

**FOR
INFORMATION**

EBAP/22/56
Correction 1

November 29, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **FY2022—Output Cost Estimates and Budget Outturn**

Board Action: The attached corrections to EBAP/22/56 (7/28/22) have been provided by the staff:

Evident Ambiguity

Pages 12, 14, 15, 17 (first bullet), 18

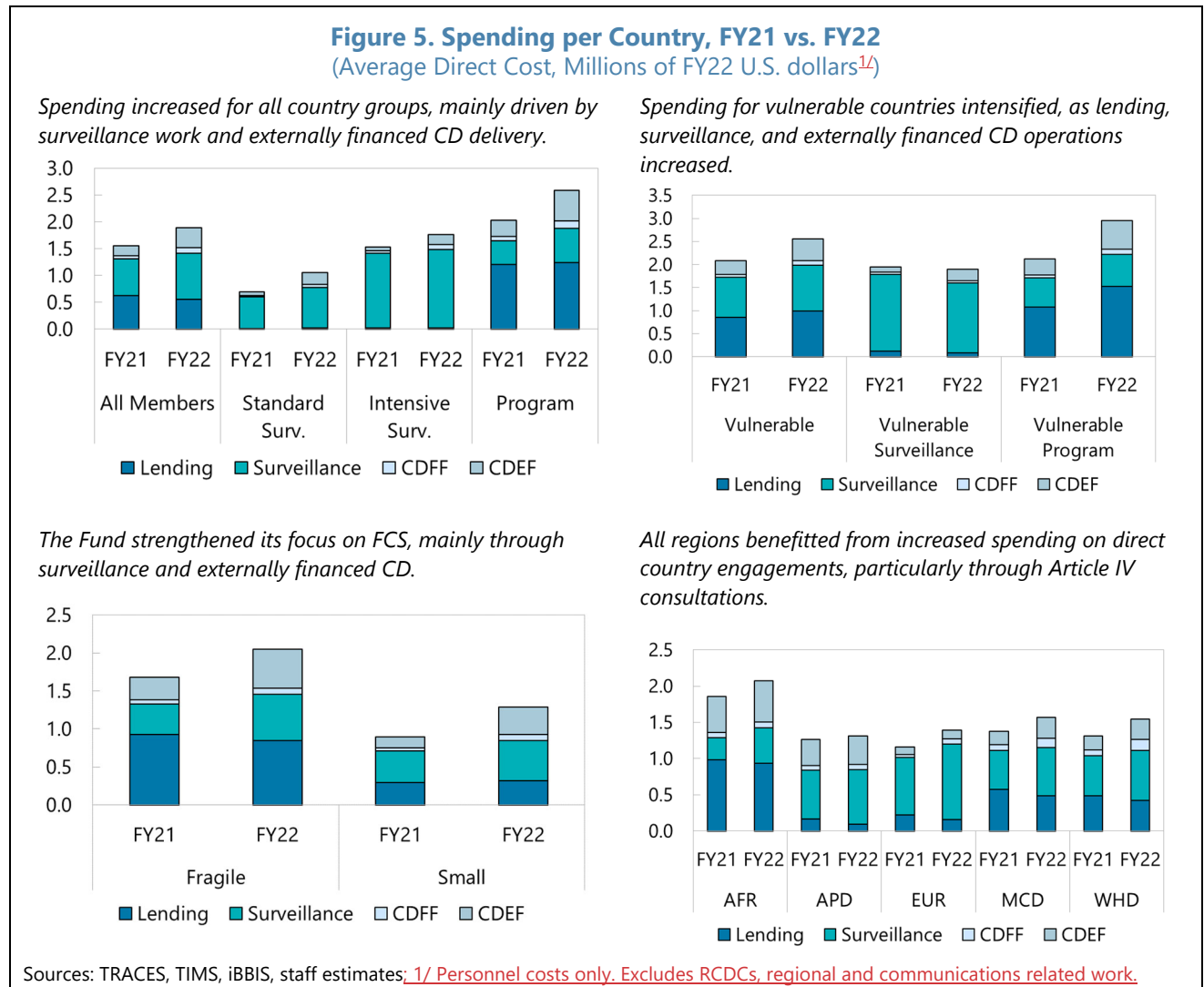
Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

