EXECUTIVE BOARD MEETING

EBAP/20/30
Supplement 1

CONFIDENTIAL

April 21, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **FY2021–FY2023 Medium-Term Budget—Supplementary Information and Revised Proposed Decisions**

Board Action:	Executive Directors' **consideration** (Formal)
Tentative Board Date:	**Monday, April 27, 2020**
Proposed Decisions:	Pages 13-14
Publication:	Proposed with main paper
Questions:	Mr. Schimmelpfennig, OBP (ext. 34663) Ms. Ulmschneider, OBP (ext. 34718) Ms. Kongsamut, OBP (ext. 34541)

INTERNATIONAL MONETARY FUND

CONFIDENTIAL

April 21, 2020

FY 2021-FY 2023 MEDIUM-TERM BUDGET—SUPPLEMENTARY INFORMATION AND REVISED PROPOSED DECISIONS

Approved By
Michele Shannon

Prepared by the Office of Budget and Planning.

SUMMARY

1. **Purpose:** This supplement provides an update on developments since the mid-March issuance of the FY 2021–FY 2023 Medium-Term Budget (EBAP/20/30). The COVID-19 crisis has affected the FY 20 budget outturn and will have a significant impact on Fund operations and budgetary needs in FY 21. To provide near-term flexibility to address ongoing crisis needs, an update to the proposed decision is presented to allow a modest and temporary increase of 2 percentage points in the maximum carry forward. This will provide some budget space to meet pressing needs. Furthermore, staff expects that a temporary increase in structural resources will be required to meet the unprecedented demands of this crisis. Staff will return to the Board with a specific proposal once a fuller picture of crisis-related needs emerges, taking into account the degree to which these needs can be met through internal reallocation.

2. **FY 20—immediate crisis response:** Over the past two months, the Fund has met the urgent needs of this "crisis like no other" through extraordinary efforts by staff and through an all-hands-on-deck reprioritization of staff time and budget resources toward immediate, front-line needs. These efforts have enabled the Fund to deliver on its first-responder mandate, working with members and international partners.

- **Financing and related policies:** Fund staff are meeting the membership's call to use all available instruments and facilities to provide urgent liquidity support through rapid retooling of its emergency financing instruments, work with the membership that is ongoing to increase financial firepower, and expedited review and approval of country-specific operations. More than 100 countries, over half of the Fund's members, have now requested or inquired about emergency support, with an expected 45 liquidity operations to be approved by end-April and 25 low-income countries already benefiting from Fund-supported debt relief.

- **Policy advice:** Fund staff are assessing the macroeconomic implications of the "Great Lockdown," and providing well-coordinated policy advice that recognizes the vital health, real economy, and financial exigencies created by the crisis. Work is focusing on the need for policy actions now to reduce the potential for irreversible economic scarring and set the stage for sustainable recovery and greater resiliency.
- **Operational Support:** Staff are drawing on and expanding business continuity capabilities to meet these needs, notwithstanding the operational challenges of the current stay-at-home environment, and with a consistent focus on the importance of the health and well-being of the Fund's staff.

  In the short-term, these extraordinary work pressures have been fully absorbed within the existing budget through ad-hoc staffing arrangements that will need to be normalized in the coming period. At the same time, staff estimates an underspend in FY 20 of about $10 million (relative to the expectation of full execution prior to the crisis), driven largely by reduced travel and the shift to virtual Spring Meetings.

3. **FY 21—ongoing response amidst uncertainty:** The MD's Global Policy Agenda endorsed by the IMFC recognizes that the current exceptional times will continue to demand exceptional measures by the Fund and partners during FY 21 and beyond.

