INTERNATIONAL MONETARY FUND

IMF POLICY PAPER

FY2020–FY2022 MEDIUM-TERM BUDGET

April 2019

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its April 5, 2019 consideration of the staff report.
- The **Staff Report**, prepared by IMF staff and completed on April 2, 2019 for the Executive Board's consideration on April 5, 2019.

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IMF Executive Board Approves FY2020–FY2022 Medium-Term Budget

On April 5, 2019, the Executive Board of the International Monetary Fund (IMF) approved the IMF's administrative and capital budgets for financial year (FY) 2020, beginning May 1, 2019, and took note of indicative budgets for FY2021–22.

The net administrative budget for FY2020, which covers all administrative expenses less receipts (primarily from external sources to help support capacity building activities and excluding lending income), has been set at US$1,158 million.

The FY2020 budget represents an unchanged resource envelope in real terms for the eighth year in a row, measured relative to the IMF's budget deflator, with the exception of a small (0.6 percent) increase in FY2017 to meet rising cyber and physical security costs. The budget priorities for FY2020 include increased resources to country work, notably in low-income countries and fragile states, the work on governance and the fight against corruption, and macro-financial surveillance. To accommodate this with unchanged resources, reallocation and savings measures amounting to 3 percent of the previous year's budget are planned for implementation. As is customary, the nominal dollar budget includes an adjustment to accommodate price increases, 2.6 percent for FY2020.

The FY2020 capital budget, set at US$86 million, provides financing for capital projects for building facilities and IT. This includes major projects to overhaul work practices and introduce modern digital platforms and tools.

Additional information can be found in the staff paper:
https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/04/22/FY2020FY2022-Medium-Term-Budget-46821.

INTERNATIONAL MONETARY FUND

FY2020–FY2022 MEDIUM-TERM BUDGET

April 2, 2019

EXECUTIVE SUMMARY

The FY 20 budget proposal is formulated within the context of long-standing objectives of financial sustainability and meeting the memberships' evolving needs. Against the backdrop of a weakened global outlook and financial volatility, the budget reflects a strategic agenda to help members rebuild policy space, strengthen resilience, and implement structural reforms. This will be supported by continued work to review policies and strategies to enhance Fund advice and support multilateralism.

The net administrative budget for FY 20 remains unchanged in real terms. This represents the eighth year in a row of flat real budget envelopes (excluding a ½ percentage point security related increase in FY 17). The proposal reflects reallocations of some 3 percent of the net budget. As the expected FY 19 outturn fully utilizes the approved budget, carry-forward resources equivalent to 3 percent of the net budget would still be available (4 percent including the Offices of Executive Directors (OED) and the Independent Evaluation Office (IEO)). Of these, some 80 percent ($25 million) is proposed to be allocated upfront in the FY 20 budget process. While $6 million higher than last year, this reflects some unusually elevated temporary needs.

As in previous years, the budgetary exercise entails a relatively modest reallocation of resources, with a small impact on the Fund's overall output structure. Fund-financed structural resources are projected to shift slightly toward country work and away from internal support, and some reallocation between work on policy advice and economic analysis and Fund policies is also envisaged.

The capital budget envelope for FY 20 includes requests to support modernization efforts. These investments hold the promise of transforming how the institution operates at all levels. They will affect the Fund's backbone systems infrastructure as well as frontline work, such as capacity development (CD).

The same level of real administrative resources is assumed over the medium term. Current projections do not prejudge the outcome of the Comprehensive Compensation and Benefits Review (CCBR), the modernization initiatives, or new workstreams that the Fund may be asked to take on, all of which could significantly impact resource needs and allocation over the medium term.

Approved By
Daniel Citrin

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The FY 20 budget proposal is formulated against the backdrop of a weakened global outlook and financial volatility. The budget reflects a strategic agenda—operationalized in the Managing Director's Global Policy Agenda (GPA) and Board Work Program (BWP)—to help members rebuild policy space, strengthen resilience, and implement structural reforms. This will be supported by continued work to review policies and strategies to enhance Fund advice.

Flat budget in real terms in FY 20

While the Fund's income position remains healthy over the medium-term, the budget stance remains disciplined and mindful of long-term constraints, and the proposed net administrative budget envelope for FY 20 is unchanged in real terms in relation to the Fund budget deflator.[1] The proposal reflects reallocation towards new needs and priorities of some 3 percent of the net budget.

The FY 20 budget would support important modernization projects. These projects (the so-called "Big 5") aim to improve processes and capabilities in areas including human resources, capacity development, and data and knowledge management. By leveraging technological innovations and streamlining business processes, these projects should increase efficiency, improve the quality of service delivery, and reduce risk. Because significant resources (capital and administrative) will be needed up-front to pay for these projects, robust cost-benefit analyses are being undertaken to ensure that the projects deliver a satisfactory return on investment. Proactive change management will also be critical given the significant changes that the projects will bring to how work is done.

