.

- **Fund role.** In July, a Board update will take stock of work to date and the agenda for new work on social spending, gender, and income inequality. This will include coverage of work to finalize staff guidance on implementing the Fund's Strategy on Social Spending, including on pensions, health, and social assistance. Country-specific analysis on both gender equity and income inequality will be ramped up, focusing on the impact of the pandemic, policies for sustainable and inclusive recovery, and automation. New cross-country analytical work on gender and social inclusion will include thematic REO chapters and departmental papers. Leveraging both virtual and in-person delivery capabilities, capacity development activities on inclusive growth, gender economics, and gender budgeting are programmed to grow. Moreover, toolkits will also be developed to analyze the distributional impact of climate change and policy responses.
- **Organization and Resources.** Past budgets have allocated some resources to this work that has facilitated publications that have helped shape the policy debate, increased coverage of these issues within bilateral surveillance and supported CD in the form of workshops, online training, as well as toolkits. The Fund needs to build a central capacity to leverage existing work and support teams to consistently engage countries on the macro critical aspects of **inequality and gender.** This will require targeted resources, focused on strengthening coordination and collaboration.

D. Building the Fund of the Future

Modernization/NWOW

21. **Future of work at the Fund.** An ongoing review of the organization of the Fund's staff and work is focused on ensuring the Fund takes on board the lessons from the remote work environment to provide agile, responsive and cost-effective services to the membership; retains the Fund's ability to hire and retain the highest quality diverse staff from all over the world; increases productivity and staff satisfaction; and reduces its carbon footprint. These efforts build upon and expand the significant pre-pandemic agenda to modernize while increasing efficiency and agility.

22. **Capital-intensive modernization.** Despite the challenges of the remote working environment, the Fund has pushed ahead on capital intensive modernization projects directed at strengthening automation, process harmonization and integration of core business processes, availability of comprehensive and consistent data, and effective knowledge management to better support monitoring and decision-making. The current rollout of CDMAP and 1HR, the recent launch of iData implementation, and the upcoming launch of the integrated iDW project (drawing on ongoing knowledge management initiatives) will generate significant productivity gains. They are also providing savings that allow for rechanneling of resources to priority areas. These issues are discussed in more detail in Section V.

23. **NWOW.** The COVID-19 crisis has demonstrated the Fund's ability to operate virtually (recognizing the need for balance given some limitations), with implications for the way the Fund will work in the post-COVID environment. **The crisis forced a change in the way staff work and that has provided a unique opportunity to consider several aspects of how and where the work of the Fund is conducted.** Ongoing efforts seek to pull together the various considerations related to remote/virtual engagement and NWOW. Recognizing that addressing these issues will be a multiple-year endeavor and will require close Board engagement, the objective is to ensure that they are considered in an integrated manner with a clear focus on supporting effective delivery to the membership. **The Board will be briefed on these initiatives during the summer.**

- **Virtual engagement with the membership.**

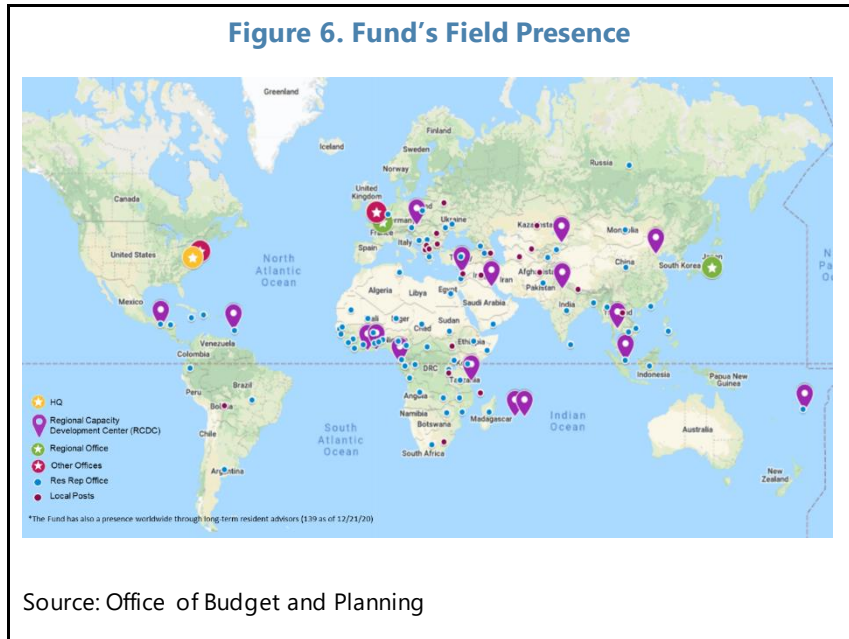
- **Benefits:** The Fund has remained effective in serving the membership throughout the remote work environment in FY 21. A record number of countries received emergency financial assistance, bilateral surveillance was successfully resumed, and thousands of CD missions were completed despite the suspension of travel and with staff working from home. Through calendar year 2020, more than a thousand staff participated in virtual missions. Such results would have been unthinkable only twelve months ago. Bilateral surveillance in EUR countries, for instance, has significantly increased through virtual engagements when compared to pre-crisis levels, and staff have reported more frequent engagements with country authorities. In addition, virtual engagements have enabled inclusion of a broader range of staff and experts in missions. This includes technical experts joining Article IV missions, with the effect of deepening the integration of CD with

surveillance and lending mandates. Participation of member country authorities and other key stakeholders in the Annual Meetings, thanks to the virtual format, increased significantly.¹ The Fund will continue to use virtual engagement with the membership and other organizations, as well as for outreach.

- **Limitations:** That said, virtual engagement has limits, as the crisis has also demonstrated, and these will need to be considered in modeling **NWOW**. Teams highlight **some loss of depth and access to critical information normally gained through in-person interaction**, particularly where relationships are not well established and for complex negotiations, such as UCT programs. Country teams and CD departments report that engagement in such circumstances has proven time intensive, and it is more difficult for new team members to come up to speed relative to the pre-crisis period. **Engagement with civil society, private sector representatives, parliamentarians, academics, and the media have been reduced**. RCDCs are finding it more challenging to provide hands-on support in a remote setting. Teams also report increased sensitivity to sharing of confidential information, given concerns regarding cyberattacks and security breaches as well as domestic legal restrictions, including in the context of financial surveillance. Connectivity issues in many countries, particularly **low income and FCS**, and significant time-zone differences have complicated remote delivery, leading to shorter daily meetings (often early in the morning or late at night) and longer mission duration, adding considerable pressure on staff and work-life balance. On the virtual Annual Meetings, feedback from the national authorities indicated that they regretted the loss of collaboration, networking, and knowledge sharing opportunities from other policymakers. The wide degree of time zones also affected the level and extent of participation in some regions.
- **Work from anywhere and HQ footprint.** At headquarters, remote work in the crisis was facilitated by enhanced IT platforms, including better functionality of and access to the Fund’s videoconferencing system (i.e., Cloud WebEx). Online cooperation tools (such as Box and Microsoft Teams) were enhanced/introduced to allow teams to collaborate while physically apart. Remote simultaneous interpretation solutions were also implemented to support virtual missions and high-level meetings. Departments have been able to better integrate field staff, including local staff, in conversations. The remote experience has also demonstrated areas where continued investment is needed to reinforce connectivity across the Fund’s operations. As we move past the immediate crisis, the Fund, like other employers, will need to think through how to optimize work arrangements to support productivity, staff well-being, and efficiency. Increased hybrid work (combining office with work-from-anywhere capabilities in the steady state) will require reconsideration of issues ranging from the DC footprint and office configuration to HR and IT policies, **as well as visa considerations**.

¹ Video views were up strongly, across almost the entire range of meetings content, and the Fund’s public webpage imf.org received 1.6 million visits during the meetings period.

24. **Field Presence (MOVED).** The Fund’s field presence, including experts, has grown steadily in recent years, driven by an expansion in field-based CD, including in FCS. It comprises 94 resident representative offices, two permanent offices, and 17 regional capacity development centers (RCDC), mainly funded through external partners. As of end-December 2020, more than 700 personnel were posted overseas, including 139 non-staff resident experts in-country and 457 local staff, accounting for 18 percent of all Fund personnel.² The global footprint is driven by resident representative offices in program, near program or intensive surveillance countries, and RCDCs which have almost doubled in the last ten years.



- **Review of framework:** The current crisis, with rising demand for Fund engagement and broader lessons regarding remote delivery, offers a useful window to re-assess the scale, location and forms of the Fund’s field-based operations, recognizing that these are complex questions that will take time to consider. In this context:
 - The update to the Fund’s strategy for FCS provides an early opportunity to consider the broader question of the balance of HQ and field-based staff across the Fund’s various functions as relates to operations in these countries.
 - HRD has plans to review the model for field-based employment over the next 2 years. The review recognizes the benefit of stocktaking following a period of rapid growth under a wide range of employment arrangements.
 - Broader implications for facilities, security, IT infrastructure and the role of external financing also need to be considered.

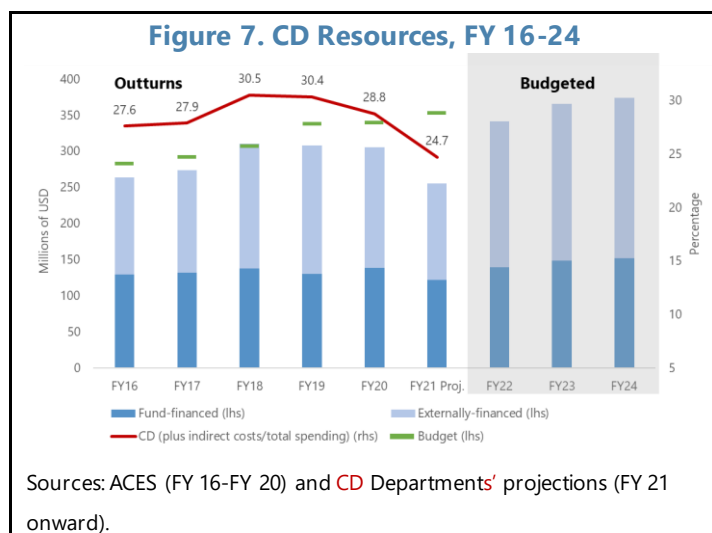
25. **Resources.** Reconsideration of how and where the Fund operates promises more flexibility to staff and more efficient use of office space. However, this will also require investment in IT, remote working support, audio visual capabilities, and new space arrangements to support a hybrid workforce that is expected to grow in the near term with a changing mix between HQ and field

² Does not include about 200 FTEs of short-term experts annually that support the Fund’s field-based CD operations.

operations. Within the broader context of the Fund’s strategic needs, CSF and HRD are leading work to consider the balance of needs and timing to ensure that the Fund approaches these issues within a framework that first and foremost meets member’s needs and does so in a cost-effective manner that maintains the Fund as a leading workplace. A comprehensive examination of these questions will support full consideration of trade-offs.

Capacity Development

26. **Strong CD demand.** Although uncertainty remains, a rebound of CD spending is expected from the low levels in FY 21 that was driven in large part by restricted travel. The expected rebound reflects continued strong demand, crisis-related needs, including the expected increase in programs-related CD, and the expectations that crisis-related travel restrictions will be lifted over time. Indeed, rising program engagements will be a source of increased pressure on Fund-financing for CD.



- The **FY 22 budget**, particularly on the IMF02 side, provides space for a ramp up in CD spending as circumstances allow, with externally financed spending envelopes over 50 percent higher than projected spending in FY 21, albeit with actual spending expected to remain lower, mainly due to continued travel constraints. The budget incorporates a projected \$165 million in externally financed activities, with a budget ceiling on such expenditures of \$210 million.
- **FY 23-24.** Continued gains are expected in FY 23 and FY 24, as the travel rebound becomes more imbedded. As this occurs, the question of how to manage flexibly within spending limits will become more pressing. Implementation of a carry forward for external funds could provide additional flexibility. Such a mechanism is currently under review, with an expectation that a carry forward will be proposed in the FY 23 cycle.

27. **CD Priorities** include support for increased integration in program engagement, as program conditionality often requires complementary CD support. This is particularly relevant for the Fund-financed budget, given the broader range of countries it can serve. Demand in traditional areas remains strong, alongside emerging priorities such as governance and climate change. Work is continuing to strengthen prioritization and allocation of resources to activities with the highest impact—drawing on improved data and tools that will be increasingly available with the ongoing implementation of CDMAP and the strengthened CD governance framework. These issues were

discussed in an Informal Session on *Implementation of CD Priorities* on February 26 and are covered in more depth in Section IV.

28. **Medium-term risks.** While the issue of reduced chargebacks and management fees are expected to be resolved with the return to normal operations, fundraising challenges are likely to persist into the medium-term, with significant competing demands for donor resources. Risk mitigation measures include:

- More **cost-effective delivery**, including through rigorous results-based prioritization and shifting to blended delivery modalities with savings from **some reduction in travel**.
- New **financing instruments with greater flexibility**. Launching of the COVID-19 CD Initiative, which seeks to increase agility across existing CD funding vehicles.
- **Scale and balance of CD delivery**. In the longer run, consideration of the scale of CD within the overall Fund budget and the size of external financing **will require careful consideration** along with adjustments to delivery modalities and staffing approaches. **An augmentation of the Fund's envelope would include space for Fund-financed CD in the areas covered by the augmentation. Such increased Fund-financed CD would also help overcome the inherent difficulties of fragmented external funding, through higher fungibility of CD resources to meet countries' evolving needs. Furthermore, the augmentation would relieve some existing pressures on Fund-financed CD resources from urgent non-CD related needs. This dual effect of the budget would help create space to increase Fund's CD delivery, while ensuring quality control and considering members' absorption capacity.**

Risk

29. **Enterprise Risk Management strategy.** The crisis has accelerated the process to strengthen the Fund's risk monitoring and management functions. The Fund's mandate requires that it take on risk, and the key is to build on the existing framework to ensure that decisions are well informed and aligned with strategic objectives. The Board is now receiving quarterly updates on key crisis risks and discussed the draft findings and recommendations of OIA's review of the Enterprise Risk Management in the Fund in the Fall 2020. Consideration of next steps is underway, based on the findings of the review. As a first step, leadership of the risk management function has been elevated to the B5 level and resources have been allocated to support assessment of options in response to the OIA recommendations. Further resourcing needs are being assessed as a priority.

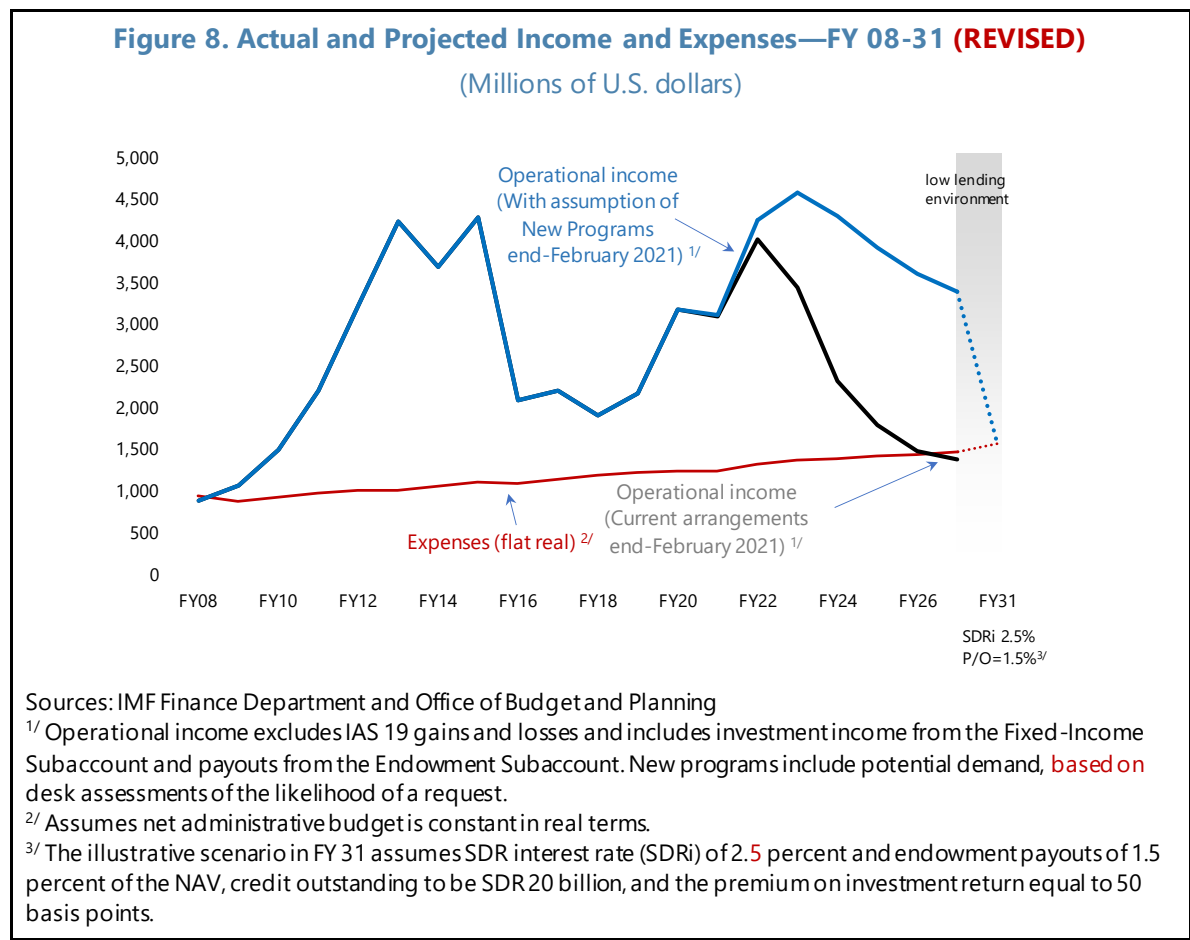
E. Fund’s Income Position and Budget

30. **Budget and Income.** The FY 22–24 budget is consistent with a projected surplus in the Fund’s medium-term income position and with continued progress towards the precautionary balance target. Income projections remain well above spending under a scenario that envisages new Fund programs, as projected by country desks. Given the relative scale of income to the Fund’s net administrative budget, these dynamics remain robust to increases to the budget, with 10 percent of the current budget base equivalent to about 3 percent of current income (Table 2). This scenario continues to maintain adequate reserve accumulation for precautionary balances to reach the new target of SDR 25 billion over the medium term. In a conservative scenario that assumes no additional new arrangements beyond those that have already been approved, and excluding the impact of any pension-related (IAS 19) gains or losses, operational income would still cover expenses through FY 26 (Figure 8).

Table 2. Operational Income and Net Administrative Budget FY 21-24 REVISED
(Millions of U.S. Dollars, unless noted)

	FY20	FY21	FY22	FY23	FY24
Projected Operational Income	3,180	3,109	4,256	4,576	4,307
Percent change			-2.2	36.9	7.5
Projected Net Administrative Budget	1,230	1,186	1,214	1,245	1,266
Percent of Income		38	29	27	29
Sensitivity (10% change in budget)			121	125	127
Percent of Income			2.9	2.7	2.9

Sources: Finance Department and Office of Budget and Planning



SECTION III. FY 21—A YEAR LIKE NO OTHER (MOVED)

31. **Agile response to crisis-driven needs.** Beginning in March 2020, the COVID-19 pandemic developed rapidly into a global economic crisis, taking a heavy human toll and bringing large parts of the world economy to a halt through the Great Lockdown. In response, governments took bold steps, with nearly \$12 trillion in fiscal measures and some \$7.5 trillion in monetary actions by Fall 2020. The Fund responded in a timely and agile manner, with unprecedented support to the membership while staying within the flat real budget envelope. Staff were redeployed—both within and across departments—to meet priority country needs, while operational teams worked to support effective remote work arrangements. Savings from travel and deferred activities were redeployed to ramp up staffing and address crisis-related operational needs.

- **Country Operations.** Within two months of the crisis outbreak, the IMF approved 41 emergency financing operations across all regions. By the end of CY 20, the IMF had committed over \$100 billion in financial support, including debt relief through the Catastrophe Containment and Relief Trust (CCRT) for the most vulnerable members. Article IV consultations restarted after an initial pause and are being conducted virtually. All countries receiving pandemic-related emergency financing have also received CD support, and CD departments are developing more robust virtual tools and experimenting with blended delivery modalities. While a return to in-person engagement is critical post-crisis, blended delivery is expected to continue across all forms of Fund country operations.

Key Achievements in FY 21

- **Country Operations:**
 - **Financing:**
 - 83 members received support in CY20
 - 45 financing operations
 - 29 grants for debt relief
 - 45 countries benefitted from the DSSI
 - 40 remote **Article IVs** projected
 - 160 countries received virtual **CD**
 - Almost 2,000 remote CD missions
 - 87 COVID-related notes published
- **Multilateral Surveillance:**
 - Crisis-focused flagships
 - Policy tracker
- **Policies:**
 - Creation of the Short-term Liquidity Line
 - Temporary increase in access limits
- **Internal Support:**
 - Annual and Spring Meetings hosted virtually with record participation
 - CDMAP, Workday, and Collaboration tool introduction
 - Crisis-related staff support (IT; HR; facilities)
 - 230 staff and family relocated

- **Multilateral Surveillance and Analytic Work.** The Fund’s flagships focused squarely on crisis and emerging issues. The Fund provided tailored advice and cross-country experience on managing the crisis, including through a [policy tracker](#), complemented by a special series of CD-related [analytical notes](#) on fiscal, monetary and financial, statistics, and legal policies.

- Internal Support.** Fund operations have been highly affected by the crisis. WFH required swift enhancements to the IT platforms and essential equipment for staff. HR emergency measures allowed **relocation** of field-based staff and family members at the onset of the crisis, while temporary measures increased family leave and helped parents cope with challenges from remote schooling. A broad range of safety and health protocols were implemented to protect staff (e.g., enhanced cleaning protocols and alterations for touchless entrance/exits, temperature scanning). Unprecedented broadcast, video and language services support ensured a smooth process for virtual missions and the virtual Spring and Annual Meetings. These measures reinforced the operational continuity framework in the crisis but have temporarily increased service costs.
- Business modernization.** Despite remote-work challenges, the key modernization programs (CDMAP, 1HR, iDATA, KMU, and iDW) progressed, with phased rollouts by CDMAP and 1HR, **with** adjustments to their change management activities to reflect crisis needs. Other programs, such as iDW, are drawing on lessons from the crisis to adjust the tool selection and timing of rollout to support the work of staff during this time. In this context, rollout of collaboration tools under iDW have been prioritized.