- **Sustained crisis response:** While the duration, depth, and breadth of the crisis remain uncertain, its impact on the global economy and Fund members has already been profound, manifested in the deepest recession since the Great Depression and significant downside risks. The Fund will need to maintain its capacity to respond nimbly under dynamic and fast-moving circumstances as the fallout of the crisis for specific countries and the membership as a whole becomes clearer. Area Departments have provided initial indications that the unprecedented scale of current liquidity operations is likely to translate into a substantial increase in upper-credit tranche program engagement. CD departments are also moving to support increased country programs through related technical advice.
- **Addressing post-crisis challenges and building resiliency:** As the Fund's crisis-related work moves from initial emergency response to ongoing crisis management and recovery, the Fund will need to support members in addressing a range of complex challenges, including debt vulnerabilities, bankruptcies, unemployment, and economic inequality. Fund surveillance will have a key role to play in disseminating best practices for our membership. Work on priority areas underlying the baseline budget, temporarily interrupted to make space for crisis response, will need to be brought back online both to support crisis response and to help countries build resiliency. This includes plans to ramp-up of work on financial surveillance, fragile states, international taxation, governance, digitalization, and climate change through direct country support and capacity building. Policy and analytical work that has been deferred due to the crisis will need to resume, including the Comprehensive Surveillance Review (CSR), the Review of the Financial Sector Assessment Program

(FSAP), and the 2020 External Sector Report (ESR). Resuming work in these priority areas will require additional resources through internal reallocation and cost savings, with staff also now expecting to come back to the Board with a supplementary budget request.

4. **FY 21 budget implications.** Following eight-years under a flat real budget envelope, and with budget utilization of close to 100 percent since FY 18, remaining buffers are limited, as detailed in the main paper. Streamlining efforts and reprioritization have and will continue to play an important role in crisis response, and continuation of some of the practices adopted in the crisis period provides scope for further gains. However, quick-win opportunities are limited following aggressive streamlining efforts in recent years, and ongoing modernization efforts will require time and further investment to bear significant fruit. Ensuring that the Fund continues to have the needed capacity to respond in a flexible and timely manner during this extraordinary period cannot rely solely on internal savings. As noted, a two-stage strategy is proposed to allow for a temporary increase in resources that will put the Fund's crisis response work on a more sustainable footing. This strategy incorporates conservative, but realistic, estimates based on what we know now and what we can expect from past experience, recognizing that the unprecedented nature of the current crisis implies risks from overreliance on such comparisons.

- **Initial FY 21 response:** An increase in the maximum allowable carry forward of general administrative resources from 3 to 5 percent is proposed as a first step and is reflected in an update to the proposed decision.[1] This would make use of underspending from FY 20, currently projected at $10 million (about 1 percent). Together with existing emergency buffers (about $8 million) and savings from continued reduced travel in the first quarter (about $10-12 million), approximately $30 million (including an estimated $10 million, or 1 percent, in additional carryforward) would be available to provide essential short-term breathing space. This would allow an initial ramp-up in temporary staffing for front-line departments (mainly area departments and functional departments providing direct country support), reducing reliance on ad hoc and informal arrangements and mitigating current reliance on excess overtime. However, given the relatively modest scale (approximately 2½ percent of the overall administrative budget) and one-off nature of much of these resources, this step is not expected to be sufficient to meet emerging needs over the full course of FY 21 and beyond.
- **More sustained crisis-related response:** As noted, staff anticipates that an exceptional and temporary increase in structural resources will be needed to meet extraordinary crisis-related demands over the next 2-3 years. A more fully fleshed out proposal related to general administrative needs will be developed in the coming

[1] A similar increase in the IEO's carry forward from 5 percent to 8 percent will be proposed to the Board's Evaluation Committee.

months as the ongoing impact of the crisis becomes clearer. Staff will engage with the Board once firmer estimates are available.

A. Updated FY 20 Outturn Estimate

5. **Net administrative outturn:** While the full impact of the COVID-19 crisis on FY 20 will require further time to confirm, conservative assumptions point to a net underspend of around $10 million relative to the full utilization projected prior to the crisis (Text Table).[2]

Net Administrative Budget: Estimated Outturn, FY 20, Revised
(millions of U.S. dollars)

	Fund-financed			
	Approved Budget a	End-year Projection in Budget Paper (EBAP/20/30) b	Revised End-Year Projection (preliminary) c	Change (Underspend -) c - b
Gross expenditures	**1,197**	**1,191**	**1,179**	**-11.9**
Personnel	893	908	912	3.5
of which:				
Lower chargeback of staff time (IMF02)				3.0
Travel	81	68	61	-6.9
of which:				
Evacuations				2.5
Travel ban--business travel				-7.0
Travel ban--settlement, interview travel				-1.0
Building and other expenses	223	215	207	-8.4
of which:				
IT, WebEx, video conferencing 1/				0.3
Emergency cleaning, vendor support, childcare				0.5
Spring Meetings (virtual)				-2.3
Building occupancy, contractual services, printing, other (net)				-6.0
Receipts	**-39**	**-34**	**-31**	**3.0**
of which:				
Trust Fund Management Fees				2.0
Parking fees, Concordia revenue				0.8
Net expenditures	**1,158**	**1,158**	**1,148**	**-10.0**
Memorandum item:				
Externally financed expenditures	200	191	165	-26.6