The increased upfront distribution of carry-forward resources means that the buffers for handling unexpected resource needs will be reduced. This makes it all the more important that departments manage their budgets carefully, to reduce the risk of overruns. Staff's ongoing efforts to strengthen internal capacity to cost the Fund's work should contribute to more robust estimates of expected expenses, and better prioritization of available resources.

Flat resource envelope over the medium term

The same level of real resources is assumed for the medium term, without prejudging the outcome of internal reviews and modernization efforts, nor of the impact of new work streams that may arise.

Table 1 sets out the main budget components: net and gross administrative budget envelopes, and capital budget envelope, expressed in current and constant USD.

[1] Excluding $6 million for the 2018 Annual Meetings in Indonesia.

Table 1. Administrative and Capital Budget Envelopes, FY 19–22

(Millions of U.S. dollars, unless otherwise noted)

						Proposed	Indicative	
	FY 19		Budget changes			FY 20	FY 21	FY 22
Current USD	**Budget 1/**	**Est. Outturn**	**Demands**	**Savings**	**Ext.-financed**	**Budget**	**Budget**	**Budget 1/**
Total operational income	1,683	2,190				3,410	3,202	3,566
Gross administrative budget	1,371	1,363				1,397	1,435	1,479
Receipts	-236	-228				-239	-246	-252
Net Administrative Budget	1,135	1,135				1,158	1,190	1,227
Capital Budget (IT and Facilities)	71	75				86	96	82
Constant FY 19 USD								
Gross administrative budget	1,371	1,363	31	33	-1	1,362	1,362	1,368
Receipts	-236	-228	2	0	1	-233	-233	-233
Net Administrative Budget	1,135	1,135	33	33	-	1,129	1,129	1,135
of which Annual Meetings	*6*	*5*						*6*
Capital Budget (IT and Facilities)	71	75				84	91	76
Memo items:								
Carry forward (upper limit)	46	…				47	…	…
Allocated up-front	19	…				25	…	…
Global external deflator (change)	2.3	…				2.6	2.7	2.6
Personnel component (70 percent) 2/	2.2	…				2.7	2.7	2.7
Non-personnel (30 percent) 3/	2.6	…				2.3	2.6	2.2

Source: Office of Budget and Planning.

1/ Includes travel to the Annual Meetings held abroad; Indonesia in FY 19, and Morocco in FY 22.

2/ For FY 20, reflects compensation adjustment as approved by the Executive Board (EBAP/19/18, Supplement 1). Outer years are technical placeholders.

3/ Reflects most recent updates for the April 2019 WEO projections of U.S. CPI.

Main Components of the Budget Proposal (Table 1)

FY 20 net administrative budget

$1,129 million in constant FY 19 dollars, defined in relation to the Fund's global external deflator, representing a flat real resource envelope for the eighth year in a row (excluding a $6 million security related increase in FY 17).[2, 3]

$1,158 million in nominal terms, reflecting a preliminary assumption for the increase in the Global External Deflator (GED) of 2.6 percent.[4] The personnel component of the deflator reflects the Board's decision on the FY 20 compensation adjustment.

FY 20 gross administrative budget

$1,397 million in nominal terms, reflecting $239 million in receipts, most of which consist of reimbursements for externally financed CD activities.

Savings and demands

$33 million in constant FY 19 dollars of net additional structural demands, offset by reallocations and savings of the same amount.

Transitional needs

As the expected FY 19 outturn is projected to be roughly at the level of the approved structural budget (see Appendix II), some $30 million in carry-forward resources from the previous year would still be available to staff. Of this,

[2] Subject to approval by the Executive Board, the budget envelope also assumes an unchanged net administrative budget in real terms for the Independent Evaluation Office (IEO), while the net administrative budget for the Offices of Executive Directors (OED) is proposed to be unchanged in real terms, except for a reduction of $0.8 million that is transferred to the staff budget as an additional reserve available for institutional priorities.

[3] Using the U.S. CPI instead of the GED would have resulted in a slightly lower path for the nominal budget or about ¼ percent per year for the same period.

[4] Personnel represents 70 percent of the GED. See Appendix I for background on key budget concepts and the deflator.

$25 million is to be allocated up front to departments in the FY 20 budget process. This is some $6 million more than last year, largely due to temporary modernization costs.

FY 20 capital budget $86 million in nominal terms, comprising $41 million for building facilities and $45 million for information technology. The latter includes $30 million for the Big 5 programs for which summaries of business cases and cost benefit analyses will be presented to the Board as they are finalized. Indicative estimates are provided for the outer years.