32. **Crisis-related challenges:**

- CD.** Notwithstanding rapid adaption in the focus and delivery of CD during the crisis, spending is projected to fall in FY 21, reflecting travel restrictions (and related impact on hiring short-term experts), as well as absorption constraints for members. The travel-related underspend is most marked in the externally financed budget, reflecting the less flexible nature of these resources. As reported to the Board in the supplement to the FY 21-23 budget, lower expenditure has led to a shortfall in trust fund

FY 21 CD Delivery (Projected)			
	\$ million	% of budgeted	% change FY 20-FY 21
Overall	255	73	-16
Fund financed	122	85	-12
Externally financed	133	65	-20
Of which:			
Travel ^{1/}	4	9	-92
ST Experts	23	63	-23
<i>Memorandum items: (Impact, \$ million)</i>			
Management Fees	-5		
Chargebacks	-4		
^{1/} Travel includes items from Group IV and V beyond business travel			

management fees and chargebacks for an overall estimated impact of around \$9 million on the FY 21 administrative budget. These issues are expected to be largely resolved with the return to travel. **As noted above,** the FY 22 budget incorporates **projected delivery** assumptions that minimize the risks of continued shortfalls in these items.

- Vendor support and lost revenue.** The shift to WFH has led the Fund to negotiate temporary arrangements with its long-term vendors, including those providing on-site childcare, food services and fitness services (\$3 million in FY 21). Revenues (e.g., Concordia, parking) are also lower than projected due to WFH and the travel suspension (\$5 million). These issues are expected to be largely mitigated with return to normal operations, albeit with **NWOW** expected to have permanent impacts on some services and revenue streams.

33. **Maintenance of flat real budget in FY 21.** FY 21 crisis needs were met through extraordinary reallocation of approved resources within the real flat budget. Gross crisis-related demands focused on direct support to member countries, enhancements to the Fund’s toolkit, and crisis-related operational support. Savings covered 86 percent of these needs, with just less than half met through the repurposing of travel and events resources and 37 percent through department-level reprioritization and savings (mainly from refocused country work and streamlining internal processes). The remaining 15 percent were funded through use of emergency buffers and allocation of carry forward (about 1 percent of the structural budget).

Table 3. Overview of FY 21 Crisis Needs
(Millions of FY 21 U.S. dollars, unless otherwise noted)

	\$	%
FY 21 Available Budget	1,241	
Of which, Structural Budget	1,186	
Of which, Transitional Agreements	38	
Crisis Demands	112	9.4
Area/Functional Dept.	69	
Operations incl. CSF, HRD, and ITD	41	
Other	2	
Crisis Savings	95	8.0
Area/Functional Dept.	32	
Operations incl. CSF, HRD, and ITD	7	
Travel and events	53	
Other	3	
Contingency funds and Carry forward	16	1.4

Sources: Department submissions and OBP estimates
Note: Second column: percent of FY 21 structural budget

34. **Temporary staffing.** 128 temporary positions were created to meet crisis demands during FY 21 beyond those initially budgeted, with the bulk of these positions allocated in November (text table). Hiring is under way, and is expected to continue into FY 22, reflecting expected recruitment lags, particularly given benefits to a structured approach supporting broader diversity objectives. As such, full use of authorized vacancies is not anticipated in FY 21, contributing to the projected underspend.

Distribution of Crisis Positions

74	Direct country support in area departments, FAD, LEG, MCM, SPR.
42	Review and policy/analytical work on crisis issues (SPR, LEG, FIN, COM, RES).
12	SEC/small offices/ORM

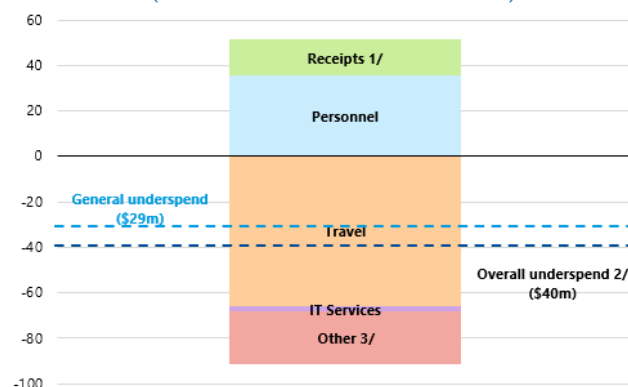
35. **Projected utilization.** In a year of exceptionally high uncertainty, a 3 to 4 percent underspend of the structural budget is currently projected, with most of this attributable to the general accounts and about 0.5 percent to IEO and OED together.

- **Key drivers** (Figure 9). The moratorium on travel is the most important driver of underspend relative to the April 2020 budget. About 70 percent of travel-related resources were reprogrammed, with a portion held back in case conditions allowed resumption, which did not occur. Personnel spending was higher than projected in April, driven by intra-year staff

increases linked to the crisis. While crisis-related IT spending increased, net spending was below budget due to crisis-related delays in some activities, deferral of non-priority work, and vendor credits. Corporate services, maintenance, and Annual/Spring Meetings also contribute to underspend.

- Carry forward limit:** As noted, staff recommends a temporary increase in the carry forward limit from 5 to 8 percent of the general administrative budget to allow full capture of projected underspend. This is consistent with experience in the global financial crisis (Box 3). It mitigates uncertainty and avoids a special temporary allocation of structural resources for crisis response.

Figure 9. FY 21 Projected Fund-Financed Outturn Relative to Budget REVISED
(Millions of FY 21 U.S. dollars)



Source: Office of Budget and Planning
 1/ Positive value indicates a projected shortfall in receipts.
 2/ Includes IEO and OED.
 3/ Incl. building occupancy; communications; subscriptions & printing; supplies; contract services; and contingencies

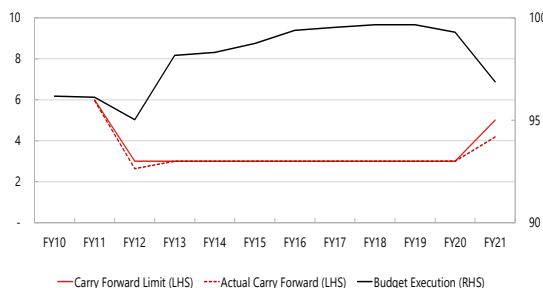
Box 3. Carry Forward

Carry forward (CF) of administrative expenditures was introduced in FY 10 as part of crisis response and has been in place since, allowing approved resources to be spent beyond an annual cycle. It reduces incentives for inefficient end-year spending, provides flexibility in timing, and allows targeted support for transitional needs. Limits on sustained CF reduce risks of entrenching temporary needs. The policy has helped improved pre-crisis utilization to near 100 percent.

CF limits are set for the IEO, OED, and general level and are implemented automatically in successive years until the Board approves a change. The general CF limit has varied, rising to 6 percent following the GFC (during a period of higher structural buffers) and reverting to 3 percent in FY 12.

In April 2020, the Board approved an increase in the general carry forward limit to 5 percent for three years in response to emerging crisis needs. The IEO's CF limit was also raised to 8 percent. In line with the streamlining of OED central budget accounts, OED's central carry forward has been discontinued and the CF limit set at a maximum of 20 percent (or two FTE advisors for each of the offices).

Carry Forward Policy and Budget Execution
(in percent)



Source: Office of Budget and Planning. Note: General carry forward excludes OED and IEO.

SECTION IV. FY 22 ADMINISTRATIVE BUDGET

36. **Overview** (Table 4). The proposed net FY 22 administrative budget of \$1,214 million in current prices remains flat in real terms. Structural demands of \$41 million (in constant FY 21 dollars) are offset by reallocations and savings efforts of the same amount, with additional expenditures to be funded through use of carry forward.

	FY 21		Budget changes			FY22	FY23-24	
	Structural Budget	Outturn (est.)	Demands	Savings	Donor financed	Proposal	Indicative	
						Structural Budget	FY 23 Budget 1/	FY 24 Budget
Constant FY 21 USD								
Gross administrative budget	1,429	1,301	38	41	0	1,426	1,435	1,429
Receipts	-243	-154	3	0	0	-240	-243	-243
Net Administrative Budget	1,186	1,147	41	41	0	1,186	1,192	1,186
<i>of which Annual Meetings</i>							6	
Capital Budget 2/	99	78				77	88	82
Current USD								
Total operational income	3,109					4,256	4,576	4,307
Gross administrative budget	1,429	1,301				1,459	1,499	1,526
Receipts	-243	-154				-245	-254	-259
<i>of which externally-financed</i>	-206	-133				-210	-215	-220
Net Administrative Budget	1,186	1,147				1,214	1,245	1,266
Capital Budget 2/	99	78				79	92	88
<i>Memo items:</i>								
Carry forward 3/	55					87	...	...
Global external deflator (change) 4/	2.4					2.3	2.1	2.2
Sources: IMF Finance Department and the Office of Budget and Planning.								
1/ Includes travel to the Annual Meetings held abroad.								
2/ Capital budget line reflects the Capital and Cloud Budget proposed in Section V for FY 22-24.								
3/ FY 22 figure based on proposed 8 percent ceiling.								
4/ Reflects January WEO projections of U.S. CPI.								

37. **Carry forward resources.** Current projected underspend is \$40 million (3.3 percent) relative to the structural budget, mainly from the general administrative budget (text table). An increase of the general carry forward limit temporarily from 5 to 8 percent would provide temporary resources to address crisis needs during the medium-term budget period. Projected OED underspend above the OED carry forward limits would be made available for the Fund's FY 22

	Underspend ^{1/}	Carry Forward ^{2/}	Carry Forward Limit
Total	\$40 m	\$87 m	\$101 m
General	\$29 m	\$74 m	\$88 m
OED	\$10 m	\$12 m	\$12 m
IEO	\$ 0.3 m	\$ 0.5 m	\$ 0.5 m
1/ Relative to structural budget.			
2/ Includes FY20 carry forward.			

general administrative budget, under the framework established for OED resources in FY20. Staff further propose to mirror this treatment for the IEO underspend above its carry forward limit, in line with the proposed IEO Budget for FY22.³

38. **Deflator.** The Fund's global external deflator is 2.3 percent for FY 22. As agreed in the FY 21-FY 23 budget process following up on agreements under the Comprehensive Compensation and Benefits Review (CCBR) reforms, the published value for the U.S. CPI in the January WEO Update is used for budget calculations.

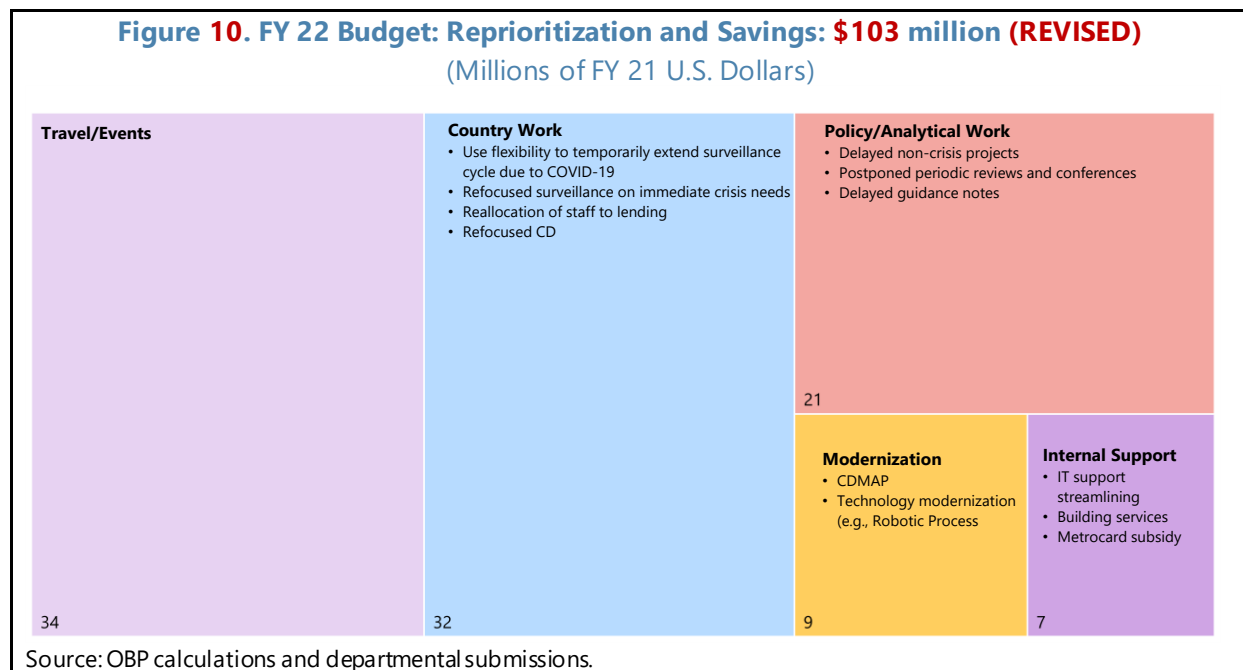
A. Reprioritization and Saving Measures

39. **Significant reprioritization.** About \$103 million, or 9 percent of the net administrative budget will be redirected, funding 58 percent of gross priority needs in FY 22 (Figure 10), while preserving critical investment in core Fund work. Targeted reprioritization and savings include:

- **Departments** (51 percent of total). Departments have identified sizable opportunities for reprioritization to support the crisis response, albeit with a large share temporary in nature, including focusing surveillance on crisis-related issues and making use of the flexibility provided for Article IV consultations that were temporarily extended by the Board due to the pandemic (April 22 and July 7, 2020). This will be based on departments' plans in consultation with relevant members. Other measures include dropping lower priority policy and analytical work.
- **Travel/Events** (33 percent of total). Travel budgets will be limited to half of the FY 20 budget level (and events related spending to 30 percent). This reflects the likelihood that a broad resumption of mission travel will be well into the new financial year and that virtual engagement will substitute for some travel on a structural basis.
- **Modernization** (9 percent). The coming-on-line of CDMAP will provide savings beginning in the fourth quarter of FY 22. About \$1.1 million of the net \$3.4 million full year effects (including IT-related costs) is included in the FY 22 budget. These savings largely reflect process redesign and efficiencies in the five large CD departments.
- **Internal support** (7 percent). Savings of \$7 million includes among others, a reduction in hospitality services and events, lower utilities costs, reduction in mail services, lower cost of freelance interpreters in support of missions, streamlined IT services, and paused MetroCard subsidies. Broader steady state efficiencies will need to be assessed going forward in the context of the Fund's NWOW and the resulting impact on Fund operations.

³ Under this framework, projected OED and IEO underspend above their respective carry forward limits, currently estimated at almost \$8 million and \$0.4 million, respectively, would be made available for the Fund's FY 22 general administrative budget

- HR Policies.** The five-year review of the *Staff Retirement Plan*—assessing the economic and demographic assumptions, actuarial methods, funding framework, and grossing-up formulas—will be **presented to** the Board before the end of FY 21. The timeline for implementation of these **changes, including** amendments to the SRP, if **applicable and** approved, is being finalized to take into account the complexities in technical implementation. **If** implemented, the proposed modifications to the grossing-up formulas will lower annual Fund contributions to the SRP by more than \$7 million starting in FY 23 (assuming a May 1, 2022 effective date). All other savings from the CCBR, excluding the SRP reforms, were reflected in the FY 21 budget **and will build over time.**

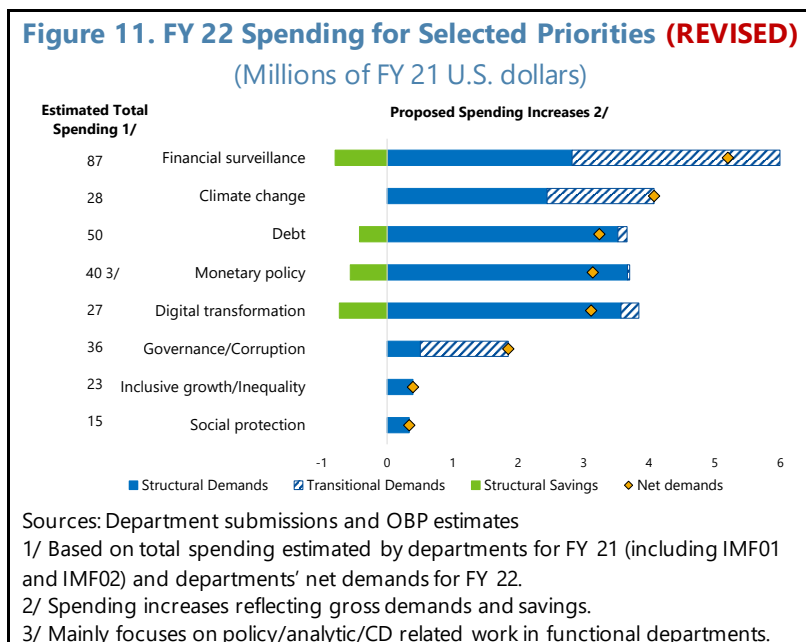


B. Budget by Priority Topics

40. **Increased Funding in Priority Areas.** The budget provides for (Figure 11):
- Proposed new spending on **financial surveillance** including macroprudential stress testing, new data requirements for surveillance and strengthening of selected country teams.
 - Additional resources on **monetary policy**, allowing continued work on the IPF, work on monetary policy frameworks, and **reviewing the Fund’s institutional view on capital flows.** **Work on the AREAER database and new indices will strengthen monitoring and analysis of capital flows.**
 - Resources for **debt**, allowing for the rollout of the MAC DSA, the review of the official arrears policy, support for the G-20 Debt Service Suspension Initiative (DSSI) and the Common Framework, the SDN on private firms’ liabilities, and, more broadly, work on debt

vulnerabilities (Board paper with the World Bank, monitoring of the multipronged approach, and the rollout of debt limits policy).

- Work on **digital transformation**, including a focus on digital money, cross border payments, the international monetary system, regulatory policies post-COVID, and implementing the Fund’s fintech agenda.



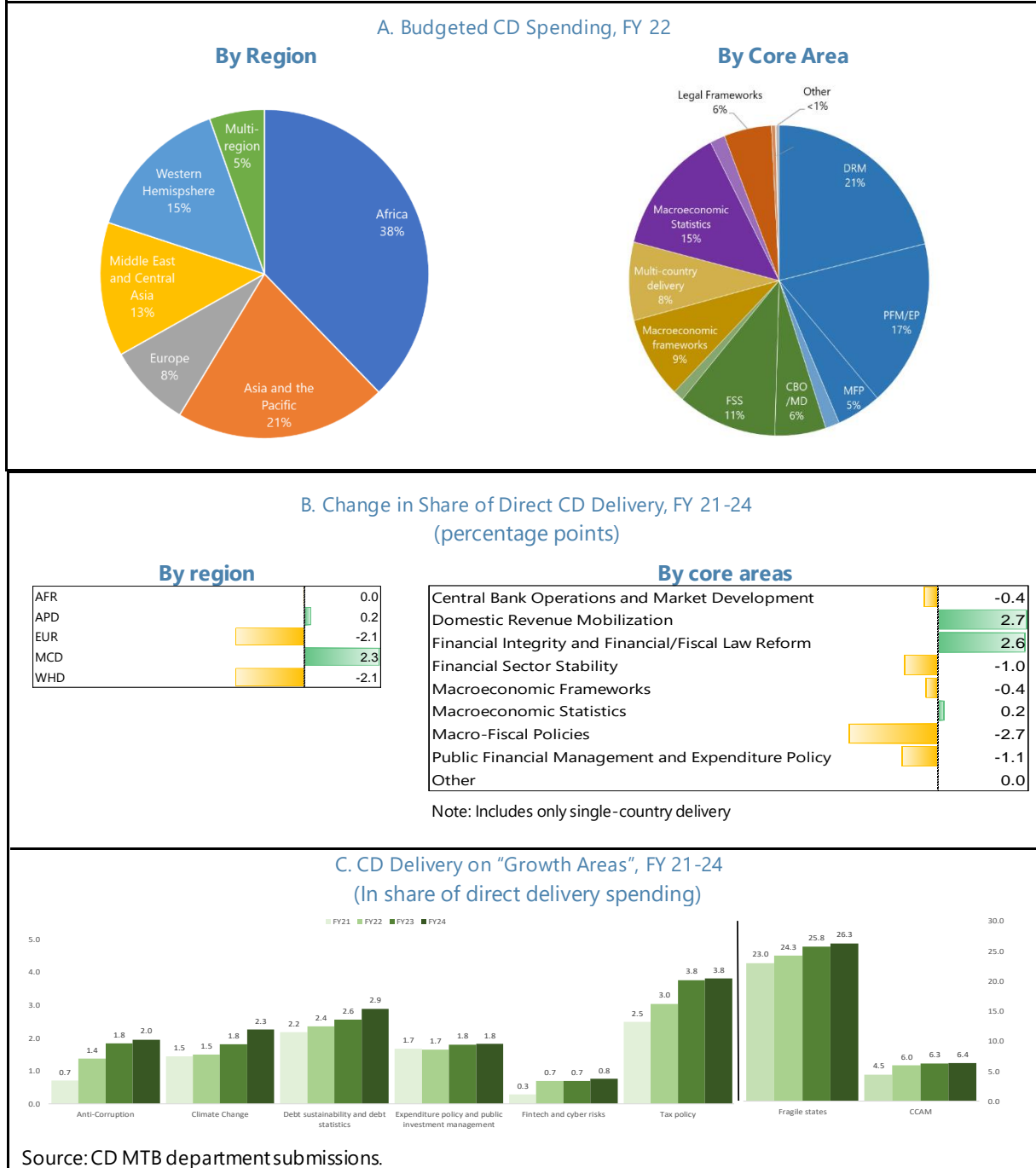
- Other key needs for FY 22 include the review of the framework for enhanced Fund engagement on **governance**, a Board presentation on **gender**, and a guidance note on **social spending**, and review work on **trade policy**.