Source: Staff estimates.
Note: Numbers may not add to totals due to rounding.
1/ An additional $0.4 million in capital investment supported the upgrade of the firewall at the Business Continuity Center.

[2] This figure could increase if some large expenditures expected in late April are only realized early in FY 21.

- **Savings:** The travel ban and the shift to virtual Spring Meetings provide the bulk of projected savings. By mid-March, all business travel had come to a halt, with over 500 missions canceled through end-April, yielding about $7 million in savings. The travel ban also affected settlement, interview, and seminar travel, contributing a further estimated $1 million in savings. Likewise, having the Spring Meetings take place virtually generates $2.3 million in gross savings under building and other expenses. Staff estimates around $6 million in net savings related to reduced building occupancy, contractual services, printing, and subscriptions, and incorporating a partial offset from higher outlays for IT and other requirements mentioned below.

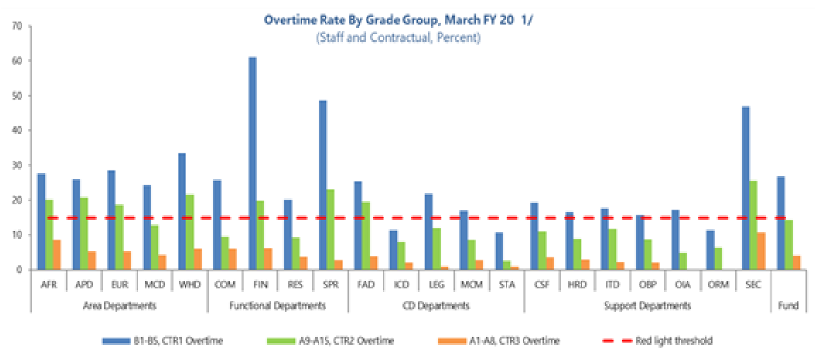
- **Additional spending:** At the same time, the crisis response has given rise to additional spending in some areas.
    - **Evacuations:** The Fund has evacuated 148 staff, long-term experts, and dependents at an estimated cost of $2.5 million in FY 20, reflected in the net travel figures, with some 40 requests still pending.
    - **IT and facilities:** Enhancing IT infrastructure and security, including an upgrade to the Fund's video conferencing capabilities cost $0.25 million in FY 20 for licensing and support and another $0.6 million will accrue in FY 21. Other requirements of around $1-1½ million include emergency cleaning, greater vendor support for business continuity, coverage of fees for childcare (recorded under building and other expenses) as well as parking facilities and loss of Concordia revenue (under receipts).
    - **Reduced IMF02-funded CD:** The cessation of travel also has had a negative impact on direct CD delivery (¶9) and on related charges to donors for delivery by Fund staff. Early indications are that some $5 million in expenses will need to be absorbed by the Fund in FY 20 due to lower chargebacks of staff time ($3 million) and lower-than-projected Trust Fund Management Fees ($2 million), tied to the level of donor-funded CD delivery.

6. **Reprioritization:** Immediate crisis response needs have been met in large part through informal and ad-hoc reallocations of staff time within and between departments based on delays of non-crisis work and streamlining of operational procedures. As in other crisis episodes, such informal arrangements provide the first line of defense, but would not be sustainable for an extended period. Examples include:

- **Informal staff reallocation.** Functional CD departments have made available some 50 staff on an informal and temporary basis to provide direct support to teams in area departments, FIN, and SPR. At the same time, these departments are reprioritizing their staff's time to increase indirect support from specialized experts for country operations.