Structure of the Paper

The strategic context sets the stage for the medium-term budget proposal. It is followed by a section describing planned spending by outputs across the Fund's Thematic Categories (FTC). This is part of an ongoing effort to better align the budget process with strategic planning as laid out in the GPA and the BWP, and to improve the costing of products to aid the evaluation of tradeoffs. From there follows a brief section on planned spending by inputs and implications for departmental budgets. The capital budget is discussed next, followed by risks to the budget. Appendices cover Budget Concepts and Methodology, the Projected FY 19 Outturn, Evolution of the Budget, Strategic Planning Process Timeline, Mapping between ACES and FTCs, Implementation Status of Streamlining and Modernization Measures, Long-term Capital Investment Plan, Big 5 Program Objectives, Timelines, and Governance, and Statistical Tables.

THE STRATEGIC CONTEXT

1. **Over the medium to long term, the size of the Fund's budget and its allocation reflect long-standing twin objectives**:

- **Financial sustainability, underpinned by appropriately conservative assumptions for net income projections and prudent management of budgetary resources**. With net operational income projected to remain positive over the longer term (Figure 1), and higher in the near term than projected at the time the FY 19 budget was formulated, precautionary balances can be adequately built up to manage financial risks. This assumption holds under appropriately conservative longer-term assumptions in the context of the New Income Model.[5] Additionally, reflecting prudent management, budgetary resources have been held flat in real terms over the past eight years, notwithstanding rising demands and the launching of new products and activities (Appendix III on the Evolution of the Budget).

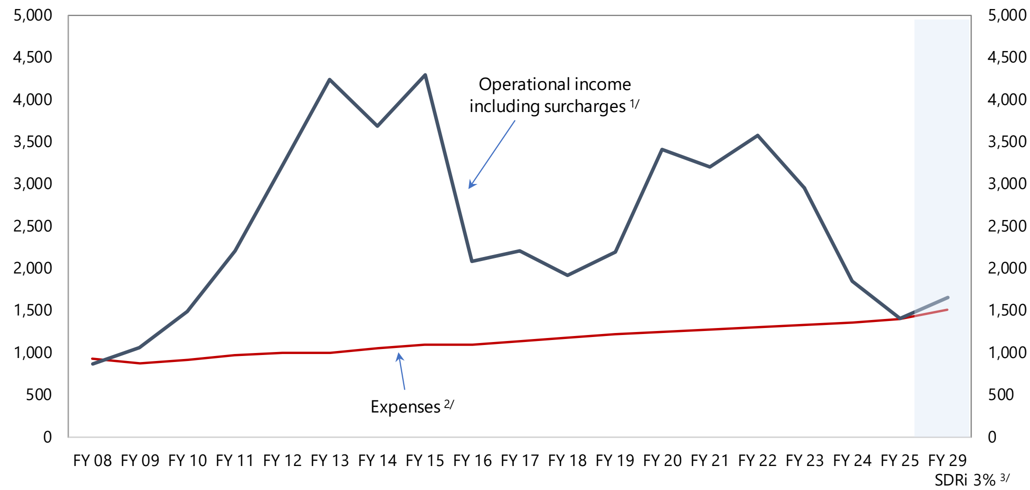
- **Meeting the evolving needs and priorities of members in an agile, integrated, and member-focused way.** The IMF's conjunctural priorities are elaborated in the GPA and shift in response to the global economic conditions as well as underlying structural trends affecting members (e.g.,

[5] Key assumptions in the longer-term (FY 29) include a lending volume of SDR 20 billion (versus an average stock of SDR 51.4 billion in FY 19); an SDR interest rate of 3 percent, with an unchanged margin of 100 basis points for the rate of charge; 50 basis points excess return over the SDR rate in the Fixed Income Subaccount; a constant USD payout from the Endowment; and no surcharge income.

challenges arising from rapid technological and financial innovations, with impacts such as Fintech and concerns about the future of work). Multi-year reviews of the Fund's main activities, such as the Comprehensive Surveillance Review (CSR) and IEO evaluations, help ensure that the toolkit evolves in line with the needs of its membership. Budgetary resources need to be flexible enough to respond to changing priorities, including through the ability to reallocate across departments, and the provision of transitional funds to accommodate temporary demands.

Figure 1. Actual and Projected Income and Expenses, FY 08–29

(Millions of U.S. dollars)



Source: Finance department.

1/ Actual and projected operational income includes surcharges, investment income from the Fixed-Income Subaccount and payouts from the Endowment Subaccount, and excludes IAS 19 gains and losses. The endowment payout is indicative and assumes a constant payout of 2 Percent of the NAV (in US$) starting in FY2021, adjusted for inflation in the following years.

2/ Assumes that the net administrative budget is held constant in real terms.

3/ The illustrative scenario in FY 2029 assumes credit outstanding to be SDR 20 billion, precautionary balances at SDR 15 billion, SDR interest rate of 3 percent, the premium on investment return equal to 50 basis points, and a payout from the endowment at 2 percent of the U.S. dollar NAV.