41. **Focus on crisis support.** In FY 22, almost two-thirds of additional net needs are linked to the Fund’s continued crisis response. A bottom-up exercise shows that departments project some 40 percent of all spending is currently focused on the response to the pandemic, in which meeting member’s evolving demand for Fund’s lending will play a prominent role. It also sets a baseline understanding of the overall scale of spending in priority areas as the Fund continues to strengthen its investment in these key areas.

42. **Focus on FCS.** The budget envisages incremental investment in FCS of \$4.8 million to reinforce country teams, increase field presence related to new programs, support for additional CD demand, and put in place a B-level coordinator in ICD.

43. **CD spending and priorities** (Figure 12). The focus of CD spending has shifted temporarily from institutional reform to shorter-term priorities such as business continuity, risk management, cash and debt management, identification and tracking of COVID-related spending, and digitalization. In the medium-term, staff currently project a continued increase in the share of work on domestic revenue mobilization, financial integrity (i.e., **governance and anticorruption reform**), and financial/fiscal law reform, with some reduction in the relative share of CD on macroeconomic frameworks and macro-fiscal policies. Regionally, growth is focused on MCD, where the new Caucasus, Central Asia and Mongolia Technical Assistance Center is due to open.

Figure 12. CD Spending Composition and Evolution



- Growth areas.** Emerging topics and institutional priorities are supported through targeting CD in "growth areas" within the core areas of expertise, which are endorsed annually by the CCB and reported to the Board (including through a new dedicated discussion early in the CY, **which took place on February 26** this year). Notably, CD departments are targeting a substantial increase in the share of delivery to **FCS** over the medium-term, reversing the

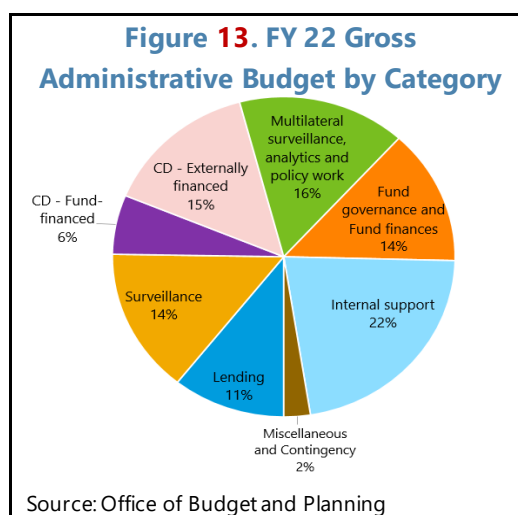
short-term reduction that occurred as a result of the crisis. Growth is also envisaged in the share of delivery devoted to debt sustainability and reporting, tax and expenditure policies, governance and anti-corruption, climate change, fintech, and cyber risks, recognizing that many of these are building off a low base and in some cases the level of projected growth is modest.

- Strengthened systems and processes.** The recently revamped CD budgeting and prioritization framework (Box 3, [FY 21-23 budget](#)), supported by the new Fund-wide information system, will ensure that medium-term allocations endorsed by the Committee on Capacity Building (CCB) integrate existing commitments, expected new CD demand from members, and changing institutional and area department priorities. The current budgeting and prioritization cycle is, for the first time, being executed within CDMAP.

C. Budget by Output Category

Breakdown by Category.

- Country operations** (\$660 million, 46 percent of the overall gross budget), encompassing bilateral surveillance, lending and CD delivery, reflect sustained demand for Fund’s financial support, and the expected increase in Resident Representative positions linked to new programs. Members’ evolving demand for **Financial operations, with 44 of 53** expected in FY 22, drives **the** lending budget increase in FY 22 (by \$51 million), as well as increased review of programs (SPR). Crisis savings reduce net additional needs for surveillance, while Fund-financed CD remains close to FY 21 levels.



- Multilateral surveillance, analytics and policy work** (\$229 million, 16 percent). Additional resources in FY 22 will mostly focus on work linked to debt restructuring and resolution (SPR), as well as debt sustainability and management (MCM, SPR), the IPF (RES, MCM, SPR), and the impact of COVID-19 on inequality (STA).
- Fund governance, membership, and finances** (\$196 million, 14 percent). This funding will allow FIN, LEG and SPR, for instance, to support resource mobilization for the GRA, PRGT and CCRT, commence the 16th Quota Review, and continue work on governance reform.
- Internal support** (\$319 million, 22 percent). Resources, mainly for CSF, ITD and HRD, support services benefitting all outputs and staff. From the IT infrastructure to security, facilities maintenance, and HR services, these resources enable the delivery of core functions.

D. Department Budget Allocations

Breakdown by Department. (Tables 5 and 6)

44. **Area Departments.** **AFR** will receive new resources to support program work and assist FCS, including the upsizing of the Resident Representative (RR) posts in Burundi and South Sudan along with the opening of 3 new offices (Cabo Verde, Sao Tome, and Seychelles). **APD** will receive additional resources to finance intensified surveillance work and support new programs, including reestablishing the RR post in Nepal. **EUR** will receive new resources for programs triggered by the crisis and regional needs. **MCD** will receive additional resources to assist FCS and manage increasing program work, including through two new RR posts. **WHD** plans to open four RR posts to support anticipated programs.

Projected Financial Operations in FY 22	
AFR	19
APD	3
EUR	3
MCD	7
WHD	12
Source: Area Departments	

45. **Non-CD functional.** **FIN** plans to channel new resources to crisis workstreams, including implications for the Fund’s lending toolkit, securing availability of resources for member countries, and Sudan’s debt relief. **RES** will leverage new resources mainly for pandemic-related work, covering new forecasting tools, assessment of the long-term impact of the crisis, and macro policies mix for the recovery phase. **SPR** will receive new resources for lending operations, including support to area departments, as well as COVID-related multilateral surveillance and work on climate change, FCS, and governance among others. **COM** will target new resources at the maintenance and revamp of the policy tracker, boosting regional media outreach, and increased writing needs, as the department—in addition to the ongoing crisis—resumes non-COVID work and a broader range of operations, including support to Article IVs and UCT lending programs.

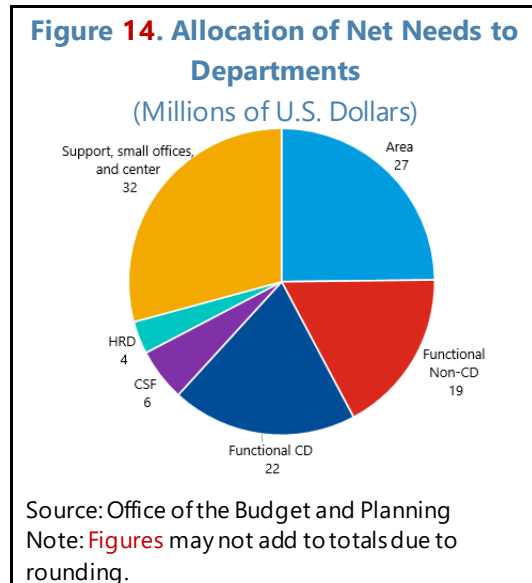


Table 5. Budget Adjustments by Department, FY 21-22 (REVISED)
(Millions of FY 21 U.S. dollars, unless otherwise noted)

Departments	FY 21 Budget		FY 22 Proposed Adjustments				
	Approved Budget	Transitional Funds 1/	New Structural Spending	Structural Savings	Net Structural Needs	Transitional Funds	Crisis Funds 2/
Area	310.9	8.9	3.0	1.0	1.9	10.0	15.4
AFR	93.6	2.2	1.2	0.1	1.1	1.8	5.8
APD	45.7	1.3	-	0.0	(0.0)	1.5	2.1
EUR	67.9	2.2	0.5	0.5	-	1.0	1.8
MCD	53.3	1.9	1.3	0.2	1.1	2.1	2.0
WHD	50.5	1.4	-	0.3	(0.3)	3.5	3.6
Functional Non-CD	168.1	4.5	14.5	13.6	1.0	3.8	14.4
COM	38.8	0.4	0.7	0.8	(0.1)	0.5	0.8
FIN	36.1	0.8	3.7	3.5	0.2	0.9	4.6
RES	36.9	0.9	-	-	-	0.7	3.5
SPR	56.3	2.5	10.1	9.2	0.9	1.6	5.6
Functional CD 3/	267.6	5.1	13.3	12.8	0.5	8.3	12.7
FAD	63.0	1.3	1.2	3.2	(2.0)	4.1	6.0
ICD	35.6	0.4	3.8	4.1	(0.3)	1.2	-
LEG	29.4	0.9	1.4	1.2	0.1	0.6	2.8
MCM	88.3	2.3	6.0	3.2	2.8	1.3	3.8
STA	51.2	0.3	0.9	1.0	(0.1)	1.2	-
Support	291.6	16.4	3.3	2.6	0.8	7.0	9.1
CSF	103.0	1.8	0.8	0.8	-	1.1	5.0
HRD	40.7	5.7	0.2	0.2	-	2.9	0.9
ITD 3/	109.7	8.8	1.3	0.7	0.7	2.2	1.3
OBP	5.3	-	0.3	0.3	-	0.7	0.3
OIA	5.3	-	-	-	-	-	0.4
ORM	3.2	0.1	0.6	0.5	0.1	-	0.5
SEC	24.4	-	-	-	-	-	0.8
Small Offices	27.3	1.4	0.7	0.1	0.6	1.0	-
Other (OED, IEO, Center) 4/	120.8	1.5	6.4	3.1	3.3	13.5	7.1
Total	1,186.2	37.9	41.2	33.1	8.1	43.6	58.8
Central Savings and Other 5/				8.1	(8.1)		(42.2)
Grand Total	1,186.2	37.9	41.2	41.2	-	43.6	16.6
Memorandum items							
Estimated carry forward						86.6	
General (with 8% limit)						73.8	
OED						12.3	
IEO						0.5	

Sources: OBP estimates and department submissions.

^{1/} FY 21 Transitional Funds as originally approved. Do not reflect in-year working budget adjustments.

^{2/} Net crisis needs. Gross crisis needs are \$94m, of which \$35m is funded with intra-departmental reprioritization.

^{3/} Includes CDMAP related savings and transitional needs. See Section V for department breakdown of net savings.

^{4/} Includes \$3.3 million allocation at the central budget for FY 22 FTE reprofiling and promotion related expenses.

^{5/} Includes \$34m related to moratorium on travel and OED/IEO underspend above carry forward limit.

Table 6. FTE Changes by Department, FY 21-22 (REVISED)
(FTEs)

Departments	FY 21 Budget		FY 22 Proposed Adjustments				
	Structural FTEs	Transitional FTEs 1/	New Structural FTEs	Structural Reductions	Net Structural Needs	Transitional FTEs	Crisis FTEs 2/
Area	779.7	19.8	5.0	4.2	0.8	19.6	46.0
AFR	223.9	5.8	3.0	-	3.0	3.0	18.0
APD	113.4	3.3	-	0.2	(0.2)	3.0	7.0
EUR	175.4	4.6	-	3.0	(3.0)	3.0	5.0
MCD	134.5	2.8	2.0	1.0	1.0	4.0	6.0
WHD	132.5	3.3	-	-	-	6.6	10.0
Functional Non-CD	498.5	12.0	50.0	46.9	3.1	10.9	45.0
COM	90.0	1.3	1.0	1.0	-	1.0	1.0
FIN	126.5	1.3	13.1	13.1	0.0	2.0	14.0
RES	111.5	2.3	-	-	-	3.0	11.0
SPR	170.5	7.1	35.9	32.8	3.1	4.9	19.0
Functional CD 3/	725.2	11.1	40.6	36.0	4.6	13.6	38.0
FAD	160.5	1.3	4.0	3.0	1.0	2.0	18.0
ICD	123.5	1.3	13.8	13.9	(0.1)	3.3	-
LEG	83.2	2.0	3.0	3.0	-	1.0	8.0
MCM	223.3	6.5	17.6	13.0	4.7	4.9	12.0
STA	134.8	-	2.2	3.2	(1.0)	2.3	-
Support	533.0	21.9	3.0	3.0	-	8.6	6.0
CSF	162.2	1.3	1.0	1.0	-	1.0	-
HRD	110.0	20.3	-	-	-	6.6	-
ITD 3/	153.1	0.3	-	-	-	-	-
OBP	15.7	-	1.0	1.0	-	1.0	1.0
OIA	16.0	-	-	-	-	-	-
ORM	10.0	-	1.0	1.0	-	-	2.0
SEC	66.0	-	-	-	-	-	3.0
Small Offices	63.5	3.3	1.0	-	1.0	2.0	-
Other (OED, IEO, Center)	276.7	-	-	-	-	2.0	-
Total (excl. donor financed)	2,876.5	68.0	99.5	90.0	9.5	56.7	135.0
Donor financed	97.7	-	...	...	3.4	...	...
Grand Total	2,974.2	68.0	99.5	90.0	12.9	56.7	135.0

Source: OBP estimates and department submissions

^{1/} FY 21 Transitional FTEs exclude in-year working budget adjustments.

^{2/} Net crisis needs. Total gross crisis needs are 260 FTEs, of which 125 are funded through reprioritization.

^{3/} Includes CDMAP related savings and transitional needs. See text table in paragraph 57 for departmental breakdown.

46. **CD departments. FAD** will receive transitional resources to expand work in tax and expenditure policy and continue work on Sustainable Development Goals. **ICD** repurposed resources, including from HQ-based training, to revamp its training program and ramp up country-tailored TA for strengthening macroeconomic forecasting and policy analysis and will receive resources for a **FCS** coordinator as well as transitional resources to lead the CDMAP Project. **LEG** will receive resources related to the enhanced governance framework and work on fintech. New funds

will help **MCM** provide direct and policy support to area departments on crisis-related topics, prioritizing debt issues, financial surveillance/FSAPs with focus on crisis-related risks, cybersecurity, fintech (including digital currencies), the IPF, and climate change. **STA** will receive new resources to address statistical challenges arising from the crisis, deepen methodological work, step up work on climate and iData, support the new G7/G20 international data initiative, and meet CD needs, including in FCS.

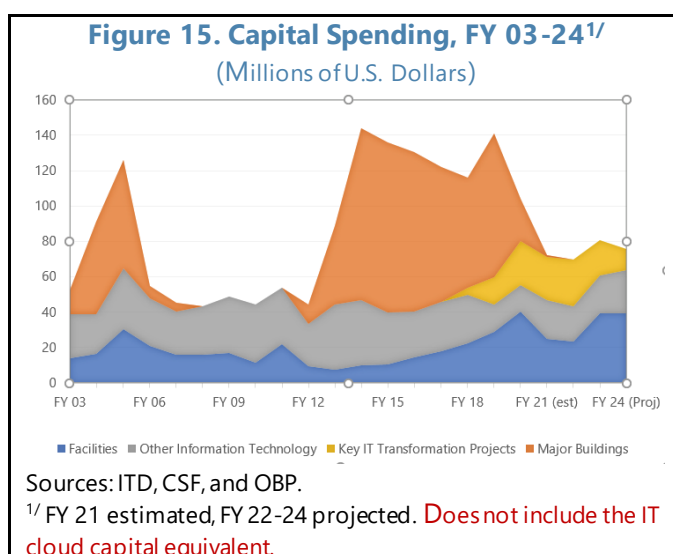
47. **Support departments.** New resources to **CSF** will mainly address crisis response through vendor support for increased video and multimedia services, business continuity and health screenings, copyright issues, while balancing revenue shortfalls from the Concordia, parking, and tenant leases. Resources were also provided for third party risk management, a key risk mitigant identified in the Risk Report. **ITD** will receive resources to continue support of WFH modalities, while moving towards an improved service delivery model based on managed service providers. Resources for **HRD** will enable completion of CCBR implementation, enhancements to 1HR, and consolidation of the new integrated service delivery model, in addition to continued support for the sharp increase in crisis-related hiring. **SEC** will focus on promoting effective membership engagement, including strategic and efficient Board interactions and implementing hybrid meeting approaches, and successful 2021 Annual Meetings and 2022 Spring Meetings.

SECTION V. FY 22 CAPITAL BUDGET

A. Overview

48. **Capital spending**, while still high by historic standards, has declined from peaks associated with HQ1 renewal. FY 21 spending is split between budgeted IT-related (\$56.3 million) and facilities-related (\$42.4 million) investments:

- IT.** Large-scale IT-intensive projects and related prerequisite projects represent the bulk of current IT capital spending. After several years of underinvestment, these projects hold the promise of transforming the way the Fund works by modernizing systems and addressing process and information fragmentation. This in turn is enhancing productivity and serving as a source of savings that can be rechanneled to core operations, with savings from 1HR and CDMAP coming online in FY 21 and FY 22, respectively. Following a period of heightened **modernization** investment, IT-linked capital expenditures would be expected to decline in the steady state, albeit with a portion of these costs to be



replaced by cloud-based subscriptions. ITD is also well advanced in its own restructuring to better meet the needs of the Fund of the future including through a more agile model for cost-effective delivery.

- **Facilities.** On the facilities side, the focus has shifted from HQ1 renewal to timely **updates, repair,** and modernization of facilities (drawing lessons from previous under-investment in HQ1), incorporating energy-efficient and sustainable investments where possible. In FY 21, the ability to execute projects was **affected** by the COVID-19-related shutdown and supply chain delays. While construction activity is resuming, new investments will be lower for the next year so that delayed projects can be completed, and CSF can focus on crisis-related needs. Future improvements to facilities will incorporate lessons from the remote work experience, taking into consideration post-crisis workplace needs, greater steady-state use of remote capabilities, **NWOW,** and questions around the size and configuration of the Fund's DC and overseas footprint.

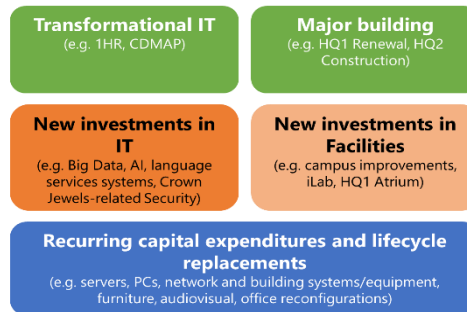
49. **Capital Investment Framework (CIF).** To support these investments, a strengthened CIF was agreed last year, drawing together strategy, governance, budgeting and operational practices, and incorporating a needed focus on risk and change management. Significant progress has been achieved in implementing this framework (Box 4), particularly in clarifying governance of large capital investments. An advisory group has also been initiated to provide input and oversight on facilities-related priorities. Ongoing work will reinforce operationalization of the framework.

50. **Budget and the Cloud.** **Responding to a changing information technology landscape that increasingly leverages cloud solutions, staff is proposing a change in the budgetary treatment of cloud subscription costs.** With the IT-intensive modernization, the Fund is migrating from software purchased or custom-built and maintained on premise to cloud-hosted platforms with recurring subscription costs. This is driving a shift of related costs from capital to administrative budgets at a cumulative scale that will increase in coming years before stabilizing. To mitigate related budget pressures **and to better monitor ongoing cloud costs, staff is proposing a change in the budgetary treatment of these expenses,** drawing on OIA advice and comparator experience. **Details are set out in Annex VI.** The Board is asked to approve the following key elements of the proposed change in budgetary treatment for cloud subscription costs:

- Recognizing the close offsetting linkage of cloud costs to ongoing capital costs, cloud subscription costs will be presented with the capital budget each year to allow for tracking of overall capital and cloud costs.
- The scale of cloud subscription costs relative to the IT capital envelope will inform deliberations on the sizing of the overall IT capital envelope. Capital investments in IT, over time, are expected to decline as the Fund increases its cloud adoption.
- Cloud costs will follow the rigor and governance of the capital investment framework, including decision-making, reporting and oversight.
- The proposal will be implemented within a framework of strong Fund cloud financial management, forecasting, and reporting practices.

Box 4. Capital Investment Framework (CIF) (REVISED)

CIF approved in FY 21. Reflecting a sharp rise in capital expenses, the Board approved an **updated** CIF that refined the classification of investment projects to ensure that governance, procedures and reporting are calibrated based on type and size of projects. OBP, ITD and CSF have advanced implementation of the updated CIF:



- **Board Oversight:** In addition to annual budget and outturn reporting, the framework provides for Board endorsement of CBAs pre-implementation for large projects, a practice already initiated informally for 1HR and CDMAP. In FY 21, the iData project was also endorsed. The Board receives periodic updates on the status of the modernization programs, most recently in February 2021. Similar practices have been in place historically for major building projects.
- **Governance Mechanisms:** The governance framework outlined in Appendix X of last year's [budget](#) is being operationalized for both IT and facilities-related investments.
 - **IT:** Governance arrangements are being explicitly articulated for the management-chaired and Director-level Committee for Business and Information Technology (CBIT), with clarified roles and responsibilities of stakeholders and standard procedures for submission, decision-making, and monitoring of projects. The framework also calls for an empowered corporate Program Management Office **responsible for overseeing project execution, facilitating governance and reporting across the various capital initiatives**. ITD's reorganization also supports a more strategic approach, including project vetting against the IT strategy (e.g., a unified enterprise IT architecture; security).
 - **Facilities:** As anticipated as part of the CIF, a Director-level Corporate Services Facilities Strategic Advisory Committee was launched in December 2020, chaired by the Director of CSF. The committee will review and endorse the portfolio of facilities investments based on a proposal by the Director of CSF, leveraging information provided by the secretariat and relevant technical teams.
- **Prioritization Framework:** To drive consistency in prioritization and decision-making, standardized criteria and procedures are being implemented for capital investments. These criteria include: (i) Strategic fit, including to reduce fragmented approaches to corporate challenges; (ii) Financial costs and benefits; (iii) Institutional risk mitigation; (iv) **For IT investments**, consistency with IT Enterprise Architecture, to support more integrated systems solutions; and (v) Capacity to Deliver.
- **Costs/Benefits:** More systematic assessment of upfront capital costs and ongoing costs and benefits (financial and non-financial) is being implemented for large projects. CBAs for large projects are also monitored and updated as part of project and portfolio governance processes.
- **Targeted monitoring and rebalancing of the capital portfolio:** The capital portfolio and estimated spending is periodically reassessed during the year to ensure optimal use of capital resources and to make room, through reprioritization, for additional demands that might arise during the year.
- **Risk and Change Management:** OIC works with key modernization projects to ensure integration of change management in implementation. OIA's readiness assessments of modernization programs are designed to provide a timely and independent view of the program's readiness to deploy, informing go-live **decisions**. Project risks are reported to the respective steering committees and **in** ORM's reporting.

