

**LAPSE OF
TIME**

EBAP/22/4

February 14, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **Budget Proposal for the Independent Evaluation Office for FY2023 and Indicative Budgets for FY2024 and FY2025**

Board Action:	Executive Directors' consideration on a lapse of time basis
Deadline to Request a Board Meeting, after which Proposed Decision Deemed Approved:	Tuesday, February 22, 2022 12:00 (noon)
Proposed Decision:	Page 2
Additional Information:	The proposed IEO budget for FY2023 is unchanged in real terms from FY2022. This budget proposal has been endorsed by the Evaluation Committee for consideration by the Executive Board on a lapse of time basis (EB/EVC/22/2).
Questions:	Mr. Collyns, IEO (ext. 38383) Mr. Kell, IEO (ext. 37715)

Budget Proposal for the Independent Evaluation Office for FY2023 and Indicative Budgets for FY2024 and FY2025

February 14, 2022

This note presents a proposed FY2023 budget for the Independent Evaluation Office (IEO) for consideration by the Evaluation Committee. The IEO is proposing a budget of \$6,837,840, in FY2022 U.S. dollars, representing zero real growth in spending compared with the FY2022 budget. This note also presents indicative budgets for FY2024 and FY2025 that are consistent with zero real growth.

Background

1. In accordance with the IEO's terms of reference, the IEO consults with the Evaluation Committee and submits its budget for approval to the Executive Board "independent of the budgetary process over which management and the Office of Budget and Planning have authority."¹ Since FY2009, the IEO's budget proposal has been identified separately in the overall budget decision for the IMF. This separate process for the preparation and approval of the IEO's budget was designed to establish independence from management and staff, and to facilitate consideration of the office's budget on its own merits. Since then, changes in the IEO's budget have remained broadly in line with those in the Fund-wide budget.
2. The IEO estimates that it will end FY2022 with total spending of \$7.26 million, about 6 percent above its approved budget and 2 percent below the total funding available, which included an exceptional carry-over of 8 percent of the FY2021 budget. The IEO requested the larger than usual carry-over for FY2022 to manage the bunching of expenditures in FY2022 associated with the normalization of the IEO work program, as the impact of the COVID-19 pandemic gradually wound down, as well as the IEO's twentieth anniversary conference. Indeed, as expected, consultant outlays were particularly heavy in FY2022 as work progressed on four separate evaluations. In addition, IEO incurred some additional staffing costs related to early hiring to manage staff turnover effectively.

¹ See *The Fund's Independent Evaluation Office (IEO) Terms of Reference* (EB/EVC/04/10, Attachment).

Budget Proposal for FY2023

3. The IEO's FY2023 budget proposal is for \$6,837,840, in FY2022 U.S. dollars. This figure is consistent with zero real growth over the FY2022 budget.² This budget (together with the proposed carry forward, as discussed below) would allow the IEO to fulfill its FY2023 work program, which will include completing three ongoing evaluations, launching work on two new evaluations, and preparing a book to celebrate the twentieth anniversary of the IEO's creation in 2001.

4. The current budget proposal and the corresponding work plans are predicated on carrying forward unspent funds from the approved FY2022 budget for spending in FY2023 up to the 5 percent of the budget as agreed in the carry forward policy adopted in 2009 during the discussion of the FY2010 IEO budget.³ As noted at the time, this carry forward provides the IEO with the flexibility needed to deal with uncertainties with regard to expenditures to be expected in a small office. Note that at this point the carry forward expected for FY2023 is considerably lower than for FY2022 which would imply a small decline in available resources in FY2023, but this resource envelope would still be sufficient for the IEO's work program as spending on consultant outlays reverts to more normal levels.

5. The attached table also presents indicative budgets for FY2024 and FY2025, in FY2022 U.S. dollars, which as usual are based on zero real growth. These are provided for information purposes only.

The Proposed Budget Decision

6. In sum, the IEO is seeking approval by the Executive Board of an FY2023 budget of \$6,837,840, in FY2022 U.S. dollars, which is flat in real terms as compared to FY2022. This figure will need to be adjusted in due course based on the deflators actually used for the Fund-wide budget. In addition, the IEO is seeking to carry-forward to FY2023 up to 5 percent of the unspent funds from the FY2022 approved budget.

² The IEO's budget, in FY2023 U.S. dollars, ultimately will be based on the deflator used for the Fund-wide budget.

³ See EBAP/09/45 which contemplates a carry-forward of 5 percent of the resources in the previous year.

IEO Administrative FY2023 Budget: Preliminary
(in FY2022 U.S. dollars)

	FY2020	FY2021	FY2022	Proposed	Indicative	
				FY2023	FY2024	FY2025
Total budget	6,837,840	6,837,840	6,837,840	6,837,840	6,837,840	6,837,840
Regular staff	5,408,137	5,300,469	5,312,986	5,312,986	5,312,986	5,312,986
Groups III - VI ¹	1,429,703	1,537,371	1,524,854	1,524,854	1,524,854	1,524,854
<i>Memorandum items:</i>						
Carry forward from previous year ²	665,496	526,991	537,041	141,887		
Total available resources	7,503,336	7,364,831	7,374,881	6,979,727		
Total spending	6,963,582	6,349,655	7,258,853			

¹ Includes contractual and other employees, discretionary budgets (including business travel), and centrally-managed budgets (including printing publications).

² Carry forward for FY2023 is estimated based on current spending. The actual amount will be available in June 2022, once the budgetary outturn for FY2022 is finalized. The carry forward is normally set at a maximum of 5 percent of the approved budget. In FY2022, the carry forward was increased to 8 percent to manage the bunching of consultant outlays associated with the normalization of the IEO work program, as the impact of the COVID-19 pandemic gradually wound down.