2. **Capacity development (CD) activities have allowed the Fund to increase its level of support to the membership and its effectiveness overall, but limits to this expansion may have been reached.** Supported by greater external financing, the balance of the Fund's outputs has shifted significantly toward CD. Since FY 12, the share of CD spending has grown by 7 percentage points to reach 31 percent of total gross administrative expenditures (including indirect costs).[6] While demand continues to exceed supply, several interlinked factors argue for broadly containing the level of CD at current levels:

- **Synergies with other outputs and comparative advantage:** Ensuring that CD is integrated with the Fund's other outputs means that the topics and scale of CD should be guided by the synergies created with lending programs and surveillance.[7] The Fund should also deliver CD only in areas of its core mandate and where it has a comparative advantage relative to other CD providers. While in some topical areas the IMF is the only CD provider, in other areas it is not.

- **The need to ensure high quality:** CD's high value to the membership is derived from the quality and consistency of its advice. This means that quality control can be a limiting factor on the size of CD. There is a limited pool of experienced permanent staff to oversee and deliver CD, and this

[6] For more background information on CD, see Annex I in FY2018 - Output Cost Estimates and Budget Outturn.

[7] As discussed in the 2018 *Review of the Fund's Capacity Development Strategy*.

constraint can only be partially relieved by hiring external experts, given the limits on their availability and the critical need for back-stopping by HQ-based staff.

- **Financing constraints**: A greater reliance on external funding increases risks to the Fund's budget given the inherent volatility of external funding, and changing donor priorities may also affect the Fund's ability to meet country needs on certain topics (see Section on Budget Risks). In addition, increases in externally financed CD activities, while a possibility, have a knock-on effect to the Fund-financed budget via indirect costs that cannot be recovered from external partners (e.g., facilities, human resource services, etc.). The Fund-financed budget therefore represents a constraint even on the externally financed activities.

- **Need for modernization:** Processes and systems to support CD budget, planning and results monitoring, as well as related reporting, have not kept pace with the large and complex portfolio resulting from CD growth. The Fund is investing in modernizing CD systems which will lead to more effective and efficient delivery, and potentially support further scaling up of donor financing in the future.

3. **In the near term, the budget is set within the priorities laid out in the GPA and fleshed out more fully in the BWP.**[8] Global growth has weakened, and risks are increasingly tilted to the downside amid growing policy uncertainty, mounting vulnerabilities, and greater volatility. Responding to these challenges, priority areas for the current budget cycle include:

- **Country operations:** The GPA calls for the Fund to help members face global economic challenges by providing advice on macroeconomic policies tailored to their circumstances.[9] This includes program support and intensive surveillance of countries and regions, as well as CD provision. The current number of formal Fund financial arrangements is relatively low, particularly for the PRGT and PSI facilities (Figure 2), though recent cases have proven more complex. In addition, staff expect an uptick in program work in FY 20. These expectations have been built into the budget proposal with additional resources. Based on area departments' view on the prospective engagement status for their countries and other risk analysis, the budget provides for a reallocation of resources to where engagement is most likely to pick up—reflecting the type of arrangements for which a similar amount of staff resources is expected, some of which may be non-financial arrangements such as PCI, PSI, or PPM. Beyond this, short-term unforeseen pressures are typically met through intra- and inter-departmental reallocations and use of the contingency. Priorities include strengthening support to low-income countries (LICs) and fragile states, implementing the enhanced governance framework, as well as strengthening macro-financial surveillance.

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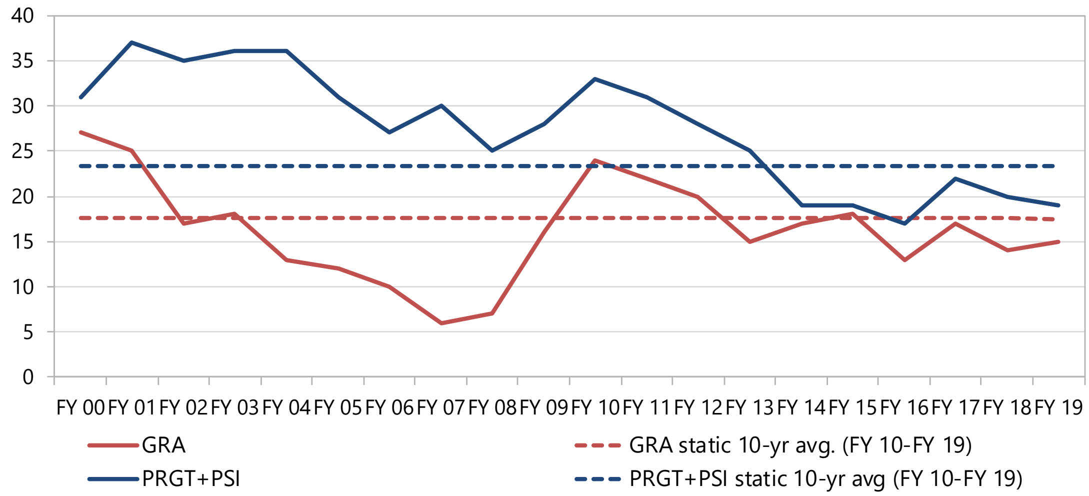
[8] See Appendix IV for a timeline of the main elements involved in the annual strategic planning cycle.