Pages 17 (Figure 12) and 38

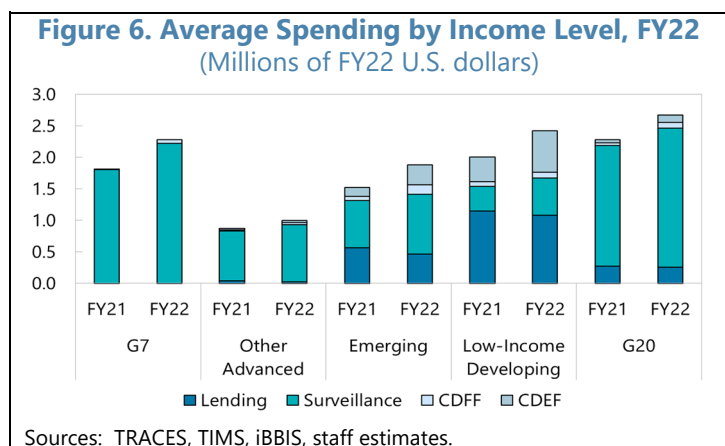
Questions:

Mr. Alper, OBP (ext. 35907)
Mr. Salerno, OBP (ext. 39050)

11 percent (to \$1.5 million) excluding externally funded CD (Figure 5). Spending on surveillance countries averaged \$1.1 million, an increase of 51 percent relative to FY21. For countries with intensive surveillance (near program) average spending increased by 15 percent, while for countries with Fund arrangements the increase was 27 percent.



- Spending by income level.**
 Average spending increased across country income groups, mainly driven by the resumption of bilateral surveillance (Figure 6). Average spending for the G7 countries increased by 26 percent to \$2.3 million, emerging economies (24 percent increase), and low-income developing countries (21 percent increase).



projects. Resources held in a separate central account and previously accounted as part of corporate functions (or internal support) were excluded for FY22 reporting purposes.

13. Center. Total central account spending (\$28 million) includes overseas personnel expenses (including allowances for staff and experts assigned to overseas offices, settlement travel, and installation of new Resident Representative posts), other travel-related costs, as well as promotion and other personnel-related spending. Receipts of \$3 million included Fund-sponsored sharing agreements, publication sales, and other.

B. Spending by Department

14. Focus (Figures 8-10). Fund resources continued to focus on core delivery of member services (Figure 8). AFR, FAD and MCM saw the largest increase in spending, linked to crisis needs, increased focus on fragile and conflict-affected states (AFR), continued efforts on priority topics, e.g., digital money (MCM), and a gradual pick up of CD delivery (FAD), while spending by support departments remained roughly at FY21 levels (Figure 9-10).

- **Area Department** spending rose with continued emergency support through surveillance and lending activities in response to the pandemic and spillovers of the war in Ukraine.
- **Functional non-CD Departments** saw an increase in spending related to Fund’s governance and finance, as well policy and analytical work.
- **CD Departments.** Higher spending was broad-based, reflecting the increase in externally funded CD, increased analytical products (including practice notes), tool development (including to support virtual CD delivery), and support to bilateral surveillance.