B. FY 22 Capital Budget

51. **Proposed budget.** The overall capital budget proposal (including the IT cloud capital equivalent defined below and Annex VI) is \$79 million (Table 7). The FY 22 proposal is \$19.7 million less than FY 21’s budget and \$8.9 million lower than the projection for FY 22 in last year’s budget. This represents a reduction of about \$18.9 in facilities and \$0.8 million in IT-related expenses versus FY 21, respectively. This reflects the continued uncertainties and disruption associated with the pandemic, which has led to delays and some deferral of activities, particularly on the facilities side. The proposal is based on estimated spending and staff will reallocate within the portfolio as required by emerging needs or changes.

Table 7. Medium-Term Capital Budget, FY 21-24 (REVISED)
(Millions of U.S. Dollars)

	FY21	FY 22	FY 22	FY 23	FY 24
	Approved	Projected in FY 21-23 MTB	Proposed	Indicative	
Total (Capital with IT Cloud Capital Equivalent)	98.7	87.9	79.0	92.4	87.9
Total (Capital without IT Cloud Capital Equivalent)	98.7	87.9	69.5	80.9	75.7
Building Facilities	42.4	35.4	23.5	39.1	39.4
<i>of which:</i>					
Lifecycle replacements and repairs	32.5	23.8	12.2	26.8	29.4
<i>of which:</i>					
Audio-Visual	6.5	5.9	4.7	4.8	4.9
HQ1/HQ2/Concordia	11.2	14.1	7.5	21.9	24.5
New Investments	0.7	4.3	5.1	5.7	3.2
Vehicles	1.2	1.2	2.0	2.1	2.1
Information Technology	56.3	52.5	46.0	41.8	36.3
Key Modernization Projects (and pre-reqs) 1/	31.1	31.5	30.7	21.9	12.8
New Investments	15.4	10.5	9.2	12.5	16.0
Of which : Information Security	7.8	5.3	3.1	4.2	5.3
Infrastructure end-of-life	9.9	10.6	6.1	7.3	7.5
IT Cloud Capital Equivalent 2/	...	...	9.5	11.5	12.2

Sources: OBP, CSF, and ITD

Note: Figures have been recategorized to align with new defined groupings in the Capital Investment Framework.

Totals may not add due to rounding.

1/ Projections for FY 23-24 are indicative at this stage

2/ FY 22 reflects the cumulative cloud license cost as on date

C. Facilities Capital

52. **Crisis-driven reprioritization.** During FY 21, staff pivoted to pandemic response, which necessitated delaying non-critical projects and prioritizing construction projects that benefit from the buildings being largely empty. After a pause during the early part of the pandemic, some back -

of-house and high staff impact capital projects (e.g., HQ building systems nearing end of life, restroom renovations, HQ1 Atrium skylight water leak repairs, **HQ1 floor sealing, Fire Alarm repair**) were accelerated, while others (e.g., furniture replacement) were delayed due to supply shortages and delivery delays. Investments in response to the pandemic were also prioritized, including installation of touchless restroom door openers and ultraviolet lighting for air purification. The net impact of these measures is expected to drive lower-than-budgeted spending in FY 21, with a higher balance carried forward than in prior years (estimated at about \$60 million versus \$45 million in FY 20), under provisions allowing use of capital funds over a three-year period. About half of the carry-over balance is allocated to furniture replacements, HQ1 building systems (substations, generator, chillers), and audio visual.

53. **FY 22 budget.** For FY 22 a facilities budget of \$23.5 million is proposed, about \$18.9 million less than the FY 21 budget, \$2.5 million lower than projected FY 21 spending, and \$11.9 million lower than was estimated for FY 22 last year. While project execution is resuming in FY 22, the lower budget is driven by the large carry-over and continued impact of the pandemic on capacity to deliver. The planned FY 22 facilities lifecycle investments mainly include standard audio-visual equipment replacements, the first phase of HQ1 elevator refurbishment, and remediation of HQ1 air/humidity issues. New investments include acoustics remediation in conference rooms to improve sound quality and user experience for virtual meetings, increased shower/locker amenities for bikers as part of the greening effort, and configuration of unused space in HQ1 (descoped during the HQ1 Renewal project), which will help with near-term office space needs as additional crisis staff are onboarded. Recognizing that further capital investments will be needed to support the ongoing “future of work” effort, a portion of the budget earmarked for recurring tenant renovations is being reprioritized for this purpose. These allocations, together with the available contingency funds, aim to address immediate needs in FY 22, until a longer-term space use strategy has been formulated.

54. **Outlook.** In the medium-term, the estimated facilities capital budget reflects a return to pre-pandemic levels (**Annex VII**). The amounts are indicative at this stage due to pandemic-related uncertainties. Previously indicated workplace improvement projects, such as the relocation of the HQ1 Bistro, new Visitor’s Entrances and renovation of the HQ1 Auditorium, are currently on hold pending a better understanding of the future of work at the Fund and the associated space use strategy. Updates to the Board will be provided when more information is available.

D. IT Capital

55. **FY 22 budget** (Table 8). The proposed IT capital budget appropriation for FY 22 is \$46 million, \$10.3 million lower than **in the** FY 21 budget, **on par with** the projected FY 21 spend, and \$6.5 million lower than was expected at the time of last year’s budget. Large modernization programs and pre-requisite projects are expected to continue to drive spending in FY 22. The proposed portfolio also provides funding for other critical systems development and upgrades, information security, and lifecycle replacements for IT infrastructure.

Table 8. Estimated IT Capital Needs for Key Modernization Projects (REVISED)
(Millions of U.S. dollars)

	Total Estimated Project Cost	Approved in Previous Years (thru FY21)	FY 21		FY 22	FY 23-24
			Estimated Spending at Year End	Remaining estimated approved budget	Additional Projected Needs	
Key Modernization + Prerequisites	155.3	98.2	98.0	0.1	30.7	33.0
Key Modernization	135.3	83.1	83.0	0.1	26.9	32.0
1HR 1/	46.1	46.1	46.1	0	-	-
CDMAP	18.9	15.4	15.4	0	3.6	-
Knowledge Management	24.6	12.5	12.5	0	8.5	3.8
iData	22.6	4.5	4.5	0	6.6	11.6
Integrated Digital Workplace 2/ Modernization- unallocated	23.1	4.5	4.5	0	2.0	16.6
					6.1	
Prerequisites projects	19.9	15.1	15.1	0.0	3.8	1.1
Azure	0.8	0.8	0.8	0	-	-
Corp Data Warehouse	9.5	6.1	6.1	0	2.4	1.1
DMX Modernization	1.6	1.6	1.6	0	-	-
IAM Replacement	6.3	4.8	4.7	0.1	1.5	-
Ent Int Platform	1.9	1.9	1.9	-	-	-

Note: Totals may not add due to rounding.

Source: IT Project Management Office.

^{1/} Additional resource needs for completion of 1HR release 2 are being assessed; an updated CBA will be presented to the Board in April 2021.

^{2/} IDW figures represent module 1 and the scoping and design work. Project is still in early stages and estimates of total cost and projected needs are not yet available.

56. **Key FY 22 needs:**

- **Large modernization and pre-requisite projects** (\$30.7 million):
 - **1HR (FY 22 resource needs under review)** modernizes, simplifies, and transforms the way the Fund delivers its HR services, through streamlined business practices, best in class cloud software, and enhanced controls. The platform also provides flexibility to accommodate future policy, practice or regulatory changes. Two Releases (0 and 1) were implemented in March and November 2020, respectively. Work is underway on a final release which includes solutions for complex benefits, tax and pensions, including through custom development (Release 2). The program has faced delays and implementation challenges, owing to its scale and complexity (including links to CCBR reforms), the impact of the pandemic and the resulting remote work, and vendor-related issues. Release 2 is being recalibrated to take on board these lessons, also drawing on independent analysis and advice from OIA. Given the longer timeframe, the scope of the project is also being expanded to include implementation of the 5-year Staff-Retirement Plan Grossing Up formula and CCBR related reforms to complex benefits. An updated CBA reflecting the additional resource needs will be presented to the Board in April 2021. FY 22 expenditures,

and those of iDW (below) will be accommodated within the proposed capital budget request.

- **CDMAP (\$3.6 million)** provides a single platform for management and administration of the Fund's CD operations, reducing process and information fragmentation and strengthening data for monitoring, prioritization, and decision-making. The project is broadly on track and on budget with successful implementation of two initial releases (Release 1 and 1.5), which allowed for use of the CDMAP platform for FY 22 CD resources allocation planning. Release 2, which covers resource management and project execution, is planned for April 2021 and Release 3, which covers project close and evaluation and risk management, in August 2021, with the project expected to conclude on time in fall 2021. New requirements, including updates to the donor costing model, will be considered either as an addendum or as part of a follow-up project.
- **iData (\$6.6 million)** mitigates the operational risks stemming from the Fund's current aging **economic** data management platform. The project will deliver a modern economic data lifecycle management platform that can be further extended to meet the growing business needs for creating and maintaining databases for multilateral surveillance and economic research. Implementation commenced following CBA approval in July 2020, with the selection of an implementation partner. Onboarding, knowledge transfer, and design activities are underway as part of program implementation. The overall program consists of six phases to conclude in Q3 FY 24.
- **KM (\$8.5 million)** provides a framework for efficiently capturing, storing and sharing knowledge, thereby enabling staff to more easily draw lessons and insights from the Fund's rich cross-country experience and subject-matter expertise. This includes a new document management system and enterprise search systems, as well as underlying work on content classification. Implementation of an improved Enterprise Search tool has been completed and work is underway on defining the solution architecture for the new Document Management system. The KM team is working closely with the iDW team to build on the synergies between the two projects. Implementation is expected to be completed by Q3 FY 23.
- **iDW (\$2.0 million for scoping with overall costs being assessed)**: will provide staff with tools to support productivity and collaboration, addressing the pain points experienced from existing fragmented content, information silos, and obsolete technology. In response to urgent staff demands emerging from the extended remote work, the program has been restructured with an **initial** focus on teamwork in a virtual environment. The program now comprises five modules: (i) Collaboration; (ii) Intranet; (iii) External Relationship Management; (iv) Document Workflow and Review; and (v) Workstream Automation. The modules have been prioritized based on urgency and will be implemented sequentially. An overall CBA for the project will be presented to the Board in Q2 of CY 21.

○ **Prerequisite projects:**

Work is also underway on key prerequisite projects such as the Corporate Data Warehouse (\$2.4 million in FY 22) which aims to implement a modern platform to enable business departments with self-service reporting and dashboard capabilities, and on replacing the existing “home-grown” Identity and Access Management system (\$1.5 million in FY 22) with a cloud-based solution that integrates effectively with Fund’s systems and enterprise IT platforms.

	FY 20 Spending	Total Funds Available in FY 21	FY 21 Spending (Proj.)
Total	107	186	73
Facilities	42	88	26
Information Technology	42	82	46
HQ1 Renewal	23	16	1

Sources: Office of Budget and Planning, Corporate Services and Facilities and Information Technology Departments.
^{1/} Approved capital funding is available for three consecutive years, except for HQ1 Renewal which is available until April 2025.

- **Lifecycle replacements and IT infrastructure total \$6.1 million for FY 22.** In addition to funding upgrades of the remote office infrastructure, network equipment, servers and storage capacity, a portion of the Fund’s personal computers will also be replaced in FY 22. **This aligns with the long-term IT Infrastructure plan detailed in Annex VII.**

57. **Modernization benefits.** After their completion, these modernization programs will deliver significant financial and non-financial benefits. Harmonized processes and updated, integrated, and user-friendly systems, as well as more readily accessible information, will improve productivity and reduce risks across the Fund’s operations. A portion of these gains will translate into direct budget savings that can be reallocated to core activities. In this context,

- **1HR** will provide a net \$6.5 million in annual savings (after ongoing license and related costs), supported by a reorganization of HR functions and decommissioning of systems. These savings have been captured in the structural budget since FY 21, with \$2 million in transitional resources to support program implementation in FY 22 and similar project costs through the program period. Additionally, \$1.7 million in gross ITD savings will be delayed due to changes in the 1HR program schedule.

- **CDMAP** will deliver net annual savings of \$3.4 million from administrative efficiencies and capturable productivity gains, beginning in the fourth quarter of FY 22. For budget purposes, the full structural benefit is reflected in FY 22, with offsetting transitional funding for the first part of the year.
- **iData** will reduce annual administrative costs by a net \$0.7m through efficiency improvements and decommissioning of the legacy solution. These benefits will begin to be captured in FY 24.
- The full **iDW** CBA will be presented in FY 22 Q1. The first module, providing collaboration tools, will deliver \$0.4 million in annual savings through streamlining of tools and licenses.

FY 22 CDMAP Net Savings (NEW) (Millions of U.S. dollars, unless otherwise noted)				
Dept	FY 22 Net Savings ^{1/}		Steady State Savings ^{2/}	
	\$	FTEs	\$	FTEs
Total	(0.2)	(2.3)	(3.4)	(9.9)
FAD	(0.4)	-	(1.6)	-
ICD	(0.2)	(0.8)	(0.9)	(3.1)
LEG	(0.1)	-	(0.2)	-
MCM	(0.2)	(1.4)	(0.9)	(4.8)
STA	(0.1)	(0.2)	(0.6)	(2.0)
ITD ^{3/}	(0.4)	-	0.8	-

^{1/} Includes FY 22 transitional support for CDMAP work.
^{2/} Mix of staff versus contractual and other reductions varies by department.
^{3/} Net steady state savings reflects \$1.2 m in annual admin cost, covered by the capital budget for FY 22.

SECTION VI. RISKS TO THE BUDGET

58. **Heightened risks due to the crisis.**⁴ The Fall 2020 survey of departments’ risk perceptions suggested a continued uptick in budget risks perceived still as moderate when compared with the Spring 2020 survey. While risk mitigation activities embedded in the budget will help reduce risk, significant residual risk will remain due to external drivers that can only be partly addressed through risk management.

- **Staff health and safety.** With the pandemic ongoing and case numbers high, risks to staff’s health and safety remain. Key mitigations already in place include continuation of WFH until conditions are in place for a safe opening of the Fund’s work locations. Evacuations for overseas staff were also an important mitigant. A broad range of safety and health protocols (e.g., cleaning, touchless entrance/exits, temperature scanning) is in place for staff in DC area and overseas. The crisis will affect spending, in the form of higher **occupational health-related** spending (e.g., **COVID-19 testing, contact tracing**), incremental costs of cleaning and configuring office space, and needed staff support.
- **Program activity.** Large uncertainties remain on the duration of the pandemic and its impact on the demand for Fund services. Projections by departments during the FY 22 budget formulation process are for baseline program work to remain elevated (with knock on effects on CD) with Fund lending shifting from emergency financing towards more

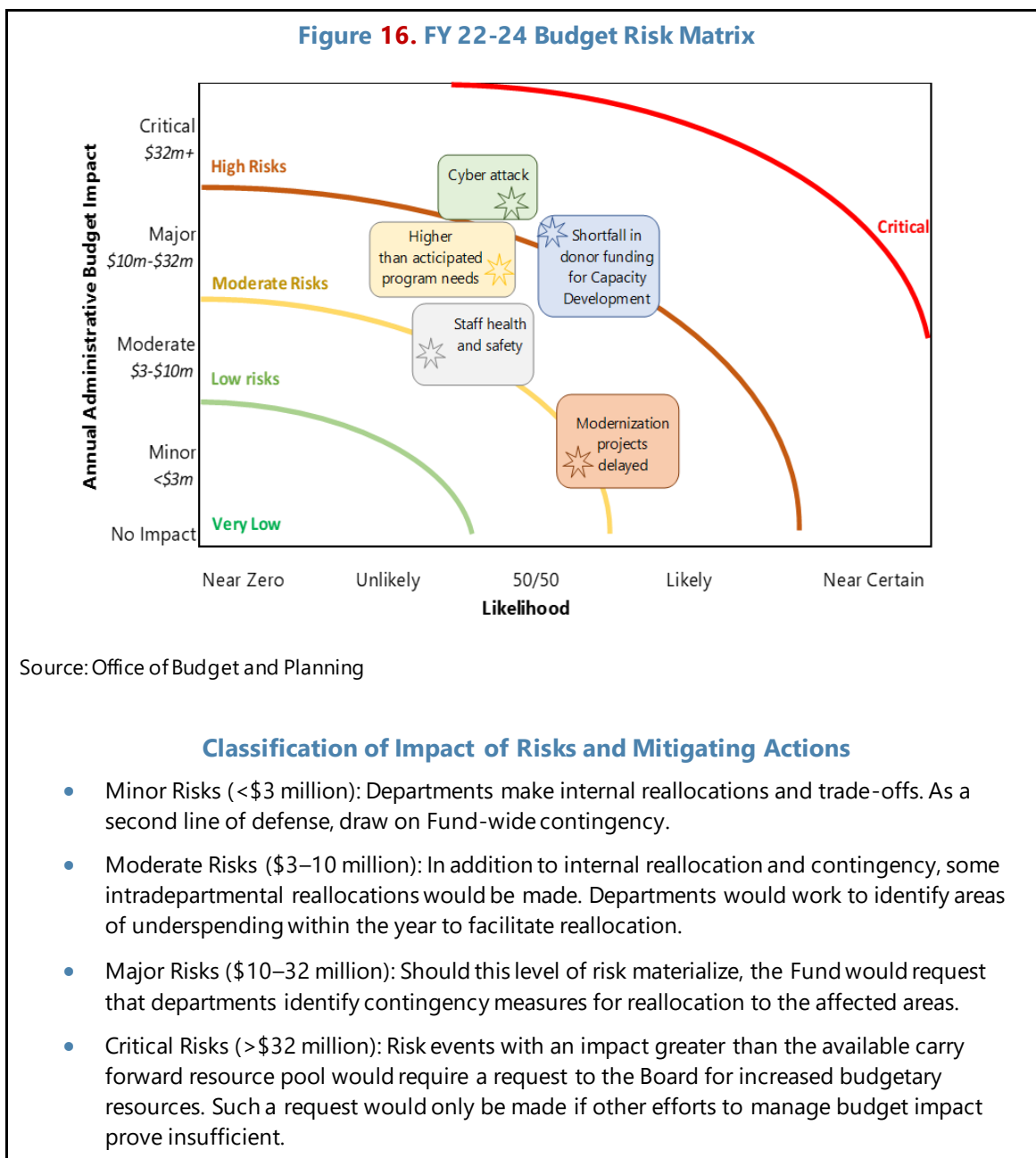
⁴ [2020 Risks Report](#) (SM/20/167, (11/16/2020)).

complex UCT programs. Program requests beyond what is reflected in the budget projections would require further reallocation of staff and budget resources to members with the highest needs.⁵ Key mitigation measures in this area include periodic ORM updates on scenarios on program activity, continued incorporation of risk considerations into budget planning, and a risk-based resource allocation.

- Information security.** Risks arising from a large-scale cyberattack remain elevated. The cyber threat landscape worsened with the crisis and the shift to WFH, while new threat vectors pose further risks. The Fund's capacity constraints are also contributing factors given the lack of dedicated **data security, vulnerability management, incident response, and** cyber threat intelligence **functions** and a waning cyber metrics program. Mitigation efforts have focused on protecting crown-jewels assets, training and awareness, as well as improving security logging and monitoring. However, a consistent labeling of assets' confidentiality in the asset inventory for the list of Crown Jewels (CJs) is not yet finalized (the May 2020 deadline was moved back). The new Chief Information Security Officer **is focusing on building Governance, Risk, and Compliance (GRC) programs and Advanced Threat Protection (ATP) programs encompassing the Digital Security Strategy.**
- Business transformation.** Issues in the implementation of transformational modernization projects have the potential to absorb personnel resources, reducing the scope for reallocation, and could reduce envisaged savings. Key mitigation measures are strong internal controls with continued close monitoring of the schedule and budget process of major projects by the PMO, OIC's work on change management to facilitate projects' implementation, and governance oversight by the CBIT and steering committees. Also, ensuring that risk management considerations are reflected and communicated in large capital project milestones and by implementing a Third-Party Risk Management (TPRM) function to (i) identify risks at the procurement stage and (ii) provide ongoing monitoring of residual risks.
- CD fundraising.** Competing demands for donor resources in the wake of the COVID crisis could lead to fundraising shortfalls, notably with respect to the regional CD centers. Key mitigation measures include engaging with donors to increase the flexibility of the use of trust funds and making adequate provisions for budget shortfalls. Some reduction in CD delivery would also be needed if such shortfalls persist.
- Increasing staff** levels for crisis work may take longer-than-envisaged. A key mitigation measure in this area is maintaining a pool of identified potential candidates. Delays in hiring results in risks to the Fund's response to the crisis and risk persistent staff pressures. From a purely budget perspective, materialization of this risk would temporarily create budget space. Conversely, unwinding crisis level staffing requires careful workforce planning.

⁵ Similar action would be needed if the unit cost of mission travel increases.

59. **Risk mitigation activities embedded in the budget will help to reduce risk, but significant residual risk remains.** Figure 16 illustrates the probability and scale of key risks specific to the budget. OBP will continue to update the Board on the evolving cost estimates for risk events in these areas. To the extent possible, staff will seek reallocation as the first response to unforeseen costs arising from these risks, followed by reductions in non-country work. Should multiple risks materialize, further temporary resources may be sought as a final resort.