[9] The Managing Director's Global Policy Agenda: Rising Risks: A Call for Policy Cooperation, October 2018.

Figure 2. Fund Arrangements, FY 00–19 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 19, includes current arrangements as of December 18, 2018.

- **Analytical work to support policy advice.** The GPA outlines several areas for further analysis, such as supporting efforts toward a strengthened, rules-based multilateral trade system (new multilateralism) through work on trade; contributing to the international tax debate; and work on the digital economy and on public debt. Resources are proposed for BWP items such as Fintech and digitalization, social spending, as well as work still under development such as the integrated policy framework.

- **Major Fund policy reviews** of surveillance (Comprehensive Surveillance Review (CSR), FSAP review, data provision), lending (conditionality, LIC facilities), and debt issues (debt limits).

4. **To improve the quality of the Fund's outputs, with increased emphasis on results, several major modernization efforts are underway.** These include implementation of the Fund's human resource (HR) strategy, which seeks to ensure an agile, diverse, and inclusive workplace, supported by a new modern human resources IT system, in addition to completion of the Comprehensive Compensation and Benefits Review (CCBR). Other initiatives are focused on better leveraging knowledge management, improving data management, enhancing the management and administration of capacity development, and transforming work processes through an integrated digital workplace. These so-called "Big 5" major initiatives will require substantial investments over a number of years, with commensurate savings and efficiency gains bearing fruit over the medium-term (Box 1). In addition, follow-up work to the recommendations of the 2018 Modernization and Streamlining Advisory Group is underway in areas outside the scope of the Big 5, including but not limited to support services. Together, these efforts aim to simplify processes and practices to achieve greater efficiency, freeing up resources to directly support the membership. The objective is to ultimately improve the quality of the Fund's outputs, with increased emphasis on results. In the near-term, some temporary resources (including staff resources) and capital investments will be needed to support these efforts.

Box 1. Modernization and the "Big 5" Programs

The Fund is modernizing internal processes and capabilities in an effort to increase its effectiveness and adapt to the members' needs. This includes five transformational programs (the "Big 5") that are in various stages of implementation: transformation of the HR system and operating model (1HR), reformed Capacity Development Management and Administration Processes (CDMAP), development of an Integrated Digital Workplace (IDW), a next generation economic data platform (iDATA), and knowledge management (KM).

Benefits common to all the programs include replacement and consolidation of obsolete technology platforms, mitigation of operational and reputational risks, and updated features and functionality provided by modern and mobile technology. The programs provide the opportunity to redesign and streamline work processes and practices to take advantage of automation and other productivity enhancements.

Big 5 implementation will require considerable administrative and capital resources. The FY 20 administrative budget includes close to $4 million in transitional resources for project management activities; departments are additionally devoting considerable staff time to program governance, requirements gathering, vendor selection, process reengineering, testing and training. The medium-term capital budget includes funding for technology and consulting components that are specific to each program, but also include a number of pre-requisite, or foundational, IT elements that must be present for successful implementation. In FY 20, the initial capital budget allocation for the Big 5 has been set at $30 million, but additional resources may be required (see Section on Capital Budget).

The modernization effort, underpinned by the Big 5, is expected over the medium term to result in efficiencies and more cost-effective delivery. Each program team is preparing a comprehensive business case and cost-benefit analysis, which will document performance indicators and quantify expected cost reductions and efficiency gains. Savings resulting from the programs can be used to finance other priorities in support of the membership.