- **Delays in Article IVs and FSAPs.** Most Article IVs and FSAPs have been placed on a six-month hold to meet the unprecedented demands for emergency financing.[3] In parallel, the Board's calendar of formal meetings has been significantly streamlined, with most pending Article IV consultations being concluded on a lapse-of-time basis.
- **Delays in policy reviews and analytic work.** Major policy reviews have been delayed, including the CSR, and FSAP Review, and the 2020 ESR has also been delayed. More broadly, non-urgent items on the Fund's work program have been deferred.
- **Streamlined procedures:** Processes for review and approval at both the staff and Board level are being streamlined to expedite emergency financing cases, including through reduced circulation periods.[4] Departments are also experimenting with clustering country emergency assistance requests in a single Board meeting where countries face similar issues.
- **HR practice simplification:** The Annual Talent Management Exercise has been significantly simplified on an exceptional basis for FY 20. HR policies are also being temporarily adjusted to allow contract extension and hiring of retirees and separated staff as consultants to fill short-term needs.

7. **Overtime:** Initial data on uncompensated overtime in March (reported on a full month basis) indicates an increase by 4 percentage points to 16 percent relative to the same month last year, notwithstanding the fact that crisis pressures escalated mainly in the second half of the month. Consistent with the incidence of crisis work, overtime is particularly high in Area Departments, SPR, FIN, and SEC, and unsustainable for a prolonged period of time. Overtime data is mirrored in an early April 2020 survey of Fund staff, contractual, and vendor employees, in which 42 percent of headquarters-based respondents indicated that their ability to achieve work-life balance is poor or very poor, and with Area Departments expressing the largest issues (47 percent).



Sources: TRACES.
1/ Data excludes regional offices. Expressed as a percentage of actual hours worked (i.e. regular hours minus leave).

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[3] Exceptions include near-complete Financial Stability Assessments, and countries for which the completion of the Article IV consultation is a pre-requisite for the FCL/PLL request or review (SM/20/89).

[4] To ensure smooth financial operations under the high volume of arrangements, temporary changes to expedite processing of financial transactions under COVID-19 emergency financing have also been approved, such as shortening the advance notice period of purchases, greater flexibility in rebalancing creditor positions, and allowing for multiple purchases on the same day.

8. **Capital budget:** The remote working situation has complicated implementation for some projects, particularly for facilities projects requiring physical presence in the buildings. Work on key modernization projects has been affected to differing degrees, as highlighted in ¶14. Existing funding within the infrastructure lifecycle network equipment budget was utilized to support a required $0.4 million investment this month to upgrade the firewall at the Business Continuity Center.

9. **Externally financed CD:** An underspend of about $35 million is projected in externally financed CD for FY 20 (about 17 percent). This underspend reflects in large part the effects of the ban on travel, with almost all CD travel by HQ-based staff and external experts in March and April having been suspended, along with expenditures on seminar and training participation. CD departments are adapting rapidly to remote delivery (e.g., virtual missions, desk support, and ramping up online courses), with a particular focus on specific crisis-related challenges (e.g. preparing a crisis-related budget), supporting crisis response through production of how-to notes and other best practice tools on crisis response topics, and providing support for country operations.

B. FY 21 Initial Outlook

10. **Budgeting in a period of unprecedented uncertainty:** Budget allocations and priorities underlying the baseline budget outlined in EBAP/20/30 reflect pre-crisis conditions. While initial crisis response operations were conducted mainly through informal staff reallocation, a more sustained transfer of staffing resources to front-line departments will be required, with expectations that associated needs will continue for a 2-3 year period. While it is difficult to estimate the scale and precise distribution of net additional needs, reference to potential pressure points and to past crisis episodes (while taking into account the unprecedented nature of this crisis) suggests that these needs will be substantial and that current budget limitations will be binding, with difficult trade-offs likely in the absence of additional resources:

11. **Measuring emerging pressures:** The balance of demands points to increasing pressures over the course of the fiscal year.

