

**LAPSE OF  
TIME**

EBD/20/31

October 5, 2020

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:

**Wednesday, October 7, 2020  
5:30 p.m.**

Proposed Decision:

Pages 2-3

Questions:

Mr. Blair, LEG (ext. 38164)  
Ms. Michaels, SEC (ext. 35451)





October 5, 2020

## OFFICIAL BUSINESS OF THE FUND

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

Prepared by a team comprising Clifford Blair (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 2020 regular meeting of the BoG due to the difficulties caused by the pandemic<sup>1</sup>, the official business that is ordinarily conducted in such a meeting will be completed by a vote without a meeting.<sup>2</sup>** As indicated in staff's recommendation to the Executive Board regarding the changes to the 2020 Annual Meeting<sup>3</sup>, 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 statements<sup>4</sup>, with reference to the annual budget<sup>5</sup>;
- Review of Rules & Regulations amended since the 2019 annual meeting<sup>6</sup>;
- The proposal of the Chair of the BoG for the election of a Chair and Vice-Chairs of the BoG<sup>7</sup> and establishing the membership of the Joint Procedures Committee of the BoG.

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<sup>1</sup> See EBD/20/23, Sup. 1.

<sup>2</sup> See By-Law 13. The BoG approved resolution no. 75-7 on September 10, 2020, whereby the business of the Fund, which would have normally been conducted during 2020 Annual Meeting of the BoG, will be conducted by mail.

<sup>3</sup> EBD/20/23, ¶ 2.

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

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

<sup>6</sup> By-Law 16.

<sup>7</sup> By-Law 7. Although not required if the BoG does not meet, a new chair has been elected every year, including in 2001 when there was no BoG meeting.

## 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/20/31 (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, Amendment of the Rules and Regulations, and Officers of the Board of Governors and Joint Procedures Committee" attached to EBD/20/31. To be valid, votes must be received at the seat of the Fund before 6:00 p.m., Washington time, on Wednesday, November 4, 2020. 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/20/31, and the draft Resolution entitled "Report on Audit, Financial Statements, Administrative and Capital Budgets, Amendment of the Rules and Regulations, 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 Thursday, October 8, 2020.

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 75-7, effective September 10, 2020, not to hold the 2020 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, 2020, 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](#) and the Administrative and Capital Budgets for Financial Year ending April 30, 2021 (Attachment II)<sup>1</sup>
  - A letter from the Managing Director regarding Rules & Regulations amended since the 2019 annual meeting (Attachment III);
  - The Chair's proposal for the officers of the Board of Governors for 2020-2021 (Attachment IV); and
  - The proposed Resolution on Report on Audit, Financial Statements, Administrative and Capital Budgets, Amendment of the Rules and Regulations, 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.

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

**Attachment I**

October XX, 2020

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, 2020, 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. Cearns (Chair), Ms. Lopez, and Mr. Hage, 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 2020 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 Technical Assistance Activities
    - Framework Administered Account for Selected Fund Activities
    - Framework Interim Account
    - Supplementary Financing Facility Subsidy Account
    - Somalia Administered Account
    - Post-SCA-2 Administered Account
    - SCA-1/Deferred Charges Administered Account
    - Interim Administered Account for Windfall Gold Sales Profits
    - Interim Administered Account for Remaining Windfall Gold Sales Profits
- Staff Retirement Plan
- Supplemental Retirement Benefit Plan
- Retired Staff Benefits Investment Account