<table>
<tr><th>Business outcomes</th><td colspan="5">Streamlined and standardized processes
Alignment with best practices
Manage operational and reputational risk
Flexiblity to adapt to policy/practice changes
Improved access to data and information
Productivity and efficiency gains</td></tr>
<tr><th>Big 5</th><td>1HR</td><td>CDMAP</td><td>IDW</td><td>KM</td><td>iDATA</td></tr>
<tr><th>Pre-requisite projects</th><td colspan="5">Identity and access management
Cloud development and integration
Corporate data warehouse</td></tr>
</table>

- **1HR** will modernize, simplify, and transform the way the Fund delivers its HR services, through streamlined business practices, best in class cloud software, and enhanced controls, providing flexibility to accommodate future policy, practice or regulatory changes (e.g., HR Strategy and CCBR).
- **CDMAP** will transform CD operations, supporting more efficient and transparent implementation of the CD governance framework. It will address process and systems weaknesses, support better decision-making, and help strengthen the integration with surveillance and lending in line with the CD strategy.
- **iDW** will provide a modern user interface where staff have improved access to knowledge, applications, and other platforms to do their work. The goal is to address the pain points experienced from existing fragmented content, information silos, and obsolete technology.
- **KM** provides a framework for efficiently capturing, storing and sharing knowledge, thereby enabling staff to more easily draw lessons and insights from the Fund's rich cross-country experience and subject-matter expertise. This includes a new document management system and enterprise search capabilities.
- **iDATA** will deliver a modern economic data lifecycle management platform that can be further extended to meet the growing business needs for creating and maintaining databases for multilateral surveillance and economic research.

THE BUDGET: HOW ARE PRIORITIES SUPPORTED?

This section discusses the proposed use of budget resources across the Fund's main output areas according to the Fund's Thematic Categories as presented in the BWP (Table 2).[10]

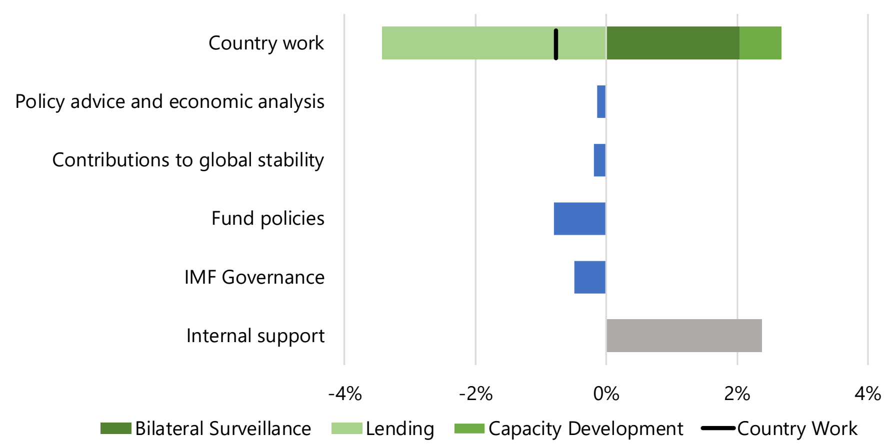
Overall Shift in Outputs

Longer-term output trends

Two main observations can be made on how the Fund's output structure has changed between FY 12 and FY 19:

- First, today's output structure reflects the waning of the global financial crisis. Country work (divided into its subcomponents in the green bars below) has shifted from lending toward bilateral surveillance, and the share of policy work has also declined as fewer crisis-related Fund policies needed to be addressed. Other outputs (policy advice and economic analysis, and contributions to global stability) remain broadly unchanged (blue bars).

Change in Share of Spending, by FTC, FY 19 vs FY 12 1/
(Percent of Fund-financed Spending)



Source: Office of Budget and Planning.
1/ Change in share of total spending between FY19 projected outturn and FY 12 outturn.

- Second, the share of spending on internal support has grown (gray bar), reflecting ongoing corporate modernization efforts, such as the creation of a Knowledge Management Unit and the Office of Risk Management,

[10] Appendix V discusses the correspondence between the Fund's Thematic Categories (FTC) and the output areas used in the Fund's Analytic Costing and Estimation System (ACES). As noted in the BWP, staff are working on improving the interoperability between the categories used in the budget and the BWP to further strengthen strategic planning and prioritization. This is work in progress and based on a mapping between ACES and the preliminary FTC.

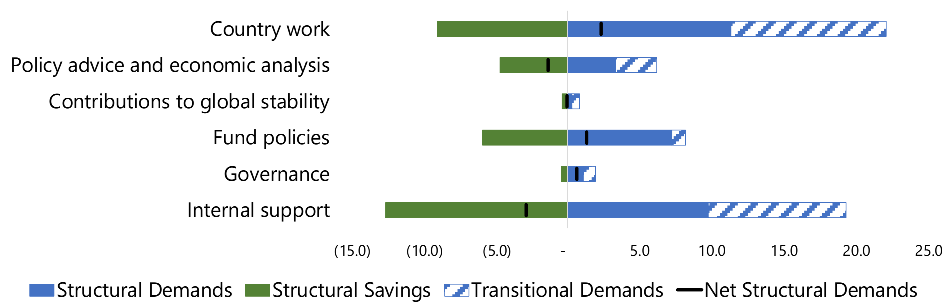
upgrading of data management tools, as well as pressures on physical and IT security and other services (e.g., creative solutions, language).[11]

Net shifts in the FY 20 budget

The FY 20 budget provides increased resources for country work ($13 million) and for internal support ($6.7 million), mostly through transitional funding.[12] Within the flat structural budget, resources will be reallocated from internal support to country work and to IMF governance ($2.9 million net reallocation), and similarly from policy advice and economic analysis to work on Fund policies (roughly $1.3 million net reallocation).