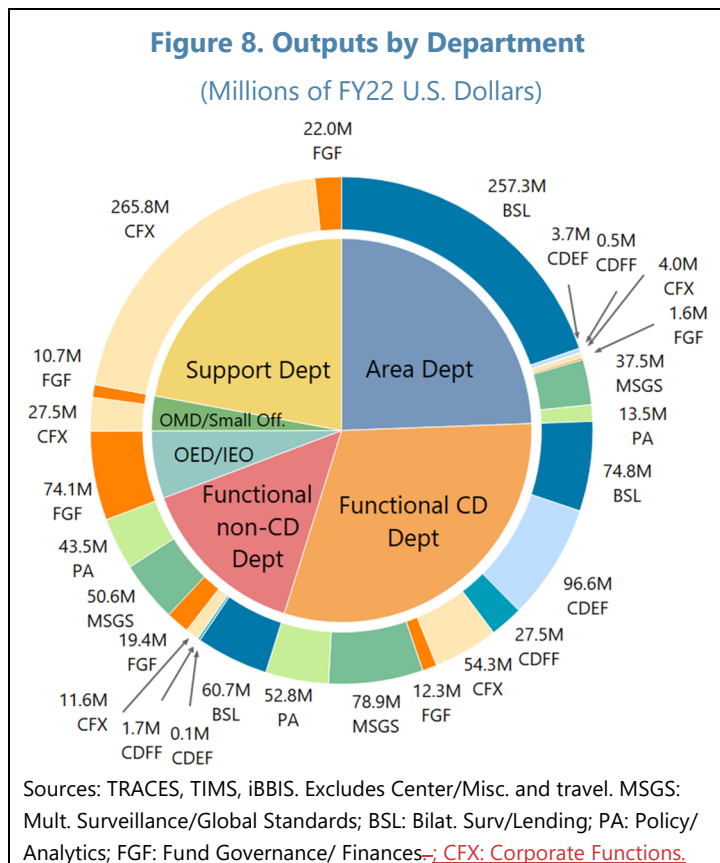


Figure 9. Change in Outputs by Department, FY22 vs FY21
(Millions of FY22 U.S. Dollars)