- **Operational Savings:** Continuation of reduced travel conditions in the short term are expected to be the main source of one-off savings that can be reprogrammed to meet crisis needs. Travel savings of some $10–12 million are projected, assuming a continued travel ban through the first quarter. This estimate assumes some, but limited, catch-up in travel in the remaining three quarters of the year. Further delays in resumption of travel and/or sustained reduction in travel during the remainder of the year would provide additional room for maneuver.
- **Direct Country Support**
  - *Sustained Program Engagement:* A key source of expected pressure will come from an increase in program engagement over the next 2-3 years. As noted in Box 4 in

the main paper, a shift from surveillance to program engagement typically implies an additional 2 FTEs, with additional part-time support from FAD, MCM, and/or SPR, depending on needs. Increased complexity of underlying conditions (including, for example, due to debt distress), as may be expected given the complex nature of the current crisis, would increase resource needs. Moreover, the Fund may need to set up a field presence and step up CD delivery related to core program needs. Overall, additional spending for program engagement averages around $2 million per country relative to standard surveillance or about $1 million for cases where engagement had already been stepped up through "intensive surveillance" (EBAP/19/78, Figure 4). While it is too early to speculate how many new program engagements would follow from the crisis, a basic rule of thumb follows that each 10 new programs would require an additional $10 to $20 million. Resources for review will also need to be buttressed in functional departments, particularly SPR. The heightened risks associated with this unprecedented crisis, including from the expected increase in program engagement, will also require additional resources for the risk management function.

- *Renewal of Article IV and FSAP Engagement:* The current six-month deferral of Article IV engagement has provided breathing space to Area Departments and review departments to concentrate on financing operations. Longer Article IV cycles will be adopted for countries with upper credit-tranche arrangements as part of the normal engagement framework and further consideration could be given to extending cycles for a broader range of countries. However, on net, the renewal of Article IV and FSAP work will put additional pressures on Area Department and review resources.
- *CD Delivery:* Two divergent pressures will affect the Fund's CD operations in FY 21. On the one hand, continued restrictions on travel will affect the Fund's ability to deliver face-to-face CD, which may continue to affect the level of charge backs for staff costs and the scale of management fees linked to externally financed CD in the budget. CD departments are continuing to expand remote delivery and will continue to shift resources to support crisis work, helping to ease staffing constraints. On the other hand, when travel restrictions begin to lift, CD departments anticipate significant catch up pressure for delayed CD and a sizable increase in program and crisis-response related CD requests, implying that sustained reliance on these resources to fill staffing gaps will not be possible. Initial indications and experience from previous crises suggest demand for CD in the fiscal area (mobilizing revenue, strengthening expenditure management) and in monetary and financial areas (crisis management, bank resolution, debt management, debt transparency, and central banking operations), which will require multi-year institutional capacity building efforts.

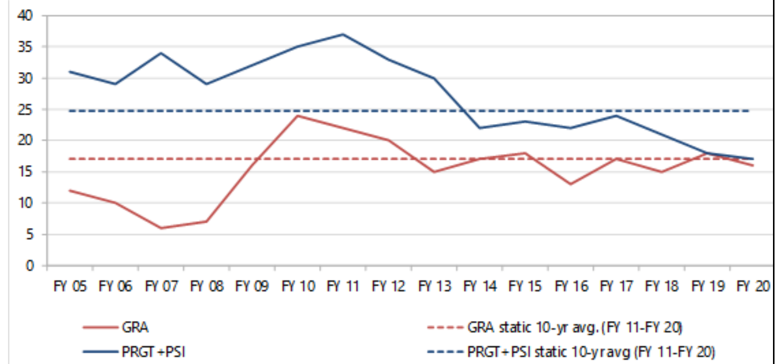
- **Analysis and Policy Advice:**
  - *Crisis Response:* The unprecedented and still evolving nature of the COVID-19 crisis will require a continuation of timely and well-coordinated analysis as members work to restart their economies, work to preserve financial system stability, and continue to address the social and labor impacts from the crisis. The scale of necessary fiscal support to combat the crisis raises issues of debt sustainability and debt distress questions down the line. Extraordinary measures by central banks, well beyond the unconventional policies adopted during the Global Financial Crisis, add additional dimensions to ongoing work on monetary policy and the role of central banks post crisis. In this context, work on debt and the Integrated Policy Framework will need to continue as part of these efforts.
  - *Renewal of other priority work:* Policy and review demands related to the COVID-19 response has already delayed a number of key policy reviews (including the Comprehensive Surveillance Review and FSAP Review) and outputs (including the External Sector Report). A fundamental review of the Fund's work program will be needed, recognizing that further delays will be required as crisis-related exigencies continue. Difficult tradeoffs will be required, particularly in the absence of additional resources, on the pre-crisis agenda to ramp-up work on, for example, climate, fragile states, bilateral financial surveillance, fintech, international taxation and governance.
- **Fund Toolkit and Resources:** The IMFC has also called on the Fund to continue work on the lending toolkit and the Fund's resources to ensure the Fund remains well-positioned to meet the extraordinary demands for financial support created by the crisis. Likewise, the unprecedented surge in demand for Fund financing has increased the need for staff time devoted to securing additional PRGT and CCRT resources.

