

**LAPSE OF
TIME**

EBD/21/36

September 14, 2021

To: Members of the Executive Board
From: The Secretary
Subject: **Official Business of the Fund**

Board Action:

Executive Directors' **consideration** on a lapse of time basis

Deadline to Request a Board Meeting, after which Proposed Decision Deemed Approved:

**Monday, September 20, 2021
12:00 p.m. (noon)**

Proposed Decision:

Pages 2-3

Questions:

Ms. Stetsenko, LEG (ext. 34499)
Ms. Michaels, SEC (ext. 35451)



September 14, 2021

OFFICIAL BUSINESS OF THE FUND

Approved By
**Rhoda Weeks-Brown
and Ceda Ogada**

Prepared by a team comprising Natalia Stetsenko (LEG), Erica Anderson, Brandon Baker-Rice, Thomas Bonaker, and Elena Michaels (all SEC).

In accordance with the decision of the Board of Governors (BoG) not to hold the 2021 regular meeting of the BoG due to the difficulties caused by the pandemic¹, the official business that is ordinarily conducted in such a meeting will be completed by a vote without a meeting.² As indicated in staff's recommendation to the Executive Board regarding the changes to the 2021 Annual Meeting³, it is now necessary to send to Governors the documentation relating to this business along with the draft resolution to be voted upon.

The business to be conducted is:

- Consideration of the audit report, including financial statements⁴, with reference to the annual budget⁵;
- The proposal of the Chair of the BoG for the election of a Chair and Vice-Chairs of the BoG⁶ and establishing the membership of the Joint Procedures Committee of the BoG.

¹ See EBD/21/30, Sup. 1. (8/31/21)

² See By-Law 13. The BoG approved resolution no. 76-3 on August 30, 2021, whereby the business of the Fund, which would have normally been conducted during 2021 Annual Meeting of the BoG, will be conducted by mail.

³ EBD/21/30, ¶2.

⁴ By-Law 20(f); see also Article XII, Section 7(a).

⁵ By-Law 20(a). The financial statements and budget will be incorporated into the Annual Report, which will be separately distributed to Governors shortly.

⁶ By-Law 7. Although not required if the BoG does not meet, a new chair has been elected every year, including in 2001 and 2020, when there was no meeting of the Fund BoG.

Proposed Decision

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

1. The Executive Board adopts the "Report of the Executive Board to the Board of Governors on the Official Business of the Fund" as set forth in EBD/21/36 (the "Report").
2. Pursuant to Section 13 of the By-Laws, the Board of Governors is requested to vote without meeting on the draft Resolution entitled "Report on Audit, Financial Statements, Administrative and Capital Budgets, and Officers of the Board of Governors and Joint Procedures Committee" attached to EBD/21/36. To be valid, votes must be received at the seat of the Fund before 6:00 p.m., Washington time, on Friday, October 8, 2021. Votes received after that time will not be counted.
3. The Executive Board authorizes and directs the Secretary to send the Report of the Executive Board to the Board of Governors on the Official Business of the Fund, in EBD/21/36, and the draft Resolution entitled "Report on Audit, Financial Statements, Administrative and Capital Budgets, and Officers of the Board of Governors and Joint Procedures Committee" to each member of the Fund by mail or other rapid means of communication on or before Monday, September 20, 2021.
4. All votes cast pursuant to this decision shall be held in the custody of the Secretary until counted, and all proceedings with respect thereto shall be confidential until the Executive Board determines the result of the vote.

5. The effective date of the Resolution shall be the last day allowed for voting.
6. The Secretary is authorized to take such actions as he shall deem necessary or appropriate to carry out the purposes of this decision.

Draft Report of the Executive Board to the Board of Governors

Official Business of the Fund

Report of the Executive Board to the Board of Governors

1. In accordance with the decision of the Board of Governors, adopted by Resolution 76-3, effective August 30, 2021, not to hold the 2021 regular meeting of the Board of Governors due to the difficulties caused by the pandemic, the official business of the Fund will be completed by a vote without a meeting pursuant to By-Law 13.
2. Appended hereto are:
 - The Report on Audit for the Financial Year ended April 30, 2021, a letter from the Managing Director, and the Letter of Transmittal from the External Audit Committee to the Board of Governors (Attachment I);
 - The [Financial Statements](#) for FY2021 and the Administrative and Capital Budgets for Financial Year ending April 30, 2022 (Attachment II)¹
 - The Chair's proposal for the officers of the Board of Governors for 2021-2022 (Attachment III); and
 - The proposed Resolution on Report on Audit, Financial Statements, Administrative and Capital Budgets, and Officers of the Board of Governors and Joint Procedures Committee.
3. As the regular meeting of the Board of Governors is not being held, the Joint Procedures Committee will also not meet. The Chair has, therefore, made the relevant recommendations for action by Governors, as noted herein.