The text figure below shows the changes in structural and transitional resources, by FTC, and Table 2 reflects the impact of these changes on the overall budget.

Proposed Changes in Resources, by FTC, FY 20
(Millions of FY 19 U.S. dollars)



Source: Office of Budget and Planning.

Transitional resources

Carry forward resources are currently projected at about $30 million (excluding OED and IEO), providing continued room to meet transitional needs. For FY 20, an upfront allocation of $25 million in transitional funds is planned. This is some $6 million higher than last year, largely due to temporary modernization costs. A higher upfront allocation of transitional resources means lower centrally held resources to meet unexpected demands, over and above the central contingency of $8 million. In the event of significant unanticipated needs, departments would need to activate contingency measures and reprioritize as warranted (see Section on Budget Risks).[13]

More than half of the transitional resources are for country work, to support more intense engagement with the membership, implementation of the

[11] Internal support, or "internal organization" as presented in the BWP, comprises spending on direct and indirect support activities such as HR, information technology, corporate services, and general outreach.

[12] The output numbers in this section are estimates of resource allocation and are not control totals. Appropriations will continue to be approved at an aggregate level based on input accounts.

[13] Departments identified contingency measures of some 2 percent of approved budget as part of the budget formulation exercise.

enhanced governance framework, and to provide bridge financing as EUR continues its structural downsizing. Another third of transitional funds will support modernization projects, including the Big 5 and for the CCBR.

Reallocations and savings

The budget stance entails reallocation within and across departments of $33 million in gross terms, or close to 3 percent of total spending. While most of the reallocations reflect changes and shifting of resources across work streams, about 30 percent comes from operational efficiencies, streamlining and modernization, as well as savings from travel.[14] Further details are provided in the following sections.

Table 2. Gross Administrative Fund-Financed Resources: Estimated Allocation by Output, FY 19–20

(Millions of FY 19 U.S. dollars)

	FY 19				FY 20				
	Structural	Transitional	Total	Est. Outturn	Structural Demands	Structural Savings	Structural	Transitional	Total
	(a)	(b)	(c) = (a)+(b)		(d)	(e)	(f) = (a)+(d)-(e)	(g)	(h) = (f)+(g)
Gross expenditures	**1,175**	**19.4**	**1,194**	**1,171**	**31.4**	**33.0**	**1,167**	**25.4**	**1,193**
Country engagement	467	7.7	475	479	11.3	9.0	469	10.7	480
Policy advice and economic analysis	166	2.0	168	170	3.3	4.7	164	2.9	167
Contributions to global stability	23	0.3	23	23	0.3	0.4	23	0.5	23
Fund policies	26	0.7	27	30	7.2	5.9	28	0.9	29
IMF governance	118	0.1	118	114	1.1	0.5	119	0.8	120
Internal organization/support	335	8.5	343	342	8.1	12.6	330	9.5	340
Miscellaneous 1/	28		28	13			22		22
Contingency 2/	12	...	12	. . .			12	...	12
Receipts	(40)		(40)	(36)	1.6	0.0	(38)		(38)
Net expenditures	**1,135**		**1,155**	**1,135**	**33.0**	**33.0**	**1,129**		**1,155**
Carry forward (upper limit)			**46**						**47**
Allocated up-front in budget process			19						25
Total available resources			**1,181**						**1,176**

Source: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

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

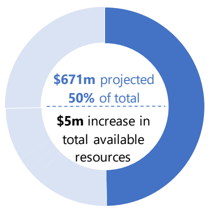
1/ The "Miscellaneous" classification covers expenditures that currently cannot be allocated within the ACES model. For FY 19 it includes $6 million for the 2018 annual meetings, no adjustment for the annual meetings was made in FY 20.

2/ Includes the contingency for staff, OED, and IEO. Not included is the proposed transfer of $0.8 million from OED to staff, curently recorded under IMF Governance.

[14] Initial savings from implementing Streamlining and Modernization measures are estimated at $2.2 million, mostly from more focused analytical work, including in multilateral surveillance. See Appendix VI for an update on the status of implementation of this initiative.

Country Engagement/Country Work

Overview[15]



Engagement with member countries is at the heart of the Fund's work, accounting for half of total spending. This takes place through bilateral surveillance, FSAPs, lending, and CD. A country's degree of engagement with the Fund helps set the resource base for area departments. Year-to-year changes reflect the evolving intensity of engagement.