SECTION VII. SUMMARY PROPOSAL FOR FY 22 (NEW)

60. **Proposal.** Within the total administrative appropriations, separate appropriations and expenditure ceilings are proposed for the Offices of the Executive Directors (OED), the Independent Evaluation Office (IEO), and other administrative expenditure in the Fund (Table 10). The capital budget is made up of three components: building facilities, information technology, and IT cloud capital equivalent.

Table 10. Proposed Appropriations, FY 22 (NEW)
(Millions of U.S. dollars, unless otherwise noted)

	General	OED	IEO	Total
Net administrative budget	1,130.2	76.4	6.9	1,213.5
Receipts	243.5	1.5	0.0	245.0
FY 21 carry forward (upper limit) 1/	88.4	14.9	0.5	103.9 2/
Total gross expenditures (limit)	1,462.1 3/	92.9	7.4	1,562.4
Capital budget				79.0
Building facilities				23.5
Information Technology				46.0
Cloud				9.5
<i>Memorandum items:</i>				
Net administrative budget in mil. of FY21 U.S. dollars	1,104.8	74.7	6.7	1,186.2
Carry forward, upper limit (in percent)	8.0 4/	20.0	8.0	n.a.

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

1/ The actual amount that can be carried forward is the lesser amount of the underspend in the current year or the specified ratio (shown in the table) of the current year's net administrative budget.

2/ The current projected total carry forward based on projected underspend for FY21 is \$87 million. **The precise** amount will be determined when end-year financial books are closed.

3/ Total gross expenditure limit to increase by an estimated \$8.3 million from OED and IEO excess savings above their carry forward limit for underspend of FY21 resources. Precise amount will be determined when FY21 end-year financial books are closed.

4/ Adjusted to reflect proposed carry forward limit increase from 5 percent to 8 percent.

Proposed Decisions (NEW)

The following decisions, which may be adopted by a majority of the votes cast, are proposed for adoption by the Executive Board:

Decision 1. Administrative Budget for the Fund, FY 2022

A. Appropriations for net administrative expenditures for Financial Year 2022 are approved in the total amount of US\$1213.5 million, of which: (a) up to US\$76.4 million may be used for the administrative expenditures of the Offices of Executive Directors, (b) up to US\$6.9 million may be used for the administrative expenditures of the Independent Evaluation Office, and (c) up to US\$1130.2 million may be used for the other administrative expenditures of the Fund.

B. In addition to the amounts for net administrative expenditures appropriated under paragraph A, amounts appropriated for net administrative expenditures for Financial Year 2021 that have not been spent by April 30, 2021 are authorized to be carried forward and used for administrative expenditures in Financial Year 2022 in a total amount of up to US\$ 103.9 million, with sub limits of (a) US\$14.9 million for the Offices of Executive Directors, (b) US\$0.5 million for the Independent Evaluation Office, and (c) US\$88.4 million for the other administrative expenditures of the Fund.

C. A limit on gross administrative expenditures in Financial Year 2022 is approved in the total amount of US\$1562.4 million, with sub limits of (a) US\$92.9 million for the administrative expenditures of the Offices of Executive Directors, (b) US\$7.4 million for the administrative expenditures of the Independent Evaluation Office, and (c) US\$1462.1 million for the other administrative expenditures of the Fund.

D. The appropriations for “other administrative expenditures of the Fund” and the “limit on gross administrative expenditures” for FY 22 set out in paragraphs A and C above will be increased by the amount of (i) the OED excess underspend above the individual office carry forward limits and underspend from OED central resources from FY21; and (ii) the IEO underspend above the carry forward limit, as determined in the FY 21 year-end closure of the Fund’s financial books.

Decision 2. Budgetary Treatment of Cloud Subscription Costs

The budgetary treatment of cloud subscriptions costs within the Capital Budget Framework shall be as set out in paragraph 4 of Annex VI.

Decision 3. Capital Budget Appropriations for Financial Year 2022

Appropriations for capital projects underway or beginning in Financial Year 2022 are approved in the total amount of US\$79 million and are applied to the following project categories:

- (i) Building Facilities: US\$23.5 million
- (ii) Information Technology: US\$46 million
- (iii) IT Cloud Capital Equivalent: US\$9.5 million

Annex I. Key Budget Concepts and Overview of the Fund’s Budget Process

Financial year (t): May 1(t-1) to April 30(t)

E.g., FY 22 = May 1, 2021 to April 30, 2022

Administrative budget:

Gross (total spending envelope)

- (minus)

Receipts (donor funding + revenue)

=

Net (spending that needs funding)

Total Available Resources = Net + Carry Forward

Carry forward:

The right to spend budget allocations beyond the period for which budgetary authority is normally granted (12 months). Carry forward (CF) limits are set for the IEO, OED, and at the general level for other administrative expenses. The general CF limit has varied over time, rising to 6 percent following the GFC and reverting to 3 percent in FY 12. In 2020, the Board approved an increase in the general CF limit from 3 to 5 percent and IEO’s CF limit from 5 to 8 percent for the following three years in response to COVID-related travel restrictions and emerging crisis needs. In line with the streamlining of OED central budget accounts, in 2020 OED’s central carry forward has been discontinued and the CF limit set at a maximum of 20 percent (or two FTE advisors for each of the offices). The CF is the minimum of the underspend in the current year or CF limit of the current year’s approved net administrative budget. Specifically:

$$CF_t = \min (U_t, x B_t)$$

Where:

U_t = underspend in current FY ($B_t + CF_{t-1} - E_t$)

B_t = net administrative budget in current FY

CF_{t-1} = carry forward from previous FY

E_t = net expenditures in current FY

x = ratio limit of CF

Global external deflator:

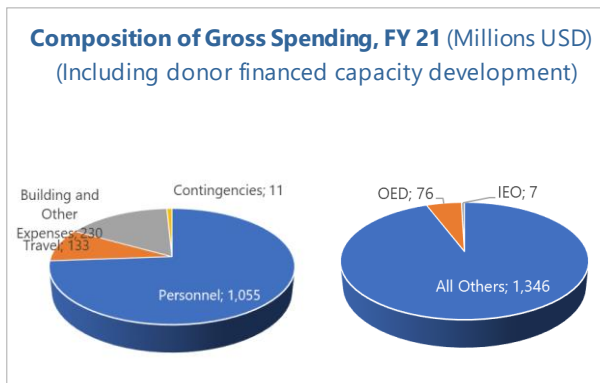
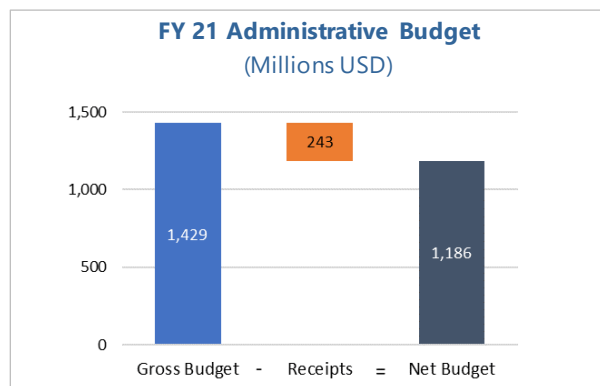
Starting in FY 21, the global external deflator is the U.S. CPI projection as published in the most recent WEO which is the January WEO Update (see Annex II of the [FY 2021–FY 2023 Medium-Term Budget](#) for the revision of the global external deflator).

Capital budget:

Used to finance investments in information technology and building improvements and repairs. Given the long-term nature of these projects, capital budgets are available for a period of three years, after which time unspent appropriations lapse.

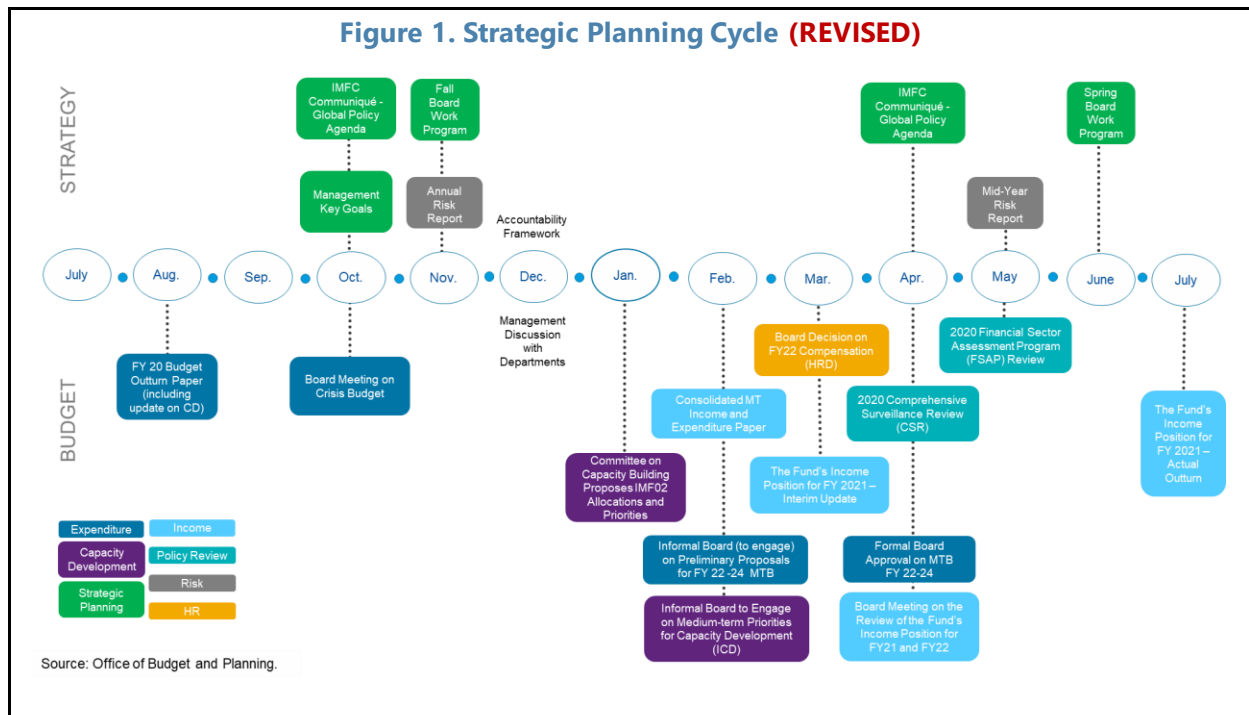
A project is included in the capital budget if it is for:

- the acquisition of building or IT equipment;
- construction, major renovation, or repairs;
- major IT software development or infrastructure projects.



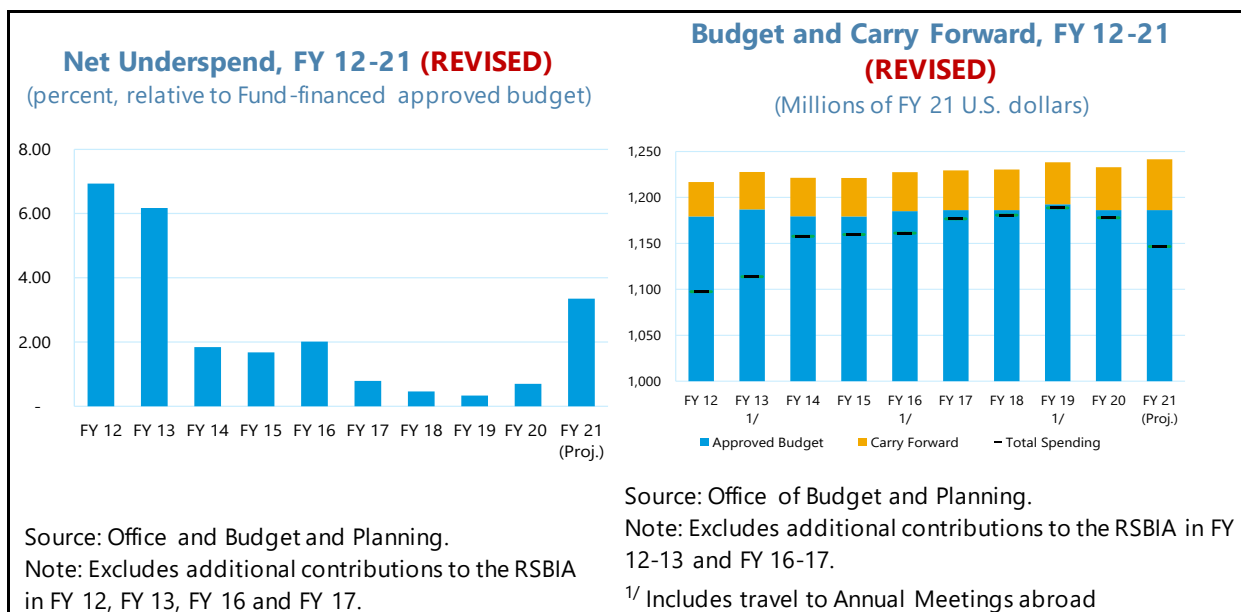
Annex II. Overview of the Fund’s Budget Process

- The budget process is part of a broader planning framework incorporating activities on strategic prioritization, risk management, policy reviews and financial and budget management.** The starting point for the annual budget exercise is the membership’s priorities as expressed in the Managing Director’s Global Policy Agenda, the IMFC Communiqué, and the Board Work Program. Together, these priorities guide the focus of bilateral and multilateral surveillance, policy and analytical work, CD, and internal reforms. The budget process also takes on board input from periodic policy reviews and evaluations.
- Redirection of resources mainly takes place within departments and existing workstreams.** The budget process itself translates priorities into reallocations across departments and outputs as needed. This is conducted through a “savings and demands” exercise. Departments, in consultation with OBP and management, identify where additional resources are needed to respond to the membership’s needs and management’s guidance. In recent years, these gross reallocations, along with central savings and modernization, have amounted to about 2-4 percent of the administrative budget.
- In parallel, the Board reviews the income and expenditure position, staff compensation, and the capital budget.** Since FY 21 the Committee on Capacity Building (CCB) established stronger links with the budget process and a Board briefing on the implementation of CD priorities has been added. New priorities are often initially accommodated through transitional resources and absorbed into structural resources in subsequent years. This approach allows new priorities to be absorbed into the structural base over time, as savings in other areas create room.



Annex III. Projected FY 21 Outturn (CHARTS/TABLES REVISED)

Addressing the crisis while rebuilding a more resilient global economy has required a quick shift in core priorities of Fund's work. This has generated new demands on staff and additional resource needs in FY 21. The impact of the crisis on the budget has, however, been offset by extensive reprioritization efforts and one-off savings.



1. **The FY 21 budget responded to the evolving crisis needs, in the context of exceptionally high uncertainty.** The Fund had to respond to unprecedented demand for emergency financing, analytical and policy work on crisis issues, and measures to keep staff safe and set up an effective work-from-home environment while ensuring that the Fund's HQ buildings were ready for business. As anticipated in the [FY 21–23 budget](#), the crisis response required swift redirecting of resources and bringing in additional staff to allow the Fund to respond to the membership's needs. The immediate impact was a large spike in overtime and contraction in leave usage (see Figure 2 in the main text), in particular in the frontline departments.

2. **Against this backdrop, departments carried out a reprioritization exercise and identified additional crisis needs.** This exercise identified gross crisis needs of \$112 million in FY 21. At the same time, departments also identified \$43 million in reprioritization and related savings, offsetting about 40 percent of the gross needs. These Fund-wide reprioritization and savings resulted from shifting resources to address immediate crisis needs while delaying or canceling lower priority work. The remaining net needs of \$69 million—including 128 additional positions—have been covered through the repurposing of travel and events resources, maintenance of buffers smaller than originally planned, and higher prospects of using the carry forward. The Board had increased the carry forward ceiling in the FY 22–24 budget to make the crisis-related underspend from FY 20 available in FY 21.

3. **Net crisis needs allocation mostly focused on direct country support.** 128 positions were created to meet crisis demands. 74 positions are for direct country support in area departments and functional departments that provide economists to country teams (FAD, MCM, SPR). 42 positions were dedicated to reviewing country documents (mainly emergency financing requests) and policy and analytical work on crisis issues. Another 10 positions were created in SEC and small offices to meet crisis-related work pressures, and 2 positions were created to support enterprise risk management. These crisis positions were allocated to departments in October, and hiring is under way. However, not all positions are expected to be filled by the end of the financial year.
4. **Externally financed spending is projected to fall in FY 21, reflecting the inability to travel and absorption constraints, notwithstanding the rapid adaption in the focus and delivery.** Externally financed CD spending is projected to fall by about 20 percent to \$133 million, or 65 percent of budget. As reported to the Board in the supplement to the FY 21-23 budget, lower expenditure has led to a shortfall in trust fund management fees. Chargebacks will fall below budget, but to a lesser degree than earlier anticipated. The expected impact on the Fund-financed budget of both effects is around \$9 million, or \$5 million from lower trust fund management fees and \$4 million from lower chargebacks. Over time, these issues are expected to be resolved with the return to travel.
5. **Preliminary estimates of FY 21 outturn suggest significant underspend, albeit with risks in both directions.** Most departments project that they will remain within their budget envelope, including crisis resources. A few departments project an overspend, albeit with ongoing efforts to align spending with budget. The underspending largely reflects the pace of hiring for crisis positions and the remaining budget allocation for travel.¹ Corporate and IT services, building maintenance, and the virtual Annual Meetings also contributed to the underspending.

A. Projected Spending by Fund Output Category

6. **In the first half of FY 21, work shifted towards lending and multilateral surveillance and away from bilateral surveillance and CD delivery.** Departments have quickly responded to the crisis by curtailing the regular Article IV cycle for many countries, canceling or postponing workshops and conferences, and delaying and streamlining medium-term analytical work. The Fund has also temporarily delayed some FSAPs and redirected these resources to provide additional direct country support. Bilateral surveillance has gradually resumed in the second half of the fiscal year. Externally financed CD spending was 21 percent lower due to the impact of COVID-19 to CD delivery.
7. **The June 2020 crisis [Board Work Program](#) reflected the changes necessary to swiftly adapt to the crisis needs.** Medium-term analytical work, including a discussion note on the Sustainable Development Goals (SDGs), were put on hold. The CSR and FSAP Review, and the review

¹ Given the uncertainty of when travel will resume, HR-related travel needs, and select essential mission travel, only 5 percent of the travel budget was allocated to cover crisis needs. In the event, with the overall travel ban remaining in place until the end of the financial year, most of these precautionary travel resources were not used.

of the transparency policy have been delayed, along with the safeguards assessment review; guidance notes on conditionality; social spending; pension issues; and multiple currency practices. The implementation of the upgrade of the core banking system was also delayed. Annual and Spring Meetings were moved to a virtual format.

B. Projected Spending by Input

8. **Expected aggregate under execution of about 3 percent is mostly driven by lower spending in non-personnel budget categories (Table 1).** While personnel spending is projected to be higher than the structural budget, it will remain within the total personnel envelope which includes the 128 crisis positions—equivalent to 90 FTEs. Ongoing travel restrictions and extended WFH arrangements during the pandemic have **affected** utilization in the categories of travel, building operations and other discretionary spending. Receipts, including those received from delivering externally funded CD activities, are expected to be about 23 percent lower than FY 20 levels (\$199 million), reflecting reduced CD activities during the pandemic. At the aggregate, carry forward funds will remain available to meet most transitional and some crisis needs in FY 22.

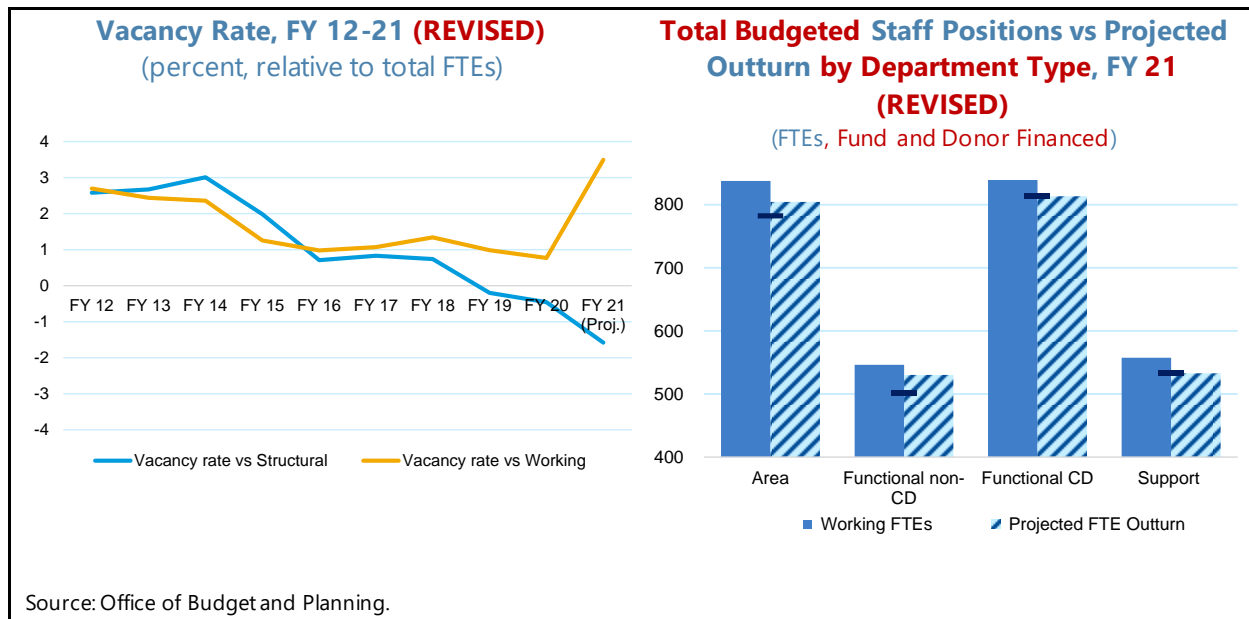
Table 1. Net Administrative Budget: Estimated Outturn, FY 20-21 (REVISED)
(Millions of U.S. dollars)

	FY 20		FY 21					
	Budget	Outturn	Budget		Projected outturn			
	Total	Total	Fund-financed	Donor-financed	Total	Fund-financed	Donor-financed	Total
Gross expenditures	1,397	1,350	1,223	206	1,429	1,167	133	1,301
Personnel	1,025	1,028	920	136	1,055	955	114	1,069
Travel	134	97	81	52	133	15	5	20
<i>Of which: Annual Meetings</i>								
Buildings and other expenses	224	225	212	18	230	198	14	212
Contingency 1/	15	...	11	0	11	...	...	...
Receipts	-239	-199	-37	-206	-243	-21	-133	-154
Net expenditures	1,158	1,150	1,186	0	1,186	1,147	0	1,147
<i>Memorandum items:</i>								
Carry forward from previous year	47		55		55			
Total net available resources and spending	1,205	1,150	1,241		1,241	1,147		1,147

Sources: Office of Budget and Planning and PeopleSoft Financials
 Note: Figures may not add to totals due to rounding
 1/ Represents the contingencies for staff, OED and IEO

9. **Personnel spending is projected to exceed the structural budget.** The overage **reflects additional** crisis resources **and will be covered by resources** available through savings from continued reduced travel and an increased carry forward allocation. The vacancy rate, relative to **end-March** working budget, is **higher due to expected lags in ramping up crisis-related hiring.** While vacancies vary by department type, in aggregate, departments are expected to remain within their total available FTEs.