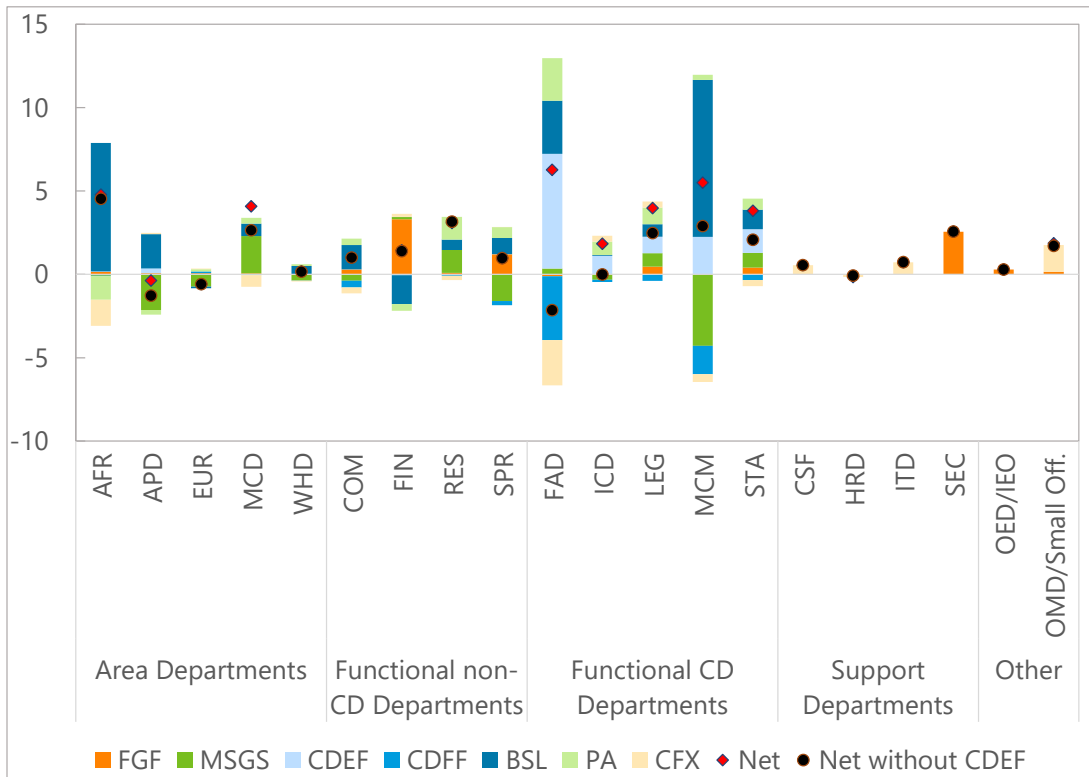
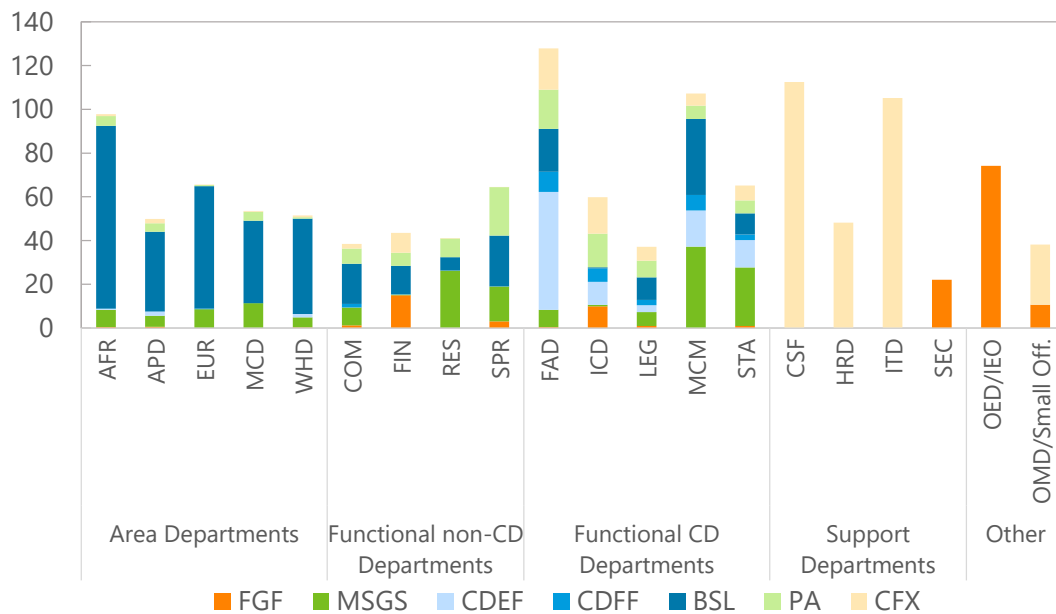


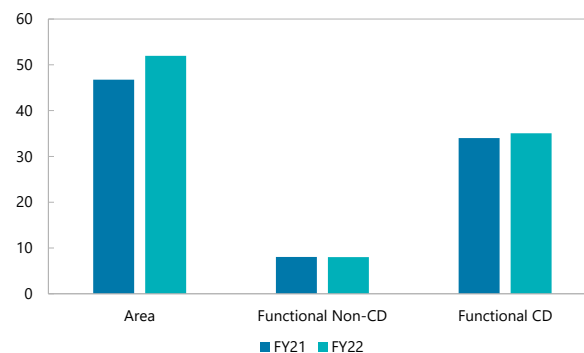
Figure 10. FY22 Spending by Department
(Millions of FY22 U.S. Dollars)



Sources: TRACES, TIMS, iBBIS. Excludes Center/Misc. and travel. CFX: Corporate functions; MSGS: Mult. Surveillance/Global Standards; BSL: Bilateral Surveillance/Lending; PA: Policy/Analytics; FGF: Fund Governance/ Finances; CFX: Corporate Functions.