12. **Lessons from the Global Financial Crisis (GFC).** Comparisons with the GFC should be approached carefully, recognizing the different nature of the crises and different budgetary starting points. The initial impact of the current crisis is significantly more severe and broad-based, while its duration and the severity and complexity of the medium-term impact remains uncertain. Notwithstanding these caveats, experience during the GFC reinforces the prospects that a rapid and sizable increase in staff resources for direct country support will be needed.

- During the GFC, the number of GRA arrangements rose by 17 from a base of 7 in FY 08 to 24 in FY 10. The number of PRGT arrangements rose by 8 from 29 in FY 08 to 37 in FY 11. The current starting point for GRA arrangements is higher at 16, while the starting point for PRGT arrangements is significantly lower at 17. So far, the Fund has received over 100 requests for emergency liquidity financing and augmentations across all regions, with initial indications that a sharper and more broad-based rise in program engagement can be expected in the coming period compared to the GFC.

Fund Arrangements, FY 2000-20 1/

(Number of Countries)



Source: MONA Database and staff calculations.
1/ Blend GRA/PRGT arrangements are included as PRGT. Based on number of arrangements at end of period. For FY 20, includes current arrangements as of March 18, 2020.

- Spending during the GFC increased by about $53 million in FY 10 and $55 million in FY 11, albeit from a low base following the FY 08-09 restructuring.

- Overall staffing increased by 100 and 45 FTEs in those two years, respectively. The largest increases were in EUR, but with material increases in other departments.

13. **Administrative Budget Needs:**

- **Use of savings and buffers:** The FY 21 budget reflected already constrained pre-crisis budget conditions. Remaining buffers and projected travel savings, totaling approximately $20 million, provide some space to address critical needs. An $8 million contingency reserve, for example, would be sufficient to fund 25–30 staff in front-line departments, while the remaining resources, one-off in nature, can fund other temporary needs (including some requirements stemming from delays in FY 20 spending).

- **Exceptional carry forward:** To further reinforce breathing space, staff has updated the proposed decision to provide for an increase in the carry forward ceiling from 3 percent to 5 percent of the Fund's general administrative expenses, on an exceptional basis for the next three years. This proposed exceptional carry forward ceiling would allow the Fund to use the projected FY 20 underspending of $10 million in FY 21. A parallel measure to increase the IEO carry forward to 8 percent on an exceptional basis will also be proposed to the Evaluation Committee.

- **Further support for sustained needs:** Given the limited scale and one-off nature of these resources, staff anticipate that further resources will be required over the next 2-3 years. A fuller review of requirements will be undertaken in coming months and staff anticipates returning to the Board with a specific proposal for a more sustained exceptional crisis funding once a clearer picture of crisis-related needs emerges, taking into account the degree to which these needs can be met through internal reallocation.

14. **Capital Budget:** Teleworking has affected the main modernization projects differently. 1HR, the most advanced project, will delay its first release by 2-3 months to accommodate the challenges in system testing and other project deliverables expected as a result of the remote working environment. This will likely increase the cost of the project, due to the need to retain vendors for longer periods, partially offset by reduced travel costs. To date, CDMAP has retained its planned schedule, taking advantage of the pause in CD delivery to press on with preparations. The iDW team has paused planned scoping work for some time to focus on improvements in staff productivity during this period of intense work in a remote environment. Additional capital investments in audio visual capabilities may be needed to provide improved interaction with the membership, assuming it may take some time before travel returns to normal.

SUMMARY PROPOSAL FOR FY 21

Within the total administrative appropriations, separate appropriations and expenditure ceilings are proposed for the Offices of the Executive Directors (OED), the Independent Evaluation Office (IEO), and other administrative expenditure in the Fund (Table 1).[5] The capital budget is made up of two components: building facilities and information technology.