EXTERNAL AUDIT COMMITTEE

Kathryn Cearnys (Chairperson) /s

Judith Lopez /s

Bassam Hage /s



## Attachment II

**Administrative and Capital Budgets for Financial Year ending April 30, 2021**

1. **Implementation of the [FY2020 budget](#) was affected by the immediate impact of the COVID-19 crisis late in the fiscal year.** *Total net administrative expenditures* were \$1,150 million, or 99.3 percent of the approved structural budget of \$1,158 million (Table 1). This is broadly in line with expectations, as discussed in the [FY 21-23 Medium-term Budget and Supplement](#). Relative to total net available resources (which included \$31 million in carry forward for general use and \$15 million for OED and IEO from FY 19), the utilization rate was 95.4 percent. Utilization of the *net Fund-financed budget* was 99.3 percent, with the underrun reflecting the impact of the COVID-19 related crisis, including on travel expenditures. Given Board approval in April of an increase in the Fund's general administrative carry forward limit from 3 to 5 percent, \$45 million in carry forward resources will be available for general use under the FY 21 budget.
2. **Externally financed CD spending was lower than projected in the FY2021-FY2023 budget.** Gross externally financed expenditures were \$168 million, about \$32 million (16 percent) below the \$200 million budgeted level and \$10 million (6 percent) below last year. The underspend reflects a variety of factors; in Q4 specifically, travel restrictions and capacity constraints in recipient countries impeded delivery.
3. **Spending on capital investments amounted to \$107 million in FY 20, a reduction of \$34 million from last year.** FY 20 saw the substantial completion of the HQ1 renewal project, investments to reoccupy the HQ buildings with updated furnishing and equipment, and progression of the IT modernization program. Approximately \$88 million in remaining appropriated funds will carry over to FY 21.

**Table 1. Budget by Major Expenditure Category, FY2018-21**  
(In millions of U.S. dollars)

	FY2019		FY2020		FY2021	FY2022
	Budget	Outturn	Budget	Outturn	Budget	Budget
<b>Administrative expenditures</b>						
Personnel	1,009	995	1,025	1,028	1,055	...
Travel 1/	135	126	134	97	133	...
Buildings and other	215	224	224	225	229	...
Contingency reserves	12	...	15	...	12	...
<b>Total gross expenditures</b>	<b>1,371</b>	<b>1,346</b>	<b>1,397</b>	<b>1,350</b>	<b>1,429</b>	<b>1,469</b>
Receipts 2/	-236	-214	-239	-199	-243	-248
<b>Total net budget</b>	<b>1,135</b>	<b>1,131</b>	<b>1,158</b>	<b>1,150</b>	<b>1,186</b>	<b>1,221</b>
Carry forward 3/	46	...	47	...	55	...
<b>Total net budget including carry forward</b>	<b>1,181</b>	<b>1,131</b>	<b>1,205</b>	<b>1,150</b>	<b>1,241</b>	<b>1,221</b>
<b>Total gross budget including carry forward</b>	<b>1,417</b>	<b>1,346</b>	<b>1,444</b>	<b>1,350</b>	<b>1,484</b>	<b>1,469</b>
<b>Capital 4/</b>						
<b>Facilities and Information Technology</b>	<b>71</b>	<b>141</b>	<b>86</b>	<b>107</b>	<b>99</b>	<b>88</b>
<i>Memorandum item</i>						
<b>Total net budget in FY20 dollars</b>	<b>1,165</b>	<b>1,161</b>	<b>1,158</b>	<b>1,150</b>	<b>1,158</b>	<b>1,164</b>

Source: IMF Office of Budget and Planning.

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

1/ FY2019 and FY2022 includes travel to the Annual Meetings held abroad.

2/ Includes donor-financed activities, cost-sharing arrangements with the World Bank, sales of publications, parking, and other miscellaneous revenue.

3/ Resources are carried forward from the previous year under established rules. FY2021 reflects a temporary increase in the maximum limit for staff and IEO.

4/ Capital budget appropriations can be spent over three years. The Budget represents the annual appropriation, whereas the Outturn includes spending from appropriations of previous years.

**Attachment III**

October XX, 2020

Dear Governors:

In accordance with Section 16 of the By-Laws, the attached amendment to the Rules and Regulations adopted since the 2019 Annual Meeting (Annex I) are submitted for review by the Board of Governors.