- Fragile and Conflict-affected States (FCS).** The Fund has played a central role in the international response to the COVID-19 pandemic in FCS, including to address debt vulnerabilities. Overall spending on the 42 FCS countries increased to ~~\$86-95~~ million in FY22 (excluding resources covered in topical priority areas covered above) from ~~\$71-89~~ million in FY21. Non-CD spending reached ~~\$61-67~~ million, almost ~~60-57~~ percent of which was associated with Fund lending. Overall, Area Departments channeled more than half of the resources to fragile states—mostly in AFR, APD, and MCD—in support of country operations, particularly engagement related to program work (Figure 12). CD spending, mostly externally financed, ~~increased-remained broadly stable to at about~~ ~~\$25-28~~ million, ~~nearly double spending last year.~~ -The Board approved the [IMF's Strategy for Fragile and Conflict-Affected States](#) in March 2022 to strengthen further the Fund's engagement in FCS.

Figure 12. Spending on Fragile and Conflict-Affected States, FY22
(Millions of FY22 U.S. Dollars)



- Inclusion and Gender.** Spending in this area, excluding resources in other priority areas, totaled \$18 million. Work mainly centered on country analysis—with a focus on the impact of the pandemic, labor market and inequality, and social spending. Preparation of the Fund's gender mainstreaming strategy and related implementation tools was also relevant, done in close coordination with partner institutions, notably the World Bank Group, UN Women, and multilateral development banks.

Other Priority Topics

- Debt.** Spending on debt-related work is estimated at \$50 million, versus \$43 last year. Work in this area focused on rising pressures on the membership. The Arrears Policy was reviewed and guidance developed on debt limits and the Sovereign Risk and Debt Sustainability Framework. Focus remained on supporting members to reduce debt vulnerabilities, increase debt transparency and strengthen debt management capacity. Some efforts in this area took place in the context of the implementation of the G-20 Common Framework, as well.
- Governance/Corruption.** Spending in this area is estimated at \$23 million in FY22, down \$1 million from last year. Work concentrated on addressing vulnerabilities in member countries, and supporting appropriate transparency and accountability in lending operations, and continued work on [Implementation of Governance Measures in Pandemic-Related Spending](#). This work was conducted through Article IV and program engagement, mainly in area departments, with support from functional departments (notably FAD, LEG and SPR) through direct CD and review work.

SECTION III. SPENDING BY INPUTS

A. Spending By Major Budget Categories

Table 2. Administrative Budget and Expenditures, FY21-22
(Millions of FY22 U.S. dollars, unless otherwise noted)

	FY21							FY22						
	Budget			Outturn			Utilization (percent)	Budget			Outturn			Utilization (percent)
	Fund-financed	Donor-financed	Total	Fund-financed	Donor-financed 1/	Total		Fund-financed	Donor-financed	Total	Fund-financed	Donor-financed	Total	
Gross expenditures	1,251	211	1,462	1,176	121	1,297	88.7	1,249	210	1,460	1,205	141	1,346	92.2
Personnel	941	139	1,079	965	108	1,073	99.4	938	137	1,074	982	124	1,106	102.9
Travel	82	53	136	16	1	16	12.0	81	53	134	24	2	26	19.5
Buildings and other expenses	216	18	235	195	12	208	88.4	218	21	239	200	15	214	89.8
Contingency 2/	12	0	12	0	0	0	-	12	0	12	0	0	0	-
Receipts	-38	-211	-248	-24	-121	-145	58.3	-36	-210	-246	-25	-141	-166	67.6
Net expenditures	1,214	0	1,214	1,152	0	1,152	94.9	1,214	0	1,214	1,180	0	1,180	97.2
<i>Memorandum items:</i>														
Carryforward from previous year	55		55					102		102				
Other transitional transfers 3/	...							8		8				
Total net available resources	1,269		1,269	1,152		1,152	90.8	1,323		1,323	1,180		1,180	89.1