10. **With travel restrictions and the shift to virtual events, \$53 million were repurposed to finance new spending.** Departmental travel budgets were reduced by almost 95 percent during FY 21, and 15 percent of the overall travel budget was held centrally in case travel could have



resumed in the second half of the year. Virtual Annual Meetings are also contributing to overall savings, while providing new ideas for increased virtual events in the future.

11. **Spending on building operations and other expenditures is projected to be below the structural budget by about \$14 million (Table 2).**

A shift to WFH arrangements, which began during the last quarter of FY 20, continues to affect spending in FY 21. Continued lower building occupancy is expected to decrease spending by \$2 million, mostly due to reduced costs for utilities. An underspend of \$3 million is also projected for IT services, due to a change in vendor services, while support to staff for IT equipment to WFH will slightly offset the decrease in IT

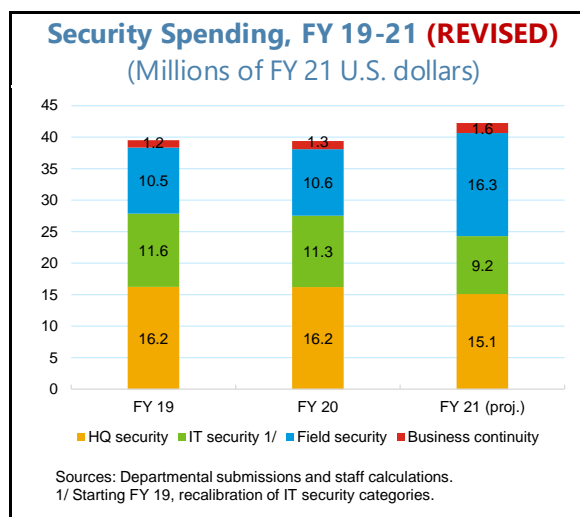
Table 2. Building and Other Expenditures, FY 20-21
(Millions of U.S. dollars, Fund-financed) (REVISED)

	FY 20		FY 21	
	Budget	Outturn	Budget	Proj. outturn
Total	208	211	212	198
Building occupancy	65	64	67	65
Information technology	70	65	71	68
Contractual services	42	38	34	31
Subscriptions and printing	14	20	20	18
Communications	7	7	8	7
Supplies and equipment	4	5	3	3
Other	7	11	8	5

Source: Office of Budget and Planning.
Note: Figures may not add to totals due to rounding

spending. Spending on contractual services, also well within the approved budget allocation, has been affected by the virtual format of the Annual and Spring Meetings. The projected outturn of other cost categories is broadly in line with the budget.

12. **Security spending is projected at about \$42 million in FY 21**—an uptick in spending of about \$3 million from last year (see text Figure). Higher spending for field security is driven by evacuations, in-country security needs in High Risk Locations (HRL) and heightened international security surveillance. Business Continuity has also seen a marginal increase reflecting demands due to COVID-19. These increases were offset by reduced security needs at HQ and lower IT security costs due to vacancy lags and reductions in security monitoring and licensing costs that are expected to return to historical levels next year.



13. **Receipts are projected to come in at about \$90 million below budget, largely driven by the drop in externally financed activities.** A decrease of over 20 percent in receipts from externally financed CD activities, relative to FY 20 levels (\$133 million), is expected in FY 21. With the travel ban and demands from recipient

countries, externally financed CD has lagged past levels and pre-crisis budget expectations. CD departments and OBP are closely monitoring CD delivery and assessing options to minimize the projected shortfalls in trust fund management fees and chargebacks. FY 21 will see revenue losses also from suspended parking fees at headquarters, rent forgiveness for the retail tenant and sharply lower utilization of the Concordia hotel due to suspension of travel. To mitigate the impact on the latter, the Fund has introduced a policy requiring staff traveling to Washington D.C. to utilize the Concordia, in order to maximize its utilization and ensure that Fund's facilities are used in the most cost-effective manner.

Table 3. Receipts FY 20-21 (REVISED)
(Millions of U.S. dollars)

	FY 20		FY 21
	Outturn	Budget	Proj. outturn
Total	204.3	242.8	154.2
Externally financed capacity development (direct cost only)	168.1	205.8	133.2
General receipts	36.2	37.0	21.0
<i>Of which:</i>			
Administrative and trust fund management fees 1/	11.8	14.4	9.3
Publications income	0.8	2.7	0.1
Fund-sponsored sharing agreements 2/	2.3	3.5	2.4
HQ2 lease 3/	2.3	1.3	0.5
Concordia	2.8	3.8	0.5
Parking	2.6	3.4	0.1
Corporate, Travel and P-cards rebates/bonuses	1.3	0.4	0.2

Source: Office of Budget and Planning.

1/ Trust fund management fee of 7 percent under the new financing instrument.

2/ Includes reimbursement principally provided by the World Bank for administrative services provided under sharing agreements.

3/ Lease agreement with the World Bank expired. FY 20 includes Credit Union and retail tenants.

Annex IV. Comprehensive Compensation and Benefits Review Update¹

1. **In December 2019, the Executive Board approved a series of reforms resulting from the Comprehensive Compensation and Benefits Review (CCBR).** Further streamlining reforms were approved by the Board in May 2020.² The CCBR, the most comprehensive review of the Fund's compensation and benefits package since 2006, aimed at ensuring that the package is competitive and modern, and continues to enable the Fund to attract, motivate, and retain a high-caliber international staff. The review resulted in reforms to the compensation system and multiple benefits, including: annual and parental leave, Home Leave/Expatriate Allowance, Education Allowance, salary advances, coordination of benefits with the World Bank Group, the Medical Benefits Plan (MBP), the Voluntary Savings Plan, appointment and resettlement benefits, and Spouse and Child Allowance. In parallel, some new benefits were introduced, including a new Childcare Allowance and a Short-Term Disability program for long-term contractual employees.

2. **Given these substantive and cross-cutting changes and the interdependencies with the 1HR initiative, the effective dates and implementation timeline of the reforms were divided into several phases.** The following reforms and new benefits have already been implemented:
 - **May 1, 2020.** Compensation system and parental leave benefits.
 - **October 1, 2020.** Home Leave/Expatriate Allowance, Childcare Allowance, Education Allowance, salary advances, Fund/Bank coordination, Short-Term Disability program, appointment and resettlement benefits, and Spouse and Child Allowance.

3. **While the bulk of the CCBR reforms were implemented in the first two phases, several remain, including mandatory enrollment in Medicare Part B (January 1, 2021), overseas benefits and allowances, and retirement program reforms.** The new requirement under the MBP that all eligible retired participants enroll in Medicare Part B, effective January 1, 2021, has been communicated to staff and retirees and the communication campaign is ongoing. Consultation is underway on the administrative reforms to simplify the design of overseas benefits and allowances, for management approval for implementation early in CY2021. Implementation of the retirement program reforms, including adjustment to the Staff Retirement Plan (SRP) grossing-up formulas and a revised defined contribution plan (i.e., Voluntary Savings Plan), were envisaged for May 2021. However, as indicated in December 2019, given the complexity of the retirement programs, their implementation will be delayed. The precise timing of these reforms is being reviewed to align with the phased rollout of the 1HR system reforms to ensure that the IT systems are ready to operationalize these changes and taking into account the availability of subject matter experts to design the system.

¹ Prepared by HRD.

² See *Comprehensive Compensation and Benefits Review—Revised Proposed Decision (EBAP/19/104, Sup. 1, 12/20/2019)* and *Comprehensive Compensation and Benefits Review—Elaboration on Transition Measures and Further Policy Simplification (EBAP/20/42, 5/21/2020)*.

Annex V. Selected Policy Reviews and Evaluations in CY 20–21¹

	Title	How Resource Implications Have Been Addressed
Surveillance	Comprehensive Surveillance Review	The formal review is scheduled for April 2021 (see references in paragraphs 4, 9, 12 and 16 in the main text). Following a Board decision, staff would prepare a guidance note that fleshes out modalities but this would likely take time. With most of the cost implications arising once the guidance note is in place, the cost implications would impact FY 23 budget.
	FSAP Review	The formal review is scheduled for May 2021 (see references in paragraphs 4, 9, 12, and 16 in the main text). Most proposals will likely be absorbed within the continuous work on developing and disseminating FSAP's tools and technical guidance notes. A more substantial ramping up of macrofinancial work and work on climate risk analysis and on digital payments systems would be included in the proposed structural budget augmentation.
	Toward an Integrated Policy Framework	Budget impact has been reflected in FY 22 departmental demands (see paragraphs 9, 40, 43 and 46 in main text). In principle, Staff remains guided by the Fund's Institutional View (IV) on the Liberalization and Management of Capital Flows. Changes to that policy framework, including use of the IPF's findings, will be considered during the forthcoming review of the IV (Summing Up, last paragraph). Additional budgetary impact to be determined; would be considered in the FY 23 budget.

¹ Selected Reviews and Evaluations during the period January 1, 2020 to June 30, 2021. See Fall 2020 Board Work Program Follow up (FO/DIS/20/242, (12/23/2020)) and Board Work Program Implementation Update.

	Title	How Resource Implications Have Been Addressed (cont'd)
	Integrated Policy Framework— Update on Operationalization and Analytical Work	Informal brief scheduled for May 2021.
	Independent Evaluation Office—IMF Advice on Capital Flows	Changes to the policy framework, including use of this IEO's Evaluation, will be considered during the forthcoming review of the IV. (Summing Up, last paragraph). Budgetary impact to be determined; would be considered in the FY 23 budget.
	Review of Debt Sustainability Framework for Market Access Countries	Proposes a new methodology based on risk assessments at three different horizons to better align the DSA with the Fund's lending framework. Increased use of automation will keep the changes broadly cost neutral (see paragraphs 40 in the main text).
	Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities	The budgetary impact would be considered as part of the annual budget process.
	Issues in Restructuring of Sovereign Domestic Debt	The budgetary impact considered as part of the annual budget process.
	Independent Evaluation Office— Working with Partners—IMF Collaboration with the World Bank on Macro-Structural Issues	IEO study finalized. Management is now looking at implementation of recommendations with some qualifications. No cost implications anticipated.
	The IMF Climate Strategy	The informal meeting is scheduled for April. A ramping up of climate work would be included in the proposed structural budget augmentation.
	Review of Climate Change Policy Assessment Pilots	The date for the informal brief is to be defined.

	Title	How Resource Implications Have Been Addressed (cont'd)
	Fund Engagement with Countries in Post-conflict and Fragile Situations	The informal meeting is scheduled for June. Work is underway to assess the potential scale of needs.
	Preparing the International Monetary and Financial System for the Rise of Digital Money	The informal meeting is scheduled for April. A ramping up of digital money work would be included in the proposed structural budget augmentation.
Lending	IMF COVID-19 Response—A New Short-Term Liquidity Line to Enhance the Adequacy of the Global Financial Safety Net	Established a new special facility in the GRA. The budgetary impact is part of the ongoing efforts to strengthen Fund lending and policies.
	Enhancing the Emergency Financing Toolkit—Responding to the COVID-19 Pandemic	The budgetary impact considered as part of the annual budget process.
	Fund's Pandemic Response—Lending Options to Support Members During the Next Stage of the Crisis	The budgetary impact would be considered as part of the annual budget process.
	Temporary Modification to the Fund's Annual Access Limits	The budgetary impact would be considered as part of the annual budget process.
	Review of the Temporary Increase in Fund Access Limits	The budgetary impact would be considered as part of the annual budget process.
	Review of Enhanced Access Limits Under the Rapid Credit Facility and Rapid Financing Instrument	The budgetary impact would be considered as part of the annual budget process.
	Reform of the Policy on Public Debt Limits in IMF-Supported Programs	The budgetary impact would be considered as part of the annual budget process.
	Policy Safeguards for Countries Seeking Access to Fund Financial Support that Would Lead to High Levels of Combined GRA-PRGT Exposure	The budgetary impact would be considered as part of the annual budget process.

	Title	How Resource Implications Have Been Addressed (concluded)
	Review of Concessional Financing and Policies	The budgetary impact would be considered as part of the annual budget process.
	Eligibility to Use the Fund's Facilities for Concessional Financing, 2019	The budgetary impact is part of the ongoing efforts to strengthen Fund lending and policies.
	The IMF's Lending Framework for Low-Income Countries – Next Steps	Informal to engage. The budgetary impact is considered as part of the annual budget process.
	Catastrophe Containment and Relief Trust (CCRT)—Third Tranche of Debt Service Relief in the Context of the COVID-19 Pandemic	The budgetary impact is considered as part of the annual budget process. See paragraphs 9, 31, and 43 in the main text.
	Catastrophe Containment and Relief Trust—Approval of the Second Tranche of the Grant Assistance for Debt Relief	The budgetary impact is considered as part of the annual budget process.
	Catastrophe Containment and Relief Trust—Approval of Grant Assistance for Debt Service Relief	The budgetary impact is considered as part of the annual budget process.
	Review of the Adequacy of the Fund's Precautionary Balances	Directors revisited the indicative medium-term target and minimum floor for Precautionary Balances. Some budgetary impact in FY 22 is expected as Directors will reassess the adequacy of precautionary balances before the next regular review in two years. (Summing Up, fourth paragraph)
CD	Capacity Development Priorities for FY22-24	Informal to engage in February 2021. The budgetary impact is to be considered as part of the annual budget process.
Fund Finances	2020 Borrowing Agreements—Status of Commitments and Sixth Set of Agreements—Further Supplementary Information and Proposed Decision	The budgetary impact is considered as part of the annual budget process.

	Title	How Resource Implications Have Been Addressed (concluded)
	The Case for a General Allocation of SDRs during the Twelfth Basic Period	The budgetary impact is considered as part of the annual budget process.
	Fifteenth and Sixteenth General Reviews of Quotas—Draft Report of the Executive Board to the Board of Governors	The budgetary impact is considered as part of the annual budget process.
	Sixteenth General Review of Quotas—Adequacy of Fund Resources –Initial Considerations.	Informal session to engage scheduled for March 2021. The budgetary impact is considered as part of the annual budget process.
	Sixteenth General Review of Quotas—Quota Formula and Realigning Shares	Informal session to engage scheduled for June 2021. The budgetary impact is considered as part of the annual budget process.
	Proposed Decision to Modify the New Arrangements to Borrow and to Extend the Deadline for a Review of the Borrowing Guidelines	The budgetary impact is considered as part of the annual budget process.
	Maintaining Access to Bilateral Borrowing and Review of the Borrowing Guidelines	The budgetary impact is considered as part of the annual budget process.
Human Resources	2021 Review of Staff Compensation; Staff Recruitment and Retention Experience for CY2020	The budgetary impact is reflected in the FY 22 budget proposal.

Annex VI. Budget and the Cloud (BOX BEFORE)

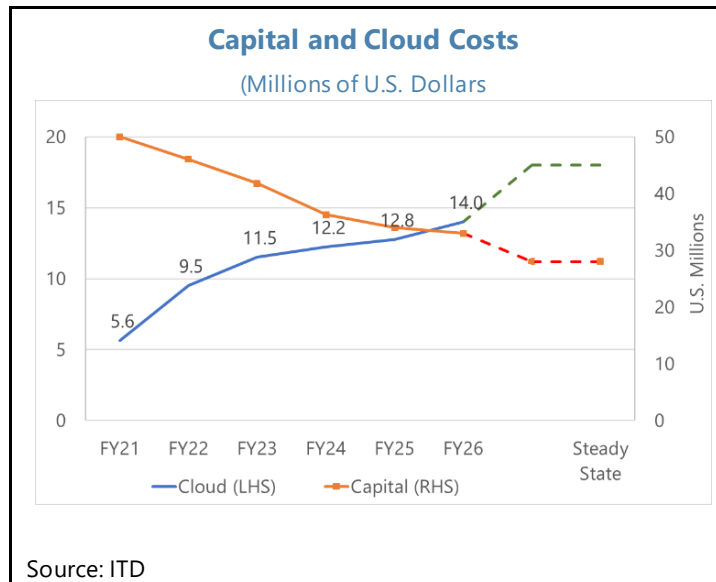
1. **Shift to Cloud-based IT Strategy:** The Fund’s shift from traditional capital-intensive, on-premise IT development to cloud subscription-based solutions is in line with industry practice (Box 1). It provides a more flexible, scalable, and “on-demand” model, where updates are “pushed” to the client, in many cases going beyond regular maintenance and often involving upgrades to functionality and design. The widespread disruption caused by the COVID-19 outbreak has further reinforced the need for organizations to be agile enough to scale up or down with fluctuations in demand by leveraging cloud solutions. The Fund has embraced this rapidly evolving model.

Box 1. Cloud Adoption Industry Trends (NEW)

- By 2024, more than 45 percent of IT spending on system infrastructure, infrastructure software, application software and business process outsourcing is expected to shift from traditional solutions to the cloud.
- The global public cloud infrastructure market is expected to grow 35 percent in 2021.
- In 2020 Cloud vendors reported high year-over-year growth, with customers leaning heavily on the cloud to help adapt to the new reality post pandemic.
- By 2022, over 90 percent of enterprises worldwide will be relying on a mix of on-premises/dedicated private clouds, multiple public clouds, and legacy platforms to meet their infrastructure needs.
- An April 2020 survey of 50 CIOs found respondents expected to see the proportion of total workload done on-premise drop from 59 percent in 2019 to 38 percent in 2021, a reduction of 41 percent.

Source: Industry reports from Gartner, Forrester and Deloitte cited by OIA in their recommendations

2. **OIA Advisory.** At the request of OBP and ITD, OIA has provided advisory recommendations, to better manage cloud costs (Box 2). The recommendations are designed to improve transparency, decision-making and oversight over cloud costs, and support continued strengthening of the Board-approved Capital Investment Framework. Within the context of strong cloud financial management practices, OIA has proposed the establishment of a distinct funding category for cloud subscriptions and licenses (presented together with the capital budget) to better equip the Fund’s budgeting model for cloud investments. OIA has noted that this proposed solution would align better with the new paradigm of the cloud model where some degree of



“avoidance” of traditional capital investments is expected to occur, over the medium-term, alongside the Fund’s shift to a cloud environment. The establishment of a separate funding category would help ensure that adequate funding is set aside for predictable future costs of approved cloud investments and would provide an effective and transparent framework to demonstrate efficiency gains derived across the IT budget portfolio.

Box 2. OIA Recommendations to Manage Cloud Costs (NEW)				
	Planning	Funding		Governance & Monitoring
Recommendations	<p>Build a multi-year cloud migration roadmap to project and assess ex-ante the budgetary impact of migration to cloud from on-premises hosting solutions</p>	<p>Record and Report on cloud subscriptions & licenses and capital costs separate from the administrative budget</p>	<p>Commit & set aside funds for cloud expenses at time of investment approval</p>	<p>Continue to operationalize key aspects of the Capital Investment Framework, including protocols for portfolio prioritization and optimization with key stakeholders</p>
Other Considerations	<ul style="list-style-type: none"> Leverage existing work (Department Level IT Spend Roadmaps) to formulate a medium-term blueprint for cloud workload migration Other MDB/IFIs e.g., the World Bank have developed a similar approach to help plan for cloud spend 	<ul style="list-style-type: none"> Follow rigor & governance of the Fund’s Capital Investment Framework (CIF), including reporting and oversight Cater explicitly to budgetary impact of cloud projects Cloud spend has offsetting link to capital costs Inform deliberations on the size of the overall IT capital and cloud funding envelope Enable greater transparency and visibility into cloud costs, and offsetting impact to capital budget 	<ul style="list-style-type: none"> Support integrated decision-making by considering capital and cloud-capital equivalent costs in a holistic fashion for planning and reporting processes. 	<p>Strengthen cloud financial management practices and tools to forecast, capture, and report cloud cost/spend</p> <p>Establish mechanisms to better-articulate efficiency gains across IT portfolio that result from cloud migration.</p>

Source: OIA

3. **Benchmarks.** An important takeaway from the OIA advisory work is that seven out of the eight International Financial Institutions (IFIs) surveyed reserve funds to pay for ongoing cloud cost commitments. The World Bank has implemented a model for cloud capital investments that is conceptually aligned with the approach being proposed for the Fund (i.e., establishment of a cloud funding category). The Inter-American Development Bank is also experiencing funding model limitations and is investigating changes to its budgeting approach for cloud spend. While most IFIs are increasingly focusing on cloud costs as part of the budget planning and forecasting process, only 25 percent of surveyed IFIs have started building specialized tools for cloud financial management. This remains an area where there is significant potential for governance and oversight improvements.

4. **Proposal.** In keeping with OIA’s recommendations, staff proposes to record and report on cloud subscriptions separate from the capital and administrative budgets. Specifically:

- Cloud subscription costs will be estimated and presented with the capital budget outside the administrative budget each year to allow for tracking of overall capital and cloud costs.

Specifically, cloud subscription costs will be identified as IT Cloud Capital Equivalent and included as a sub-category within the capital budget, along with Facilities and Information Technology.