Rule I-1 and Rule I-8, with effect from April 15, 2020, were amended by the Executive Board as attached.

The Executive Board has made no other changes in the Rules and Regulations since the last Annual Meeting.

Yours very truly,

/s/

Kristalina Georgieva  
Managing Director  
and  
Chair of the Executive Board

Board of Governors  
International Monetary Fund

## Rules and Regulations Amended Since the 2019 Annual Meeting

### Rule I-1. Text as amended, effective April 15, 2020:

#### Charges in Respect of General Resources Account Transaction and Remuneration

"I-1. The service charge payable by a member buying, in exchange for its own currency, the currency of another member or SDRs from the General Resources Account shall be 0.5 percent for purchases in the credit tranches and under the Extended Fund Facility and 0.21 percent for purchases under the Short-Term Liquidity Line. No service charge shall be payable in respect of any purchase to the extent that it is a reserve tranche purchase. The service charge shall be paid at the time the transaction is consummated."

### Rule I-8. Text as amended, effective April 15, 2020:

#### Charges and Remuneration

"I-8. The following provisions (a) – (f) shall apply to all General Resources Account ("GRA") arrangements, except Short-Term Liquidity Line ("SLL") arrangements, in which case provision (g) shall apply:

- (a) Subject to paragraphs (e) and (f) below, a charge shall be payable at the beginning of each twelve-month period ("the relevant period") of an arrangement as follows:
  - (i)  $\frac{15}{100}$  of 1 percent per annum on amounts of up to 115 percent of the member's quota that could be purchased during the relevant period; and
  - (ii)  $\frac{3}{10}$  of 1 percent per annum on amounts in excess of 115 percent and up to 575 percent of the member's quota that could be purchased during the relevant period; and
  - (iii)  $\frac{3}{5}$  of 1 percent per annum on amounts in excess of 575 percent of the member's quota that could be purchased during the relevant period.
- (b) When a purchase is made under an arrangement, the amount of the charge paid under subparagraph (a) above shall be reduced, and a refund equal to the reduction shall be made, as follows:

- (i) to the extent that purchases during the relevant period do not exceed 115 percent of the member's quota, the portion of the charge calculated in accordance with subparagraph (a)(i) above shall be reduced by the proportion that the amount of the purchase bears to the amount of the arrangement not exceeding 115 percent of the member's quota that could be purchased during the relevant period;
  - (ii) to the extent that purchases during the relevant period exceed 115 percent but do not exceed 575 percent of the member's quota, the portion of the charge calculated in accordance with subparagraph (a)(ii) above shall be reduced by the proportion that the amount of the purchase bears to the amount of the arrangement exceeding 115 percent but not exceeding 575 percent of the member's quota that could be purchased during the relevant period; and
  - (iii) to the extent that purchases during the relevant period exceeds 575 percent of the member's quota, the portion of the charge calculated in accordance with subparagraph (a)(iii) above shall be reduced by the proportion that the amount of the purchase bears to the amount of the arrangement exceeding 575 percent of the member's quota that could be purchased during the relevant period.
- (c) If a member notifies the Fund that it wishes to cancel an arrangement, the Fund shall repay to the member a portion of the charge. The portion repaid shall represent the charge for the period remaining unexpired at the date of cancellation for the amount that could still be purchased under the arrangement at the date of cancellation for which the member has paid a charge.
- (d) Refunds for reductions under subparagraph (b) above and repayments under subparagraph (c) above of a charge paid for an arrangement shall be made in the media selected by the Fund.
- (e) Instead of the thresholds of 115 percent and 575 percent referred to in subparagraphs (a) and (b) above, the thresholds of 200 percent and 1000 percent, respectively, shall be used in computing charges and refunds for a member until the earlier of (i) the effective date of that member's quota increase under the 14th General Review of Quotas, or (ii) February 26, 2016.
- (f) A member with an arrangement in effect on February 17, 2016 may notify the Fund by February 25, 2016 that it elects to have the charges and refunds applicable to such arrangement to be based on the thresholds of 200 percent and 1000 percent of the member's quota in effect prior to the effectiveness of the quota increase for that member under the 14th General Review of Quotas, instead of the thresholds of 115 percent and 575 percent, respectively, under subparagraphs (a) and (b) above. Absent such notification, the relevant charges and refunds shall be determined under subparagraphs (a), (b), (c) and (d) above. If a member has made an election under this