¹ The financial statements and budgets will be incorporated into the Annual Report, which will be separately distributed to Governors shortly.

September XX, 2021

Dear Governors:

On behalf of the Executive Board of the International Monetary Fund, I have the honor to transmit for consideration by the Board of Governors: (i) the [Financial Statements](#) of the International Monetary Fund for the Financial Year Ended April 30, 2021, which include the independent auditors' reports issued by the Fund's external audit firm PricewaterhouseCoopers and (ii) the Letter of Transmittal from the External Audit Committee to the Board of Governors.

The audits were conducted by PricewaterhouseCoopers, in accordance with International Standards on Auditing, auditing standards generally accepted in the United States of America, and the requirements of Section 20(b) of the Fund's By-Laws. The External Audit Committee, comprising Ms. Lopez (Chair), Mr. Hage, and Mr. Ethevenin, had general oversight of the annual audit, as required under Section 20(c) of the Fund's By-Laws.

Yours very truly,

/s/

Kristalina Georgieva
Managing Director
and
Chair of the Executive Board

Board of Governors
International Monetary Fund

Board of Governors
International Monetary Fund

Letter of Transmittal

In accordance with the provisions of Section 20(f) of the By-Laws of the International Monetary Fund, we have the honor to transmit herewith, through the Managing Director and the Executive Board of the International Monetary Fund, the independent auditors' reports issued by the external audit firm PricewaterhouseCoopers on the Financial Year 2021 Financial Statements of the International Monetary Fund, with respect to the:

- General Department
- SDR Department
- Accounts Administered by the International Monetary Fund, consisting of:
 - Concessional Lending and Debt Relief Trusts
 - Poverty Reduction and Growth Trust
 - Trust for Special Poverty Reduction and Growth Operations for the Heavily Indebted Poor Countries and Interim ECF Subsidy Operations and related Umbrella Account for HIPC Operations (the PRG-HIPC Trust and related umbrella account)
 - Catastrophe Containment and Relief Trust and related Umbrella Account for CCR Operations (CCR Trust and related umbrella account)
 - Administered Accounts
 - Administered Account—Japan
 - Administered Account—Switzerland
 - Administered Account for Interim Holdings of Voluntary Contributions for Fund Activities
 - Administered Account People's Bank of China
 - Framework Administered Account for Selected Fund Activities
 - Framework Interim Account
 - Supplementary Financing Facility Subsidy Account
 - Somalia Administered Account
- Staff Retirement Plan
- Supplemental Retirement Benefit Plan
- Retired Staff Benefits Investment Account

EXTERNAL AUDIT COMMITTEE

Judith Lopez (Chair) /s

Bassam Hage /s

Jacques Ethevenin /s

Administrative and Capital Budgets for Financial Year ending April 30, 2022

- 1. Implementation of the [FY 2021 budget](#) was affected by the onset of the COVID-19 crisis following formulation of the FY 2021 budget.** Total net administrative expenditures were \$1,126 million, or 94.9 percent, of the approved structural budget of \$1,186 million. The underspending relative to the structural budget reflects the travel moratorium, the impact of lower building occupancy, and IT-related shortfalls. The bulk of travel resources were reallocated to support increased crisis staffing with ramp up continuing into FY22. Board approval in April 2021 of a temporary increase in the general carryforward limit from 5 to 8 percent made a total of \$88.4 million in temporary resources available for general use to address crisis needs during the medium-term budget period.
- 2. Externally financed capacity development activities fell by \$50 million in FY 2021** from FY 2020 levels, totaling \$118 million relative to a \$206 million limit. The underspending reflects the travel moratorium, as well as capacity constraints in recipient countries.
- 3. Spending on capital investments totaled \$77 million in FY21, a reduction of \$30 million from last year.** IT modernization projects have continued despite the crisis. A modest repurposing of funds allowed for enhancement of security of the business continuity center to support the heavy remote work environment. Approximately \$109 million in remaining appropriated funds will carry over to FY22.

