

**LAPSE OF
TIME**

EB/EVC/21/4

February 22, 2021

To: Members of the Evaluation Committee

From: Hassan Al-Atrash, Committee Secretary

Subject: **Budget Proposal for the Independent Evaluation Office for FY2022 and Indicative Budgets for FY2023 and FY2024**

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| Committee Action: | Committee Members' consideration on a lapse of time basis |
| Deadline to Request a Committee Meeting, after which Proposed Recommendation Deemed Approved: | Friday, February 26, 2021 12:00 (noon) |
| Additional Information: | If endorsed by the members of the Evaluation Committee, this document will be circulated to the Board for lapse of time approval. The proposed FY2022 budget is unchanged in real terms from FY2021. |
| Questions: | Mr. Collyns, IEO (ext. 38383) Mr. Kell, IEO (ext. 37715) |
| Additional Distribution: | Members of the Executive Board |

Budget Proposal for the Independent Evaluation Office for FY2022 and Indicative Budgets for FY2023 and FY2024

February 19, 2021

This note presents a proposed FY2022 budget for the Independent Evaluation Office (IEO) for consideration by the Evaluation Committee. The IEO is proposing a budget of \$6,853,987, representing zero real growth in spending compared with the FY2021 budget. This note also presents indicative budgets for FY2023 and FY2024 that are consistent with zero real growth.

Background

1. In accordance with the IEO's terms of reference, the IEO consults with the Evaluation Committee and submits its budget for approval to the Executive Board "independent of the budgetary process over which management and the Office of Budget and Planning have authority."¹ Since FY2009, the IEO's budget proposal has been identified separately in the overall budget decision for the IMF. This separate process for the preparation and approval of the IEO's budget was designed to establish independence from management and staff, and to facilitate consideration of the office's budget on its own merits. Since then, changes in the IEO's budget have remained broadly in line with those in the Fund-wide budget.
2. The IEO estimates that it will end FY2021 with total spending of \$6.43 million, about 4 percent below its approved budget and 13 percent below the total funding available, which included an exceptional carry-over of 8 percent of the FY2020 budget. The IEO did not initially request the larger than usual carry-over for FY2021 during the normal budget proposal process, but did so at the end of April 2020 when the impact of the COVID-19 pandemic on spending in the final months of FY2020 became clear, to manage the anticipated resumption of travel and completion of delayed work due to the COVID-19 pandemic in FY2021. Unfortunately, the continued impact of the COVID-19 pandemic prevented any travel in FY2021 and there were some further delays in completing IEO evaluations related to reprioritization of the Board's agenda in response to the COVID-19 emergency response. These delays meant that new evaluations were not launched as early as expected, implying a substantial shortfall in outlays to consultants below anticipated amounts in FY2021.

¹ See *The Fund's Independent Evaluation Office (IEO) Terms of Reference* (EB/EVC/04/10, Attachment).

Budget proposal for FY2022

3. The IEO's FY2022 budget proposal is for \$6,853,987. This figure is consistent with zero real growth over the FY2021 budget.² This budget, along with a request for an 8 percent carry-over (discussed below) would allow the IEO to fulfill its FY2022 work program, which will include completing two ongoing evaluations, sustaining work on two other evaluations, and preparing a conference to mark the twentieth anniversary of the IEO's creation in 2001 (which implies some additional one-off expenses).

4. The IEO is seeking to carry-over unspent funds from the FY2021 budget for spending in FY2022 up to a maximum of 8 percent of the FY2021 approved budget. This is higher than the agreed 5 percent carry-forward policy adopted in 2009 during the discussion of the FY2010 IEO budget.³ The IEO is requesting this higher carry-over on an exceptional basis and is not seeking a change in the current carry-forward policy. This exceptional carry-over will provide the IEO with sufficient flexibility to manage the expected bunching of expenditures in FY2022 associated with the normalization of the IEO work program as the impact of the COVID-19 pandemic is anticipated to gradually wind down, as well as the twentieth anniversary conference. Most important, we expect a bunching of consultant outlays in FY2022 related to ramping up new evaluations in FY2021 (as discussed above). At the same time, it is anticipated that there will be some continued cost savings on travel expenses because interviews for case studies are currently being conducted remotely. For this reason, the IEO is not requesting a full carry-over of its FY2021 underspend, and effectively would be returning funds to the overall budget.

5. The attached table also presents indicative budgets for FY2023 and FY2024, which as usual are based on zero real growth. These are provided for information purposes only.

The proposed budget decision

6. In sum, the IEO is seeking approval by the Executive Board of an FY2022 budget of \$6,853,987, which is flat in real terms as compared to FY2021. This figure will need to be adjusted in due course based on the deflators actually used for the Fund-wide budget. In addition, the IEO is seeking to carry-forward to FY2022 up to 8 percent of the unspent funds from the FY2021 approved budget.

² The parameters used to calculate this proposal are based on the January 2021 WEO projections of U.S. CPI, which are 2.1 percent for FY2022, 2.1 percent for FY2023 and 2.2 percent for FY2024. IEO's budget ultimately will be based on the deflators actually used for the Fund-wide budget.

³ See EBAP/09/45 which contemplates a carry-forward of 5 percent of the resources in the previous year.

IEO Administrative FY2022 Budget: Preliminary
(In U.S. dollars)

| | FY2019 | FY2020 | FY2021 | Proposed FY2022 | Indicative | |
|---|------------------|------------------|------------------|--------------------|------------------|------------------|
| | | | | | FY2023 | FY2024 |
| Total budget | 6,350,148 | 6,439,286 | 6,713,014 | 6,853,987 | 6,997,921 | 7,151,875 |
| Regular staff | 5,012,711 | 5,092,915 | 5,203,708 | 5,312,986 | 5,424,559 | 5,543,899 |
| Groups III - VI ¹ | 1,337,437 | 1,346,371 | 1,509,306 | 1,541,001 | 1,573,362 | 1,607,976 |
| <i>Memorandum items:</i> | | | | | | |
| Carry forward from previous year ² | 306,047 | 635,015 | 515,143 | 537,041 | | |
| Total available resources ³ | 6,808,545 | 7,074,301 | 7,228,157 | 7,391,028 | | |
| Total spending | 6,073,116 | 6,752,337 | 6,425,626 | | | |

¹ Includes contractual and other employees, discretionary budgets (including business travel), and centrally-managed budgets (including printing publications).

² Carry forward for FY2022 is estimated based on current spending. The actual amount will be available in June 2021, once budgetary outturn for FY2021 is finalized. The carry forward is normally set at a maximum of 5 percent of the approved budget. In FY2021, the carry forward was increased to 8 percent to manage the anticipated resumption of travel and completion of delayed work after the COVID-19 pandemic.

³ In FY2019, available resources were increased by \$152,350 as a one-time augmentation to manage the transition costs related to turnover of B-level staff.