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GRAY/21/1081

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April 22, 2021

**Statement by Mr. Bhalla and Mr. Natarajan on FY2022-FY2024 Medium-Term Budget
(Preliminary)
Executive Board Meeting
April 27, 2021**

1. We thank the staff for the detailed proposals for the Medium-Term Budget framework for FY 22-24 and administrative budget for FY 22. We recognize the tough demands on Fund's resources in the backdrop of two key challenges – assisting the recovery efforts of the members and addressing the long-term shifts in the global economy. We advocate that the budget needs to support the key priorities by focusing on the core mandate of the Fund and prudent management of limited resources. Broadly agreeing with the proposals, we express our comments on certain specific issues.
2. Agile operational response of the Fund in the aftermath of the pandemic has helped many vulnerable members to navigate through the difficult phase of crisis. Continued financial support, deeper country engagement, and policy analysis and advocacy, are expected to remain key drivers in FY 22. The uncertain and uneven recovery has elevated the budget risks above the acceptable levels with potential adverse consequences for budget sustainability. Agreeing with the need for flexibility in employing resources, we support the temporary increase in the limit of carry forward resources.
3. We recognize that there are many macro-critical policy challenges like education, health, AML/CFT and poverty which can have a significant long-term impact on the global economy. In meeting the changing needs of the membership, the document stresses on addressing debt vulnerabilities, climate change, digitalization, and Integrated Policy Framework to address the crisis. The Fund's work on such topics may be useful in understanding the economic impact of these issues. However, such policy proposals should be evaluated on merit and their implication for any country or group of countries as and when they are proposed.

4. We welcome the modernization initiatives to build the Fund for the future. IT projects comprising IHR, CDMAP, iData, Knowledge management and Integrated digital workplace have the potential to deliver significant financial and non-financial gains. During most of the crisis period, remote working and virtual engagement with the members was quite effective. Strengthening the IT infrastructure can help improve certain limitations like cybersecurity, engagement with civil society and the quality of virtual country engagements.
5. The budget priority for FY 2022 is to continue the focus on crisis support and economic recovery, and accordingly prioritize resource allocation on surveillance, debt vulnerabilities, monetary policy, and capacity development. The projected increase in the operational income in the medium-term due to sharp rise in lending scope for reserve accumulation and for precautionary balances. Finally, we encourage the Fund to closely monitor the developments and remain nimble footed in responding to the emerging situation.