Table 1. Budget by Major Expenditure Category, FY2020-22
(In millions of U.S. dollars)

	FY 20			FY 21						FY22	
	Budget	Outturn	Utilization (percent)	Budget		Outturn			Utilization (percent)	Budget	
	Total	Total	Total	Fund- financed	Externally financed	Total	Fund- financed	Externally financed 1/	Total	Total	Total
Gross expenditures	1,397	1,350	96.6	1,223	206	1,429	1,150	118	1,268	88.8	1,459
Personnel	1,025	1,028	100.3	920	136	1,055	944	105	1,049	99.4	
Travel	134	97	72.3	81	52	133	15	1	16	12.0	
Buildings and other expenses	224	225	100.5	212	18	230	191	12	203	88.4	
Contingency 2/	15	0	...	11	0	11	
Receipts	-239	-199	83.4	-37	-206	-243	-23	-118	-142	58.3	-245
Net expenditures	1,158	1,150	99.3	1,186	0	1,186	1,126	0	1,126	94.9	1,214
Capital Budget 3/	86	107	124.4			99			77	78.0	79
<i>Memorandum items:</i>											
Carry forward from previous year	47			55		55					102
Total net available resources and spending 4/	1,205	1,150	95.4	1,241		1,241	1,126		1,126	90.7	1,324

Sources: Office of Budget and Planning and PeopleSoft Financials.

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

1/ Based on receipts from donors. For FY21, a \$5.3 million adjustment reflects reconciliation between actual and standard costs for some externally funded personnel expenditures and the impact of COVID-related measures on benefits.

2/ Represents the contingencies for staff, OED and IEO.

3/ FY22 budget includes \$9.5m IT cloud capital equivalent.

4/ Includes general, OED and IEO carryforward amounts. FY22 also includes additionally \$8.3m resources for general budget from excess underspend of OED and IEO.

September XX, 2021

OFFICERS OF THE BOARD GOVERNORS AND JOINT PROCEDURES COMMITTEE

(to the Board of Governors)

The Chair submits the following recommendations to the Boards of Governors:

1. Chair and Vice-Chairs of the Boards of Governors

The Chair recommends that the Governor for Egypt be Chair, and that the Governors for Austria and Bhutan be Vice Chairs, of the Boards of Governors of the International Monetary Fund, and to hold office until the close of the next Annual Meetings.

2. Joint Procedures Committee for 2021/2022

The Chair recommends that a Joint Procedures Committee be established to be available, upon approval of the 2021 official business resolution and until the close of the next annual Meetings, for consultation at the discretion of the Chair, normally by correspondence and, if the occasion requires, by convening; and that this Committee shall consist of the Governors for the following members: Algeria, Angola, Australia, Barbados, Burkina Faso, China, Estonia, France, Germany, Japan, Malta, Panama, Paraguay, Poland, Romania, the Russian Federation, Saudi Arabia, Spain, Tanzania, Thailand, the United Kingdom, and the United States.

The Chair further recommends that the Chair of the Joint Procedures Committee shall be the Governor for Egypt and the Vice Chairs shall be the Governors for Austria and Bhutan.

Approved:

/s/

Governor for Mexico

Mexico – Chair of the Board of Governors

Draft Resolution

Report on Audit, Financial Statements, Administrative and Capital Budgets, and Officers of the Board of Governors and Joint Procedures Committee

The Executive Board determined on August 3, 2021, that upon the approval of Resolution No. 76-3, the official business of the Fund, which would have normally been conducted during 2021 Annual Meeting of the Board of Governors, would be conducted by a vote without a meeting.

RESOLVED:

1. That the Board of Governors of the International Monetary Fund considers the Report on Audit for the Financial Year ended April 30, 2021, the Financial Statements contained therein, and the Administrative Budget for the Financial Year ending April 30, 2022 and the Capital Budget for capital projects beginning in Financial Year 2022 as fulfilling the requirements of Article XII, Section 7 of the Articles of Agreement and Section 20 of the By-Laws.
2. That the Governor for Egypt is hereby elected Chair of the Board of Governors and the Governors for Austria and Bhutan are hereby elected Vice Chairs to hold office until the close of the next Annual Meeting.
3. That a Joint Procedures Committee is hereby established to be available beginning on the effective date of this resolution, and until the close of the next Annual Meeting, for consultation at the discretion of the Chair, normally by correspondence, and also, if occasion requires, by convening. This Committee shall be composed of the Governors for the following members:
Algeria, Angola, Australia, Barbados, Burkina Faso, China, Estonia, France, Germany, Japan, Malta, Panama, Paraguay, Poland, Romania, the Russian Federation, Saudi Arabia, Spain, Tanzania, Thailand, the United Kingdom, and the United States.

The Chair and the Vice-Chairs shall be the Governors for Egypt, Austria, and Bhutan, respectively.