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April 24, 2023

**Statement by Mr. Giammusso, Mr. Massourakis, and Ms. Quaglierini on Review of the  
Fund's Income Position for FY 2023 and FY 2024  
(Preliminary)  
Executive Board Meeting  
April 27, 2023**

*We thank staff for an informative paper on the Fund's income position. We concur that the Fund's income projections remain subject to considerable uncertainty in the current challenging economic environment reflecting a variety of factors including Russia's war against Ukraine and its adverse spillovers, still relatively high inflation, and tighter financial conditions globally. Overall, the Fund's income remains robust following the strong demand for Fund's resources in an uncertain environment. We support all five proposed decisions and offer the following comments.*

- We appreciate staff's explanations regarding the differences in the updated Fund's income projections compared with those made in April 2022 and take note of the underlying driving factors.
- In the new interest rate environment, we note the significant pickup in the investment income that is expected to contribute in an important way to the Fund's overall income from FY24 and in the following years (Figure 5). We therefore welcome the analysis provided in Annex III on the implementation of the New Income model (NIM) adopted in 2008 with the aim of achieving a diversification of the Fund's sources of income and reducing the overreliance of the institution on lending income to finance its activities. Despite some delays, the NIM seems to bear fruits. That said, we concur with staff to continue the suspension of the payout from the endowment account for one additional year

to increase the cushion of retained investment income to protect the real value of the endowment.

- We agree with staff to leave the margin unchanged at 100 basis points.
- We are pleased to note that the precautionary balances are expected to reach the indicative target of SDR 25 billion by late FY24, which is an important achievement that is now in sight. We also note the considerable rise in burden sharing capacity illustrated by Fig. 6. Regarding credit risks, we encourage staff to keep the Board timely updated on the International Financial Reporting Standards (IFRS-9)-related assessments on impairment losses for FY23 that are expected to be completed by June. We would be interested in any preliminary information that staff could share before June.
- We appreciate that the pension adjustment is separated from the Fund's core activities to make the income outcomes clearer and more transparent and encourage staff to maintain this template going forward.