subparagraph (f), such election shall cease to apply as of the date of the Fund's approval of any augmentation of an arrangement in effect for that member on February 17, 2016. The member shall then be subject to the relevant charges and refunds as determined under subparagraphs (a), (b), (c) and (d). New arrangements approved by the Fund after February 17, 2016 are not eligible for the election under this subparagraph (f).

- (g) With respect to SLL arrangements, a charge of  $\frac{8}{100}$  of 1 percent per annum on the total amount of access approved by the Fund for a member under a SLL arrangement shall be payable at the beginning of the arrangement. This charge shall not be refundable against purchases made during the course of the arrangement. If the member notifies the Fund that it wishes to cancel an SLL arrangement, the Fund shall repay to the member a portion of the charge. The portion repaid shall represent the prorated amount of the charge that corresponds to the period remaining unexpired at the date of cancellation. Such repayment shall be made in the media selected by the Fund."

**Attachment IV**

October XX, 2020

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 Mexico be Chair, and that the Governors for Oman and The Netherlands 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 2019/2020**

The Chair recommends that a Joint Procedures Committee be established to be available, upon approval of the 2020 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: Bangladesh, Canada, China, Denmark, France, Germany, Greece, Japan, Kenya, Korea, Malaysia, Pakistan, Peru, Russian Federation, Saudi Arabia, Senegal, Serbia, South Africa, Suriname, Turkey, United Kingdom, and United States.

The Chair further recommends that the Chair of the Joint Procedures Committee shall be the Governor for Mexico and the Vice Chairs shall be the Governors for Oman and The Netherlands.

Approved:

/s/

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Ernest Kwamina Yedu Addison

Ghana – Chair of the Board of Governors

## Draft Resolution

### **Report on Audit, Financial Statements, Administrative and Capital Budgets, Amendment of the Rules and Regulations, and Officers of the Board of Governors and Joint Procedures Committee**

*The Executive Board determined on August 19, 2020, that upon the approval of Resolution No. 75-7, the official business of the Fund, which would have normally been conducted during 2020 Annual Meeting of the Board of Governors, would be conducted by a vote without a meeting.*

*In accordance with Section 13 of the By-Laws, the following resolution was submitted to Governors on [date], for 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, 2020, the Financial Statements contained therein, and the Administrative Budget for the Financial Year ending April 30, 2021 and the Capital Budget for capital projects beginning in Financial Year 2021 as fulfilling the requirements of Article XII, Section 7 of the Articles of Agreement and Section 20 of the By-Laws.
2. That the Board of Governors of the Fund hereby notifies the Executive Board that it has reviewed the amendments of Rule I-1 and Rule I-8, which have been made since the 2019 Annual Meeting, and has no changes to suggest.
3. That the Governor for Mexico is hereby elected Chair of the Board of Governors and the Governors for Oman and The Netherlands are hereby elected Vice Chairs to hold office until the close of the next Annual Meeting.
4. 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:  
  
Bangladesh, Canada, China, Denmark, France, Germany, Greece, Japan, Kenya, Korea, Malaysia, Pakistan, Peru, Russian Federation, Saudi Arabia, Senegal, Serbia, South Africa, Suriname, Turkey, United Kingdom, and United States.

The Chair and the Vice-Chairs shall be the Governors for Mexico, Oman, and The Netherlands, respectively.