Table 1. Proposed Appropriations, FY 21
(Millions of U.S. dollars, unless otherwise noted)

	Other		OED	IEO		Total
Net administrative budget	1,104.7		74.7	6.7		1,186.2
Receipts	241.3		1.4	0.0		242.7
FY 21 carry forward (upper limit) 1/	53.8	2/	15.1	0.5		69.4
Total gross expenditures (limit)	1,399.9		91.2	7.2		1,498.3
Capital budget						98.7
Information Technology						56.3
Building facilities						42.4
Memorandum items:						
FY 20 Net administrative budget	1,076.6		75.3	6.4		1,158.4
Carry forward, upper limit (in percent)	5.0	3/	20.0	8.0	4/	n.a.

Source: Office of Budget and Planning.

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

1/ The actual amount that can be carried forward is the lesser amount of the underspend in the current year or the specified ratio (shown in the table) of the current year's net administrative budget.

2/ The upper limit for the FY 21 carryforward increases from $32.3 million to $53.8 million with the proposed temporary increase in the maximum carryforward from 3 to 5 percent. The curent projection is that about $42 million would be available, plus an estimated $4.7 million from OED central carryforward for a total of about $47 million. The precise amount will be determined when end-year financial books are closed.

3/ Adjusted to reflect carry forward limit raised from 3 percent to 5 percent.

4/ Reflects a one-time increase from 5 percent to 8 percent, subject to approval by the Evaluation Committee.

[5] The nominal FY 21 budget incorporates an update to the calculation of the Fund's Global External Deflator, utilizing the WEO-based U.S. CPI inflation projection as agreed in the context of the Comprehensive Compensation and Benefits Review. As noted in the main paper, the January 2020 WEO projection for U.S. CPI were used as follows: 2.3 percent for 2020, 2.4 percent for 2021, and 2.3 percent for 2022, and 2.3 percent for 2023. This translates into 2.4 percent for FY 21, 2.4 percent for FY 22, and 2.3 percent for FY 23.

Revised Proposed Decisions

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

Decision No. 1: Administrative Budget for the Fund, FY 2021

A. Appropriations for net administrative expenditures for Financial Year 2021 are approved in the total amount of US$1,186.2 million, of which: (a) up to US$74.7 million may be used for the administrative expenditures of the Offices of Executive Directors, (b) up to US$6.7 million may be used for the administrative expenditures of the Independent Evaluation Office, and (c) up to US$1,104.7 million may be used for the other administrative expenditures of the Fund.

B. In addition to the amounts for net administrative expenditures appropriated under paragraph A, amounts appropriated for net administrative expenditures for Financial Year 2020 that have not been spent by April 30, 2020 are authorized to be carried forward and used for administrative expenditures in Financial Year 2021 in a total amount of up to US$69.4 million, with sub limits of (a) US$15.1 million for the Offices of Executive Directors, (b) US$0.5 million for the Independent Evaluation Office, and (c) US$53.8 million for the other administrative expenditures of the Fund.

C. A limit on gross administrative expenditures in Financial Year 2021 is approved in the total amount of US$1,498.3 million, with sub limits of (a) US$91.2 million for the administrative expenditures of the Offices of Executive Directors, (b) US$7.2 million for the administrative expenditures of the Independent Evaluation Office, and (c) US$1,399.9 million for the other administrative expenditures of the Fund.

D. The appropriations for "other administrative expenditures of the Fund" for Financial Year 2021 set out in paragraph A above and the "limit on gross administrative expenditures" and the sub limit for "the other administrative expenditures of the Fund" set out in paragraph C above will be increased by the amount of the OED Financial Year 2020 central carry forward as determined in the Financial Year 2020 year-end closure of the Fund's financial books.

Decision No 2: Capital Investment Framework

The key elements of the Fund's updated *Capital Investment Framework* are approved as set out in paragraph 1 of Appendix X.

Decision No 3: Capital Budget Appropriations for Financial Year 2021

Appropriations for capital projects underway or beginning in Financial Year 2021 are approved in the total amount of US$98.7 million and are applied to the following project categories:

(i) Information Technology: US$56.3 million

(ii) Building Facilities: US$42.4 million