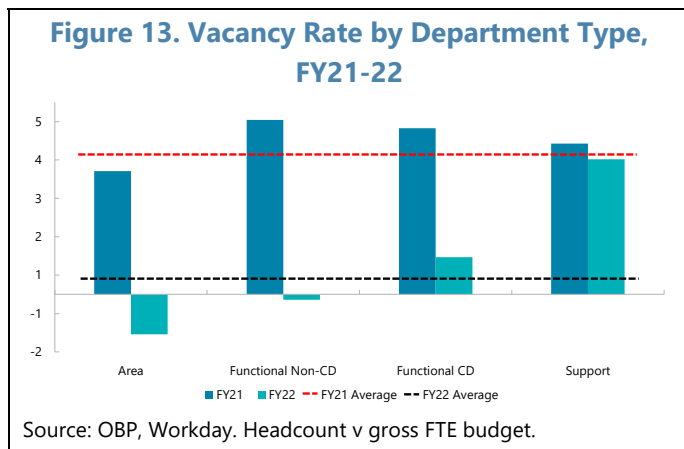
Source: OBP and FIN.

^{1/} Based on donor receipts. For FY21, a \$5.3 million adjustment reflects reconciliation between actual and standard costs for some donor-funded personnel expenditures and the impact of Covid-19 related measures on benefits.

^{2/} General, OED and IEO contingencies.

^{3/} OED/IEO underspend above their carryforward limits.

16. Personnel (Figures 13-14). Total personnel spending was \$1,106 million, about \$31 million above the overall structural budget (\$44 million excluding externally funded positions), reflecting the provision of transitional and crisis-related positions. The overall year-end vacancy rate (based on both structural and temporary positions) fell to about 0.9 percent (27 vacancies) compared to 4.1 percent (120 vacancies) in FY21 and roughly zero percent pre-crisis. Across economics departments, the vacancy rate fell to zero from 4.0 percent in FY21, broadly at the pre-crisis level. Spending on externally financed personnel increased by \$16 million in real terms relative to FY21, with a 22 percent increase in reimbursement for staff time and a 41 percent increase in externally funded contractual support.



17. Deflator and Personnel Dynamics (Annex III). The FY22 budget deflator (2.3 percent), set based on projected inflation in January of the prior fiscal year compared to actual inflation of 6.2 percent in FY22, reflected the emergence of increasing inflation over the course of the year. Uncertainty on price movements continues in FY23, presenting challenges for budgetary management that are being closely monitored.

Annex Table 4.3. Gross Administrative Spending by Output Area, FY21-22

	2021		2022	
	Millions of FY22 U.S. Dollars		Percent of Total	
	FY21	FY22	FY21	FY22
Country Operations	463.7	504.6	35.8	37.5
Bilateral Surveillance	181.0	229.9	14.0	17.1
<i>Of which:</i>				
Article IV Consultations	113.5	154.9	8.7	11.5
FSAPs/OFCs	10.3	20.4	0.8	1.5
Lending and Other Engagement	162.1	143.0	12.5	10.6
<i>Of which:</i>				
Programs and Facilities Supported by General Resources	83.5	70.7	6.4	5.3
Programs and Facilities Supported by PRGT Resources	62.0	56.8	4.8	4.2
Capacity Development	120.6	131.7	9.3	9.8
Fund Financed	36.6	30.1	2.8	2.2
Externally Financed	84.0	101.7	6.5	7.6
Fund Policies and Analytical Work	133.6	142.2	10.3	10.6
Fund Policies	50.4	50.8	3.9	3.8
Analytical Work	83.2	91.5	6.4	6.8
Multilateral Surveillance and Global Cooperation/Standards	159.6	152.5	12.3	11.3
Multilateral Surveillance	80.0	76.0	6.2	5.6
<i>Of which:</i>				
WEO	10.9	11.3	0.8	0.8
GFSR	12.1	11.0	0.9	0.8
Fiscal Monitor	5.0	5.2	0.4	0.4
REOs	12.6	12.3	1.0	0.9
Global Cooperation/Standards	79.6	76.5	6.1	5.7
Fund Governance and Fund Finances	130.6	140.8	10.1	10.5
Internal Support	363.1	359.4	28.0	26.7
Miscellaneous	15.7	14.7	1.2	1.1
Center	30.6	31.3	2.4	2.3
Group 9 Account View				
Total	1,297.0	1,345.6	100.0	100.0

Source: TRACES, TIMS, iBBIS, staff estimates.