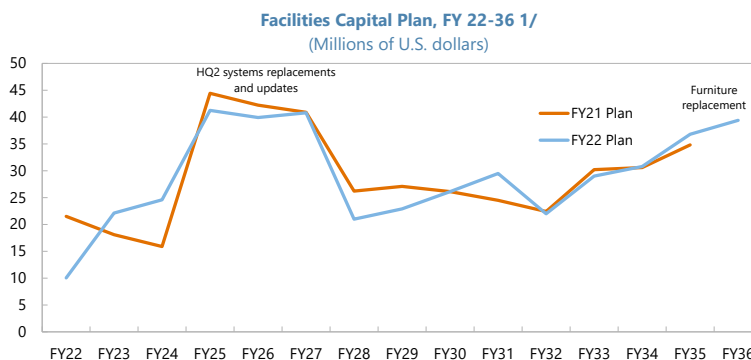
- Cloud costs would follow the rigor and governance of the capital investment framework, including decision-making, reporting and oversight.
- The scale of cloud subscription funding relative to the IT capital envelope would inform deliberations on the scale of the latter.
- To manage the impact of cloud solutions on the Fund's budget, the framework will combine a multi-year portfolio approach and, at the project level, ex-ante consideration of the budgetary impact of cloud subscriptions. In this context, capital investments and cloud licenses will be considered in an integrated manner at the time of investment approval.
- The expected increase in overall cloud subscription costs will be monitored at the portfolio and individual project levels to ensure ongoing sustainability of these costs. To optimize cloud costs, it will be important to build robust cloud financial management practices and tools to support the forecasting, capturing, and reporting of cloud costs and spends.
- The updated Capital Investment Framework will continue to be fully operationalized, including elements of roles and responsibilities, prioritization, oversight and reporting.

Annex VII. Long-Term Capital Plans (NEW)

The components of the capital budget that are related to life-cycle replacements are subject to long-term planning. These plans are reviewed and revised regularly based on new assessments, information and updated strategy.

1. **Overview:** The long-term facilities capital plan (LTP) covers the portion of the budget that relates to the replacement of equipment, critical building systems and renovations for HQ1, HQ2 and Concordia. These projects are a subset of the overall facilities capital budget which also includes facilities improvement projects that are planned within a shorter timeframe. The LTP is informed by third-party Facilities Condition Assessments (FCA) conducted every three to five years. FCAs consider the age of the assets and best practice assumptions on the useful life to establish broad parameters for replacement costs. As end-of-life milestones are reached, engineering and other feasibility studies are performed to confirm the actual condition and need to replace the asset. The requested appropriation for a given year is based on the actual needs which may reflect an acceleration or delay compared to the assumptions in the LTP.

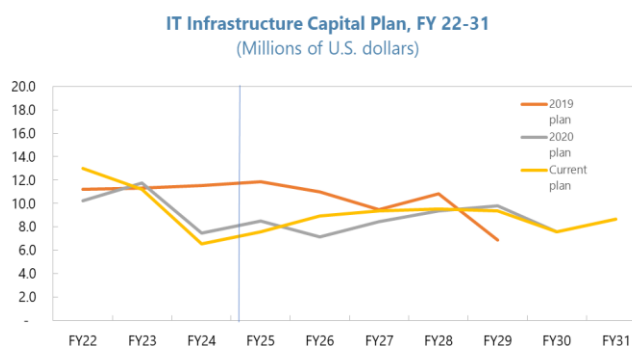
2. **Facilities:** The updated projections for facilities lifecycle replacements show an increase in FY 25 in anticipation of HQ2 end of life replacements and updates. In FY 25 HQ2 will be 20 years old, when updates to the building systems and finishes, which will have reached the standard life expectancy, will begin. Higher occupancy during the HQ1 renewal has also impacted the condition of systems and furnishings.



Source: Corporate Services and Facilities Department.
1/ Includes life-cycle replacements and major renovations.

3. **IT:** The IT infrastructure long term plan covers network equipment, servers, storage, and end-user devices. The updated LTP indicates an overall reduction in the medium-term, mainly resulting from migrations to cloud platforms. This trend is somewhat offset by higher costs for technologies that provide network security services.

- The FY 22-24 MTB includes a refresh of the remote office infrastructure, personal computer (PC), and Mobile devices. After FY 23, the plan

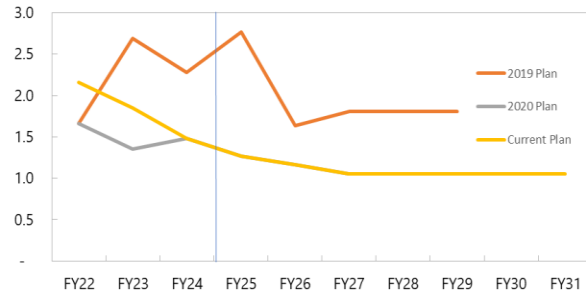


Source: Information Technology Department.

reflects a rolling 5- year lifecycle replacement schedule for PCs and a reduction in remote office infrastructure related to cloud initiatives.

- Migration of applications and the business continuity center to the cloud have also reduced server and storage expenditures. These impacts are quantified in the context of the cost-benefit analyses of relevant capital projects.

Servers and Storage Trend, FY 22-31
(Millions of U.S. dollars)



Source: Information Technology Department.

Annex VIII. Assumptions Underlying the FY 22 Budget (NEW)

The proposed FY 22 Budget has been formulated on some key assumptions reflected in the distribution of spending by major budget category (text tables).

1. **Salaries:** The proposed increase to the Fund’s salary structure is 1.8 percent, and the average adjustment of salaries for staff and long-term contractual employees is 2.8 percent, effective May 1, 2021. The 2.8 percent average adjustment reflects both the structure noted above and a notional merit component derived from comparator organizations.¹ The global external deflator equal to the latest published U.S. CPI in the January WEO (2.3 percent) and wage erosion is equivalent to 1.8 percent. As such, the nominal price effects of salaries on the administrative budget provide for a reduction of 0.7 percent, which have been largely allocated to other institutional priorities after accounting for a modest increase in structural staffing (10 positions) and buffers for uncertainty in benefits administration.

Preliminary Personnel Spending, FY 22 1/ (Millions of U.S. dollars)	
Budget Category	FY 22
Personnel budget	1,079
Salaries	674
Staff, OED, and IEO	533
Other personnel	141
Other personnel budget	405
Retirement benefits 2/	127
Retired Staff Benefit Investment Account (RSBIA)	62
Health benefits	46
Tax allowances	42
Home leave	34
Children's education allowances	30
Child Care	5
Overseas allowances	22
Training and study allowances	13
Spouse and child allowances	7
Other benefits 3/	12
Other misc. personnel budget 4/	6
Source: Office of Budget & Planning.	
Note: Figures may not add to totals due to rounding.	
1/ Includes donor financing. Composition of budget line items pending finalization of donor-funded activities. Excludes spending funded from transitional resources.	
2/ Includes the Staff Retirement Plan (SRP) and 401K retirement accounts.	
3/ Includes emergency travel, life insurance benefits, settlement allowances, and SBF separation incentives.	
4/ Includes payments to non-Fund staff such as ICD participants, and other miscellaneous expenses.	

2. **Staff Retirement Plan (SRP):** The proposed contribution for FY 22 from the administrative budget to the SRP is 14 percent of estimated pensionable gross remuneration (PGR)—a rate consistent with the funding framework approved by the Executive Board in 2004 and reaffirmed by the Pension Committee, most recently in January 2016.² For FY 22, in line with the proposal by the Pension Committee, 10.66 percent of PGR, approximately \$94.2 million, will go to the SRP as indicated by the actuary, and 3.34 percent of PGR, approximately \$29.5 million, will be added to the pension reserve.³

3. **Retired Staff Benefits Investment Account (RSBIA):** The proposed FY 22 contribution from the administrative budget to the RSBIA is 7 percent of estimated PGR, or about \$61.9 million. The

¹ See *2021 Review of Staff Compensation* (EBAP/21/7).

² See *Staff Retirement Plan and Retired Staff Benefits Investment Account—Five Year Review of Actuarial Assumptions and Methods, Funding Frameworks and Grossing-Up Formulas* (RP/CP/16/1),

³ See *Fund Contribution to the Staff Retirement Plan in FY 2022* (RP/CP/21/2).

7 percent contribution rate is consistent with the funding framework approved by the Executive Board in 2012 and reaffirmed by the Pension Committee in January 2016 (footnote 2).

4. **Medical Benefits Plan (MBP):** During the period beginning with the MBP reforms in 2008 and FY 20, contributions to the MBP were indexed to the structural change in the pay scale. In FY 21, MBP contributions were aligned to the new single salary increase implemented as a result of the CCBR reforms. For FY 22, the proposal envisages that premium contribution rates will again be adjusted with the single salary increase.⁴

5. **Other costs:** Other expenses are assumed to rise in line with the global external deflator. Certain expenses, including commercial data subscriptions, have in recent years risen by more than the global external deflator and need to be accommodated within the overall budget envelope, including from other expenses with relatively subdued price increases (e.g., travel).

6. **Standard cost by grade** (Text Table): Taken as a whole, salary and benefits combined give an indicative standard cost for each staff member (or “person year” cost). FY 22 standard cost rates are based on the 2021 midpoints as proposed to the Executive Board in the *2021 Review of Staff Compensation*, and adjusted for an assumption that benefits are spread equally across staff and grades.⁵ This methodology protects privacy of individual staff and also prevents departmental hiring decisions made on the basis of individual demographics (such as age, family status, or nationality).

7. **Travel:** The proposed FY 22 budget includes repurposing of crisis-related needs amounting to \$34 million in travel and events resources, including \$27.8 million from limiting business travel by half for departments and for ICD participants; \$2.4 million from a moratorium on seminar travel budget; and \$2.7 million from limiting events budget, excluding annual and spring meetings, to 30 percent.

Preliminary Standard Cost by Grade, FY 22 (in U.S. dollars)	
Grade	Standard Cost
B05	638,110
B04	554,070
B03	497,920
B02	448,980
B01	390,410
A15	390,410
A14	339,480
A13	285,270
A12	248,080
A11	215,710
A10	187,570
A09	163,110
A08	155,300
A07	138,650
A06	123,790
A05	110,520
A04	98,680
A03	88,120
A02	78,700
A01	70,330

Sources: Office of Budget and Planning and Human Resources Department.

⁴ Forthcoming *2021 Medical Benefits Plan-Annual Review of Finances*.

⁵ *Changing the Personnel Standard Cost* (EB/CB/08/5, 11/26/2008).

Table 1. Administrative Budget, FY 15-21 (REVISED)
(Millions of U.S. dollars)

	FY 15		FY 16		FY 17		FY 18		FY 19		FY 20		FY 21	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Personnel	896	862	907	896	934	922	969	962	1,009	995	1,025	1,028	1,055	1,069
Travel	128	112	130	120	123	115	126	121	135	126	134	97	133	20
Buildings and other expenditures	193	204	200	199	205	218	209	226	215	224	224	225	230	212
Contingency 1/	7	0	10	0	11	0	11	0	12	0	14	0	11	0
Total Gross Expenditures	1,224	1,177	1,247	1,215	1,273	1,255	1,315	1,309	1,371	1,346	1,397	1,350	1,429	1,301
Less: Receipts	197	167	196	176	200	189	211	211	236	214	239	199	243	154
Total Net Expenditures	1,027	1,010	1,052	1,038	1,072	1,066	1,104	1,099	1,135	1,131	1,158	1,150	1,186	1,147
Memorandum item:														
<i>Carry Forward</i>	42		42		43		44		46		47		55	

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding. Includes donor financing.

^{1/} Represents the contingencies for staff, OED and IEO.

Table 2. Gross Administrative Expenditures: Personnel, FY 15-21^{1/2/} (REVISED)
(Millions of U.S. dollars, unless otherwise noted)

Expenditure category	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21 Proj.
Personnel expenses	862	896	922	962	995	1,028	1,069
Salaries	534	552	569	603	619	641	677
Staff, OED, and IEO	410	427	444	465	484	504	529
Other personnel	124	125	126	138	135	137	148
Other personnel expenditures	323	339	348	354	371	383	390
Retirement benefits 3/ 4/	142	155	157	162	168	178	182
Health benefits	44	44	45	44	47	49	50
Tax allowances	35	38	39	39	41	41	40
Home leave	28	28	29	29	31	31	37
Children's education allowances	26	27	28	29	32	32	37
Overseas allowances	19	19	19	20	21	22	16
Training and study allowances	10	10	10	11	11	10	10
Spouse and child allowances	7	7	7	7	7	7	7
Other benefits 5/	12	11	14	13	13	14	11
Other misc. personnel expenditures 6/	5	5	5	5	5	5	2
<i>Memorandum items:</i>							
Total gross expenditures	1,177	1,215	1,255	1,309	1,364	1,350	1,301
Personnel expenses (percent of total)	73	74	74	73	73	76	82
Salaries (share of total personnel expenses)	62	62	62	63	62	62	63
Other personnel expenditures (share of pers. exp.)	38	38	38	37	38	38	37
Total personnel expenses (in FY 21 dollars)	1,002	1,018	1,024	1,037	1,050	1,056	1,069
Salaries	621	627	632	650	653	658	677
Other personnel and other misc. personnel expenditures	381	391	392	387	397	398	392

Source: Office of Budget and Planning. Note: Figures may not add to totals due to rounding.

^{1/} Reflects current expense categories in the chart of accounts, adjusted retrospectively as appropriate.

^{2/} Includes donor financing.

^{3/} Includes the Staff Retirement Plan (SRP), 401K retirement accounts, and Retired Staff Benefits Investment Account (RSBIA).

^{4/} FY 16-17 reflect additional contributions to the RSBIA.

^{5/} Includes spouse point and emergency travel, life insurance benefits, settlement allowances, and SBF separation incentives.

^{6/} Includes ICD participants' allowances, and social and welfare expenses.

Table 3. Gross Administrative Expenditures: Travel, FY 15-21 (REVISED)
(Millions of U.S. dollars)

	FY 15		FY 16 1/		FY 17		FY 18		FY 19 1/		FY 20		FY 21 2/	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn
Expenditures	128	112	130	120	123	115	126	121	135	126	134	97	133	20
Business travel	100	87	104	92	98	88	99	92	111	99	107	72	103	5
Transportation	100	48	104	50	98	49	99	52	111	56	102	41	98	3
Per diem	...	39	...	42	...	39	...	40	...	43	6	31	5	2
Charters				0		0		0		0	0	0	0	0
Seminars & other	17	15	15	17	14	15	15	18	14	18	16	14	19	2
Other travel	11	10	12	11	12	11	12	11	10	10	10	10	10	13

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

^{1/} Includes travel to the Annual Meetings in Lima (\$5 million in FY 16), Bali (\$6 million in FY 19).

^{2/} Projected outturn for "Other travel" in FY 21 includes COVID-related medical travel and evacuations.

Table 4. Gross Administrative Expenditures: Buildings and Other Expenditures, FY 15-21 (REVISED)
(Millions of U.S. dollars)

	FY 15		FY 16		FY 17		FY 18		FY 19		FY 20		FY 21	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn
Buildings and other expenses	193	204	200	199	205	218	209	226	215	224	224	225	230	212
Building occupancy	60	61	59	60	59	65	63	68	67	69	70	69	73	70
Information technology	57	60	60	59	61	65	65	69	69	66	72	67	73	70
Subscriptions and printing	20	20	20	20	19	21	21	22	20	21	14	20	21	18
Communications	7	9	7	8	7	8	8	8	8	8	8	8	8	7
Supplies and equipment	6	7	8	6	6	6	4	7	4	6	4	5	4	3
Miscellaneous 1/	42	47	46	46	52	53	50	52	46	55	57	56	52	43

Source: Office of Budget and Planning.

^{1/} Mainly for contractual services, for example, translation and interpretation services, external audit, as well as other consulting services on business practices and processes.

Table 5. Receipts (REVISED)
(Millions of U.S. dollars)

	FY 15		FY 16		FY 17		FY 18		FY 19		FY 20		FY 21	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn
Receipts	197	167	196	176	200	189	211	211	236	214	239	199	243	154
Externally-financed	154	131	157	142	160	153	172	174	196	178	200	168	206	133
General receipts 1/	43	37	39	34	40	35	39	37	40	36	39	31	37	21

Source: Office of Budget and Planning.

^{1/} Includes Trust Fund Management Fees.

Table 6. Net Administrative Expenditures by Department/office, FY 15-21^{1/} (REVISED)
(Millions of U.S. dollars)

	FY 15		FY 16		FY 17		FY 18		FY 19		FY 20		FY 21
	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/	Outturn	Budget 2/
Area	297	293	300	294	291	281	295	292	302	300	312	303	306
African	85	85	86	84	83	79	85	86	89	89	93	91	92
Asia and Pacific	42	41	43	43	42	41	43	43	44	44	46	46	45
European	74	71	73	70	69	65	69	66	69	68	71	68	66
Middle East and Central Asia	51	51	52	51	51	50	51	51	52	52	53	49	52
Western Hemisphere	45	45	46	46	45	45	46	46	47	47	50	49	51
Functional non-CD	146	143	151	149	157	155	163	161	167	165	170	170	180
Communications	36	36	36	36	37	36	37	37	38	36	39	36	38
Finance	32	31	33	33	35	33	36	34	36	35	37	38	41
Research	32	31	34	33	34	34	36	35	35	35	36	36	39
Strategy, Policy and Review	46	45	48	48	52	52	54	54	58	59	58	61	63
Functional CD	224	216	225	222	240	235	246	245	260	256	266	259	259
Fiscal Affairs	54	53	55	53	59	57	61	61	62	62	63	62	63
Institute for Capacity Development	31	28	31	31	33	33	34	34	34	34	35	33	32
Legal	23	23	24	24	25	25	27	26	28	28	30	30	31
Monetary and Capital Markets	77	75	77	76	83	81	84	83	86	85	87	86	85
Statistics 3/	38	38	39	38	40	39	41	40	49	46	50	48	49
Support/offices	277	267	284	276	294	291	311	305	310	300	319	303	339
Technology and General Services	191	186	83	83	...	...	...	...	...	...	...	...	...
Corporate Services and Facilities	...	...	53	53	91	91	95	95	100	99	102	99	112
Information Technology	...	...	49	47	102	102	106	106	107	104	108	104	112
Human Resources	32	32	33	32	35	35	36	35	38	38	42	41	50
Risk Management	2	1	2	2	2	2	3	2	3	3	3	3	4
Secretary's	19	18	21	20	22	22	23	23	23	21	24	20	22
Office of Budget and Planning	5	5	5	5	5	5	5	5	5	5	5	5	6
Office of Internal Audit and Inspection	4	4	4	4	5	5	5	5	5	5	5	5	6
Office of the Managing Director	10	9	10	10	10	10	10	10	11	11	11	11	11
Other small offices 4/	16	13	26	22	22	19	27	23	17	15	18	15	17
Total departments/offices	943	920	962	941	982	962	1,015	1,003	1,039	1,022	1,066	1,035	1,084
Others	87	69	90	72	90	73	93	73	97	75	97	75	92
Independent Evaluation Office	6	6	6	6	6	6	7	6	7	6	7	7	7
Office of Executive Directors	81	63	84	66	84	67	87	67	91	69	90	68	85
Central accounts 5/	38	21	42	26	44	35	40	28	44	37	42	41	65
Total	1,068	1,010	1,094	1,038	1,116	1,070	1,148	1,104	1,181	1,134	1,205	1,150	1,241
<i>of which: Carry forward</i>	42		42		43		44		46		47		55

Source: Office of Budget and Planning.

Note: Numbers may not add to totals due to rounding.

^{1/} Working budget. Excludes external financing.

^{2/} Represents total available resources, i.e., approved budget plus carry forward from previous year.

^{3/} Includes training institutes overseas, Administrative Tribunal Office, Office of Innovation and Change, Secretarial Support, Office for Asia and the Pacific, Office in Europe, the Ombudsman, the Mediator, Ethics, Grievance, Economic Data Team, Investment, HQ1 Task Force, Knowledge Management, and the Independent Investigator.

^{4/} Includes contingencies and resources in centrally administered accounts, e.g., for the resident representative program, HR-related programs, standard cost adjustments.

^{5/} Crisis savings include travel and event savings.

Table 7. FTE Utilization by Department/Office, FY 15-21^{1/} (REVISED)

	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21 Approved Budget
Area	809	798	785	788	799	799	780
African	219	215	210	221	226	229	224
Asia and Pacific	113	112	114	114	114	116	113
European	205	200	188	186	189	187	175
Middle Eastern and Central Asia	136	137	137	134	137	129	135
Western Hemisphere	136	134	135	133	133	138	133
Functional non-CD	476	488	507	505	511	522	498
Communications	91	91	95	91	87	88	90
Finance	121	125	126	128	129	132	127
Strategy, Policy, and Review	164	171	176	174	183	188	170
Research	99	102	110	112	112	113	112
Functional CD	653	664	693	707	710	718	725
Fiscal Affairs	136	136	150	161	160	160	160
Institute for Capacity Development	108	115	122	123	124	128	124
Legal	69	70	73	77	80	80	83
Monetary and Capital Markets	204	208	219	220	221	228	223
Statistics	136	135	129	127	126	122	135
Support/others	510	535	547	556	565	566	602
Technology and General Services	293	148	...	...	...	...	...
Corporate Services and Facilities	...	87	160	159	160	158	162
Information Technology	...	64	148	153	145	144	153
Human Resources	79	87	90	88	96	99	110
Office of Budget and Planning	17	18	16	16	17	16	16
Office of Internal Audit	14	11	11	12	13	13	16
Office of Risk Management	...	...	...	2	9	10	10
Secretary's	55	59	57	59	59	60	66
Office of the Managing Director	21	23	26	25	25	25	26
Other small offices 1/	31	37	39	43	40	40	43
Central allocation 2/	16	16	12	11	17	17	18
Total departments/offices	2,464	2,501	2,543	2,568	2,603	2,622	2,623
Others	260	258	264	262	263	264	253
Independent Evaluation Office	15	14	14	15	15	15	15
Office of Executive Directors	246	244	250	247	247	249	238
Total (excl. donor financed)	2,724	2,760	2,807	2,830	2,865	2,886	2,877
Donor financed	57	69	77	87	93	96	98
Grand Total	2,781	2,829	2,883	2,916	2,958	2,982	2,974

Source: Office of Budget and Planning.

Note: Numbers may not add to totals due to rounding.

^{1/} Includes training institutes overseas, Administrative Tribunal Office, Office of Innovation and Change, Ethics Office, Diversity Office, Secretarial Support, Office for Asia and the Pacific, Office in Europe, the Ombudsman, the Mediator, the Grievance Committee, Economic Data Team, HQ1 Task Force, Investment Office, and Knowledge Management Unit.

^{2/} Includes HR-related programs.

**Table 8a. Fund-financed Gross Administrative Spending Estimates
by Output (indirect costs allocated), FY 19-21^{1/} (REVISED)**

	Millions of FY 21 U.S. dollars				Percent of total			
	FY 19	FY 20	FY 21		FY 19	FY 20	FY 21	
			Est. Resources	Proj. Outturn			Est. Resources	Proj. Outturn
Total	1,229	1,210	1,223	1,167	100.0	100.0	100.0	100.0
Multilateral surveillance	266	265	279	290	21.6	25.3	22.8	24.9
Global economic analysis	128	125	126	131	10.4	11.4	10.3	11.2
WEO	18	19	19	20	1.4	1.8	1.6	1.7
GFSR	15	14	17	17	1.2	1.5	1.3	1.5
General research	40	39	41	42	3.2	3.7	3.3	3.6
General outreach	56	52	49	51	4.5	4.5	4.0	4.4
Support and Inputs to Multilateral Forums and Consultations	24	23	21	22	2.0	1.9	1.7	1.9
Multilateral consultations	4	4	4	4	0.3	0.3	0.3	0.3
Support and Inputs to multilateral forums	20	19	17	18	1.6	1.6	1.4	1.5
Tools to prevent and resolve systemic crises	70	74	84	88	5.7	7.6	6.9	7.5
Analysis of vulnerabilities and imbalances	20	24	30	31	1.6	2.7	2.4	2.7
Other cross cutting analysis	45	44	48	50	3.7	4.3	3.9	4.3
Fiscal Monitor	5	5	7	7	0.4	0.6	0.5	0.6
Regional approaches to economic stability	44	44	48	50	3.5	4.4	3.9	4.3
REOs	20	20	23	24	1.6	2.1	1.9	2.1
Surveillance of regional bodies	8	7	8	8	0.7	0.7	0.6	0.7
Other regional projects	16	17	17	18	1.3	1.5	1.4	1.5
Oversight of global systems	149	150	151	155	12.1	13.5	12.4	13.3
Development of international financial architecture	48	55	52	53	3.9	4.6	4.2	4.5
Work with FSB and other international bodies	7	7	7	7	0.6	0.6	0.6	0.6
Other work on monetary, financial, and capital markets issues	41	48	45	46	3.3	4.0	3.7	3.9
Data transparency	40	37	41	42	3.3	3.6	3.3	3.6
Statistical information/data	31	28	29	30	2.6	2.6	2.4	2.6
Statistical manuals	2	2	6	6	0.2	0.5	0.5	0.5
Statistical methodologies	6	7	6	6	0.5	0.5	0.5	0.5
The role of the Fund	61	59	59	60	4.9	5.3	4.8	5.2
Development and review of Fund policies and facilities excl. PRGT and GRA	27	25	26	26	2.2	2.3	2.1	2.3
Development and review of Fund policies and facilities - PRGT	14	15	14	14	1.1	1.2	1.1	1.2
Development and review of Fund policies and facilities - GRA	8	9	11	12	0.7	1.0	0.9	1.0
Quota and voice	7	6	5	5	0.6	0.4	0.4	0.4
SDR issues	4	4	4	4	0.3	0.3	0.3	0.3
Bilateral surveillance	355	320	304	245	28.9	20.9	24.8	21.0
Assessment of economic policies and risks	308	284	279	225	25.0	19.2	22.8	19.2
Article IV consultations	235	210	174	140	19.1	12.0	14.2	12.0
Other bilateral surveillance	73	74	105	85	5.9	7.2	8.6	7.3
Financial soundness evaluations - FSAPs/OFCs	38	31	18	15	3.1	1.3	1.5	1.3
Standards and Codes evaluations	9	6	7	5	0.7	0.5	0.5	0.5
ROSCs	1	0	0	0	0.1	0.0	0.0	0.0
AML/CFT	2	2	1	1	0.2	0.1	0.1	0.1
GDDS/SDDS	6	4	5	4	0.5	0.3	0.4	0.3
Lending (incl. non-financial instruments)	184	207	224	249	14.9	21.7	18.3	21.4
Arrangements supported by Fund resources	138	168	199	222	11.2	19.3	16.3	19.0
Programs and precautionary arrangements supported by general resources	71	94	111	123	5.8	10.7	9.0	10.6
Programs supported by PRGT resources	67	74	89	99	5.5	8.6	7.2	8.5
Non-financial instruments and debt relief 2/	45	38	25	27	3.7	2.4	2.0	2.3
Capacity development	252	235	229	203	20.5	18.6	18.7	17.4
Technical assistance	203	188	195	174	16.5	15.9	16.0	14.9
Training	49	47	34	30	4.0	2.7	2.7	2.6
Miscellaneous 3/	24	33	25	25	2.0	(0.0)	2.0	2.1
Contingency	...	...	11	...	...	...	0.9	...
Reconciliation item 4/	0	0	...	...	(0.0)	(0.0)	...	...

Sources: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

^{1/} Support and governance costs are allocated to outputs.

^{2/} Includes Post Program Monitoring (PPM), Policy Support Instruments (PSI), Staff Monitored Program (SMP), Near Programs, Ex-Post Assessments (EPA), Multilateral Debt Relief Initiative-I (MDRI-I), MDRI-II, Heavily Indebted Poor Countries (HIPC), Joint Staff Advisory Note (JSAN), Catastrophe Containment Relief Trust (CCRT), and trade integration mechanisms.

^{3/} The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance

^{4/} Reconciliation to gross administrative expenditures as per the Fund's financial system.

Table 8b. Total Gross Administrative Spending Estimates by Output (indirect costs allocated), FY 19-21^{1/} (REVISED)

	Millions of FY 21 U.S. dollars				Percent of total			
	FY 19	FY 20	FY 21		FY 19	FY 20	FY 21	
			Estimated Structural Resources	Proj. Outturn			Estimated Structural Resources	Proj. Outturn
Total	1,414	1,382	1,429	1,301	100.0	100.0	100.0	100.0
Multilateral surveillance	266	265	279	290	18.8	19.2	19.6	22.3
Global economic analysis	128	125	126	131	9.0	9.0	8.8	10.1
WEO	18	19	19	20	1.2	1.4	1.4	1.5
GFSR	15	14	17	17	1.0	1.0	1.2	1.3
General research	40	39	41	42	2.8	2.8	2.8	3.2
General outreach	56	52	49	51	3.9	3.8	3.5	3.9
Support and Inputs to Multilateral Forums and Consultations	24	23	21	22	1.7	1.7	1.5	1.7
Multilateral consultations	4	4	4	4	0.3	0.3	0.2	0.3
Support and Inputs to multilateral forums	20	19	17	18	1.4	1.3	1.2	1.4
Tools to prevent and resolve systemic crises	70	74	84	88	5.0	5.3	5.9	6.7
Analysis of vulnerabilities and imbalances	20	24	30	31	1.4	1.7	2.1	2.4
Other cross cutting analysis	45	44	48	50	3.2	3.2	3.3	3.8
Fiscal Monitor	5	5	7	7	0.4	0.4	0.5	0.5
Regional approaches to economic stability	44	44	48	50	3.1	3.2	3.4	3.8
REOs	20	20	23	24	1.4	1.4	1.6	1.9
Surveillance of regional bodies	8	7	8	8	0.6	0.5	0.5	0.6
Other regional projects	16	17	17	18	1.1	1.2	1.2	1.4
Oversight of global systems	149	151	151	155	10.6	10.9	10.6	11.9
Development of international financial architecture	48	55	52	53	3.4	4.0	3.6	4.1
Work with FSB and other international bodies	7	7	7	7	0.5	0.5	0.5	0.6
Other work on monetary, financial, and capital markets issues	41	48	45	46	2.9	3.5	3.1	3.5
Data transparency	40	37	41	42	2.8	2.7	2.8	3.2
Statistical information/data	31	28	29	30	2.2	2.0	2.0	2.3
Statistical manuals	2	2	6	6	0.2	0.2	0.4	0.4
Statistical methodologies	6	7	6	6	0.5	0.5	0.4	0.5
The role of the Fund	61	59	59	60	4.3	4.3	4.1	4.6
Development and review of Fund policies and facilities excl. PRGT and GRA	28	25	26	26	1.9	1.8	1.8	2.0
Development and review of Fund policies and facilities - PRGT	14	15	14	14	1.0	1.1	1.0	1.1
Development and review of Fund policies and facilities - GRA	8	9	11	12	0.6	0.6	0.8	0.9
Quota and voice	7	6	5	5	0.5	0.4	0.3	0.4
SDR issues	4	4	4	4	0.3	0.3	0.3	0.3
Bilateral surveillance	355	321	304	245	25.1	23.2	21.2	18.8
Assessment of economic policies and risks	308	284	279	225	21.8	20.5	19.5	17.3
Article IV consultations	235	210	174	140	16.6	15.2	12.2	10.8
Other bilateral surveillance	73	74	105	85	5.1	5.3	7.3	6.5
Financial soundness evaluations - FSAPs/OFCs	38	31	18	15	2.7	2.2	1.3	1.1
Standards and Codes evaluations	9	7	7	5	0.6	0.5	0.5	0.4
ROSCs	1	0	0	0	0.1	0.0	0.0	0.0
AML/CFT	2	2	1	1	0.2	0.1	0.1	0.1
GDDS/SDDS	6	4	5	4	0.4	0.3	0.3	0.3
Lending (incl. non-financial instruments)	184	207	224	249	13.0	14.9	15.7	19.2
Arrangements supported by Fund resources	138	168	199	222	9.8	12.2	13.9	17.1
Programs and precautionary arrangements supported by general resources	71	94	111	123	5.0	6.8	7.7	9.5
Programs supported by PRGT resources	67	74	89	99	4.8	5.4	6.2	7.6
Non-financial instruments and debt relief 2/	45	38	25	27	3.2	2.8	1.7	2.1
Capacity development	432	398	435	337	30.6	28.8	30.4	25.9
Technical assistance	362	334	379	293	25.6	24.2	26.5	22.6
Training	70	64	56	43	4.9	4.7	3.9	3.3
					-	-	-	-
Miscellaneous 3/	28	41	25	25	2.0	3.0	1.7	1.9
Contingency	...	...	11	...	...	...	0.8	...
Reconciliation item 4/	0	0	...	...	-	-	...	...

Sources: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

^{1/} Support and governance costs are allocated to outputs.

^{2/} Includes Post Program Monitoring (PPM), Policy Support Instruments (PSI), Staff Monitored Program (SMP), Near Programs, Ex-Post Assessments (EPA), Multilateral Debt Relief Initiative-I (MDRI-I), MDRI-II, Heavily Indebted Poor Countries (HIPC), Joint Staff Advisory Note (JSAN), Catastrophe Containment Relief Trust (CCRT), and trade integration mechanisms.

^{3/} The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance.

^{4/} Reconciliation to gross administrative expenditures as per the Fund's financial system.

**Table 8c. Fund-financed Gross Administrative Spending Estimates
by Output (direct costs), FY 19-21^{1/} (REVISED)**

	Millions of FY 21 U.S. dollars				Percent of total			
	FY 19	FY 20	FY 21		FY 19	FY 20	FY 21	
			Estimated Structural Resources	Proj. Outturn			Estimated Structural Resources	Proj. Outturn
Total	1,229	1,210	1,223	1,167	100.0	100.0	100.0	100.0
Multilateral surveillance	176	176	178	189	14.3	11.9	14.6	16.2
Global economic analysis	89	86	83	88	7.2	5.5	6.8	7.5
WEO	11	12	12	12	0.9	0.8	1.0	1.1
GFSR	9	9	10	11	0.8	0.7	0.8	0.9
General research	25	25	25	26	2.0	1.7	2.0	2.3
General outreach	43	41	36	38	3.5	2.4	2.9	3.3
Support and inputs to Multilateral Forums and Consultations	15	15	13	14	1.3	0.9	1.1	1.2
Multilateral consultations	3	3	2	2	0.2	0.1	0.2	0.2
Support and inputs to multilateral forums	13	12	11	11	1.0	0.7	0.9	1.0
Tools to prevent and resolve systemic crises	44	46	52	55	3.6	3.4	4.2	4.7
Analysis of vulnerabilities and imbalances	12	15	18	19	1.0	1.2	1.5	1.6
Other cross cutting analysis	28	28	30	31	2.3	2.0	2.4	2.7
Fiscal Monitor	3	3	4	4	0.3	0.3	0.3	0.4
Regional approaches to economic stability	28	28	31	32	2.3	2.0	2.5	2.8
REOs	13	13	15	16	1.0	1.0	1.2	1.3
Surveillance of regional bodies	5	4	5	5	0.4	0.3	0.4	0.4
Other regional projects	10	11	11	11	0.8	0.7	0.9	1.0
Oversight of global systems	96	97	95	99	7.8	6.2	7.8	8.5
Development of international financial architecture	31	36	33	34	2.5	2.1	2.7	2.9
Work with FSB and other international bodies	5	5	5	5	0.4	0.3	0.4	0.4
Other work on monetary, financial, and capital markets issues	26	31	28	29	2.1	1.8	2.3	2.5
Data transparency	25	24	26	26	2.0	1.6	2.1	2.3
Statistical information/data	20	18	18	19	1.6	1.2	1.5	1.6
Statistical manuals	1	1	4	4	0.1	0.2	0.3	0.3
Statistical methodologies	4	5	4	4	0.3	0.2	0.3	0.3
The role of the Fund	40	38	37	38	3.2	2.4	3.0	3.3
Development and review of Fund policies and facilities excl. PRGT and GRA	18	16	16	16	1.5	1.0	1.3	1.4
Development and review of Fund policies and facilities - PRGT	8	9	8	8	0.7	0.5	0.7	0.7
Development and review of Fund policies and facilities - GRA	5	6	7	8	0.4	0.5	0.6	0.7
Quota and voice	5	4	3	3	0.4	0.2	0.3	0.3
SDR issues	3	3	3	3	0.2	0.2	0.2	0.2
Bilateral surveillance	225	204	217	158	18.3	9.6	17.7	13.5
Assessment of economic policies and risks	196	181	200	145	15.9	8.9	16.3	12.4
Article IV consultations	149	134	125	91	12.1	5.5	10.2	7.8
Other bilateral surveillance	47	47	75	55	3.8	3.3	6.1	4.7
Financial soundness evaluations - FSAPs/OFCs	24	19	13	9	1.9	0.6	1.1	0.8
Standards and Codes evaluations	5	4	4	3	0.4	0.2	0.4	0.3
ROSCs	0	0	0	0	0.0	0.0	0.0	0.0
AML/CFT	1	1	1	1	0.1	0.0	0.1	0.0
GDDS/SDDS	3	3	3	2	0.3	0.2	0.3	0.2
Lending (incl. non-financial instruments)	120	135	136	161	9.8	10.1	11.1	13.8
Arrangements supported by Fund resources	90	110	121	143	7.3	9.0	9.9	12.3
Programs and precautionary arrangements supported by general resources	47	62	67	79	3.8	5.0	5.4	6.8
Programs supported by PRGT resources	43	48	54	64	3.5	4.0	4.4	5.5
Non-financial instruments and debt relief 2/	30	25	15	18	2.4	1.1	1.2	1.5
Capacity development	147	142	148	122	12.0	8.2	12.1	10.5
Technical assistance	112	109	122	101	9.1	6.8	10.0	8.7
Training	35	33	25	21	2.8	1.4	2.1	1.8
Support and Governance	420	431	413	414	34.2	53.7	33.8	35.5
Miscellaneous 3/	26	25	25	25	2.1	0.3	2.0	2.1
Contingency	...	...	11	...	...	...	0.9	...
Reconciliation item 4/	19	0	...	...	1.6	-	...	...

Sources: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

^{1/} Support and governance costs are shown as a separate item.

^{2/} Includes PPM, PSI, SMP, EPA, JSAN, and debt relief initiatives.

^{3/} The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance.

^{4/} Reconciliation to gross administrative expenditures as per the Fund's financial system.

Table 9. Capital Expenditures, FY 15–21 (REVISED)

	Formula Key	Facilities	Information Technology	HQ2	HQ1 Renewal	Concordia Renovation	Total Capital
FY 15							
New appropriations	(11)	22.0	29.8		0.0	0.6 ^{3/}	52.4
Total funds available	(12) = (10)+(11)	41.2	42.6		313.1	0.6	397.4
Expenditures	(13)	10.5	29.3		95.7	0.3	135.8
Lapsed funds 1/	(14)	0.6	0.3		0.0	0.3	1.2
Remaining funds 2/	(15) = (12)-(13)-(14)	30.1	12.9		217.4	0.0	260.4
FY 16							
New appropriations	(16)	14.4	27.7		132.0 ^{4/}		174.1
Total funds available	(17)= (15)+(16)	44.5	40.6		349.4		434.5
Expenditures	(18)	14.6	25.8		90.1		130.5
Lapsed funds 1/	(19)	0.4	0.1		0.0		0.6
Remaining funds 2/	(20) = (17)-(18)-(19)	29.4	14.7		259.2		303.4
FY 17							
New appropriations	(21)	32.5	28.0		0.0		60.5
Total funds available	(22)= (20)+(21)	62.0	42.7		259.2		363.9
Expenditures	(23)	17.9	27.9		76.3		122.1
Lapsed funds 1/	(24)	5.4	0.2		0.0		5.6
Remaining funds 2/	(25) = (22)-(23)-(24)	38.7	14.6		182.9		236.2
FY 18							
New appropriations	(26)	31.4	35.0		0.0		66.4
Total funds available	(27)= (25)+(26)	70.1	49.6		182.9		302.6
Expenditures	(28)	22.3	31.4		62.3		116.0
Lapsed funds 1/	(29)	0.3	0.0		0.0		0.3
Remaining funds	(30) = (27)-(28)-(29)	47.4	18.2		120.6		186.3
FY 19							
New appropriations	(31)	35.5	35.9		0.0		71.4
Total funds available	(32)= (30)+(31)	82.8	54.1		120.6		257.5
Expenditures	(33)	28.7	30.9		81.6		141.2
Lapsed funds 1/	(34)	5.9	0.0		0.0		5.9
Remaining funds	(35) = (27)-(28)-(29)	48.1	23.2		39.0		110.4
FY 20							
New appropriations	(36)	40.8	45.0		0.0		85.8
Total funds available	(37)= (35)+(36)	88.9	68.2		39.0		196.2
Expenditures (Est.)	(38)	41.8	42.2		22.8		106.8
Lapsed funds 1/	(34)	1.8	0.0		0.0		1.8
Remaining funds	(39) = (37)-(38)	45.4	26.0		16.2		87.6
FY 21							
New appropriations	(40)	42.4	56.3		0.0		98.7
Total funds available	(41)= (39)+(40)	87.8	82.3		16.2		186.3
Expenditures (Est.)	(42)	26.0	46.0		1.0		73.0
Remaining funds (Est.) 2/	(45) = (41)-(42)	61.8	36.3		15.2		113.3

Sources: Office of Budget and Planning and Corporate Services and Facilities Department and Information Technology Department.

^{1/} Figures reflect funds that were not spent within the three-year appropriation period, e.g., FY 16 appropriated funds lapsed at the end of FY 18.

^{2/} Figures reflect the unspent amount of the budget appropriation in the period concerned. Those funds can be used for authorized projects in the remaining period(s) the period covered by the appropriation.

^{3/} Unspent Concordia funds appropriated in FY 12 expired at the end of FY 14 with the exception of \$0.6 million that was specifically reappropriated for FY 15 to complete the remaining work under the project.

^{4/} Additional appropriations were approved for the HQ1 Renewal Program during FY 16.



PRESS RELEASE

Appendix I. Draft Press Release (NEW)

PR/YY/XX

IMF Executive Board Approves FY 2022–FY 2024 Medium-Term Budget

FOR IMMEDIATE RELEASE

Washington, DC—On April [23], 2021, the Executive Board of the International Monetary Fund (IMF) approved the IMF’s administrative and capital budgets for financial year (FY) 2022, beginning May 1, 2021, and took note of indicative budgets for FY 2023–24.

The FY 2022 budget is set in the context of a global economic outlook that is marked by high uncertainty and the likelihood of uneven recovery, with many countries facing daunting crisis legacies. The budget provides for continued Fund support for its membership with the immediate crisis response and to navigate a safe exit from the crisis.

The approved net administrative budget for FY 2022, which covers all administrative expenses less receipts (primarily from external sources to help support capacity building activities and excluding lending income), has been set at US\$1,214 million. The approved FY 2022 budget sustains crisis response and provides incremental resources for long-term priorities within an unchanged resource envelope in real terms for the tenth year in a row, measured relative to the IMF’s budget deflator (with the exception of a small (0.6 percent) increase in FY 2017 to meet rising information and physical security costs). The budget is built on extensive reprioritization and savings—including from modernization. In light of immediate crisis-related needs, the Executive Board has also approved a temporary increase in the maximum amount of unused budget resources that can be carried forward from previous years from 5 to 8 percent of the underlying budget.

The FY 2022 capital budget is set at US\$79 million and provides financing for building facilities and information technology capital projects. This includes projects to modernize digital platforms and tools. In

response to the industry shift towards cloud-subscription based information technology solutions, the Board approved a change in the budgetary treatment of these expenses.

Additional information can be found in the staff paper.

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