- Bilateral surveillance covers ongoing monitoring of individual members' economies, which culminates in the Article IV consultation. In recent years, a recurring issue of interest has been the extent to which resources are being devoted to work on new or emerging policy issues, especially in the context of pilot topics. The work processes associated with such topics have now ended their pilot phases. Fiscal space and macro-structural issues are generally expected to be covered in surveillance, although not necessarily in every Article IV. Coverage of other topics, such as gender, climate, and inequality, would be based on macro-criticality. No new resources were requested for work on gender, climate or inequality issues in FY 20.[16]
- Spending on Financial Sector Assessment Program (FSAP) fluctuates due to the cycle of mandatory FSAPs for systemically important financial jurisdictions. This does not include spending on broader overall financial surveillance, which is part of bilateral surveillance (Box 2).
- Engagement with members with arrangements (financial or non-financial arrangements, e.g., PSI, PPM) is more intensive, requiring higher staffing. Departments forecast an increase in program cases for FY 20 relative to FY 19.
- All members are eligible to receive CD, though the vast majority is focused on low and middle-income members. All IMF CD focuses on high impact activities that are core to the Fund's mandate. The Fund has a policy of limiting the use of Fund-financed CD to advanced economies to avoid crowding out CD to countries that could not otherwise afford it. Following the recommendations of the Working Group on Cost-Recovery for Externally Financed Activities, Management has approved two modifications to the existing policy, with effect for FY2020. First, the introduction of a minimum threshold for charging for TA in eligible countries. Second, it was determined that the top two deciles of countries

[15] In the infographics in each thematic category, the text in the top half of the center shows the expenditure projection for FY 19 and its share of total spending including donor-financed CD. The bottom half shows the increase in total available resources (structural and transitional) in FY 20 compared with FY 19, corresponding to the difference between columns (h) and (c) in Table 2.

[16] The steady-state resource cost for work on four topics (gender, inequality, fiscal space, macro-structural) amounts to $3–4½ million per year, of which country work would be $2½-3¼ million (about 1–1½ percent of bilateral surveillance). See Box 1 in FY2019-FY2012 Medium-Term Budget.

ranked by GNI per capita (using World Bank data) was a better measure of capacity to pay than the WEO classification of Advanced Economies, as under the current policy. The policy does not apply to crisis situations where no other source of funding is available.

Box 2. Financial Surveillance

Financial surveillance (FS) encompasses both multilateral and bilateral surveillance activities. Spending on multilateral surveillance is focused on the GFSR and analysis of vulnerabilities and risks. SPR and LEG also participate in FS activities, for example on Fintech. In bilateral surveillance, spending includes FSAPs in around 13 jurisdictions each year as well as support provided by MCM, LEG, RES, and SPR to area departments, both at Headquarters and through Article IV missions.

Spending on FS is estimated at around $40 million. While not tracked separately, this estimate is based on direct spending on (i) the GFSR, and on analysis of vulnerabilities and imbalances in MCM of around $10 million; and (ii) within bilateral surveillance of $30 million, which contrasts to around $200 million in direct spending on overall bilateral surveillance.[1]

One of the priorities for FY 20 is to redirect resources to bilateral FS. This is in keeping with the *IEO Review of Financial Surveillanc*e, which called for devoting significant additional resources to FS, and principally bilateral FS. In FY 20, $1.7 million (5½ percent increase) is allocated in gross terms to MCM to enhance bilateral FS. This covers support to area departments, deepening the integration of FSAPs and Article IVs (as recommended by IEO), easing FSAP staffing constraints, and governance. This is achieved in part through savings of $0.9 million from implementation of modernization measures (GFSR streamlining).

As a complement, the Financial Sector Stability Review (FSSR) was launched in FY 18 as a donor-funded, TA instrument. The FSSR helps low and lower-middle income countries diagnose financial sector vulnerabilities and prioritize financial sector reforms. It provides a TA roadmap that in turn may be used to support members' efforts to strengthen and reinforce their financial stability frameworks. The FSSR work plan allows for around five FSSR diagnostics each year, totaling about $1.5 million in FY 19. In FY 20, spending on FSSR diagnostics and follow up TA is projected to increase to $1.8 million, a 22 percent increase. Going forward, a larger proportion of the targeted $30 million in donor financing will be allocated to follow up TA as diagnostic missions are completed.

In addition, MCM is in the process of establishing a Monetary Modeling Unit. This unit is aimed at buttressing the Fund's position as a global center of excellence on financial and macrofinancial topics and maintaining the value added of the Fund's financial surveillance for our membership. The unit will advance the integrated policy framework, model development, and support members in the implementation of monetary and foreign exchange operations. It is expected to consist of 6.5 FTE positions, of which one will be contractual. This will be funded mostly through reallocation within and more cost-effective travel by MCM, together with one additional FTE to be financed initially with transitional funds.

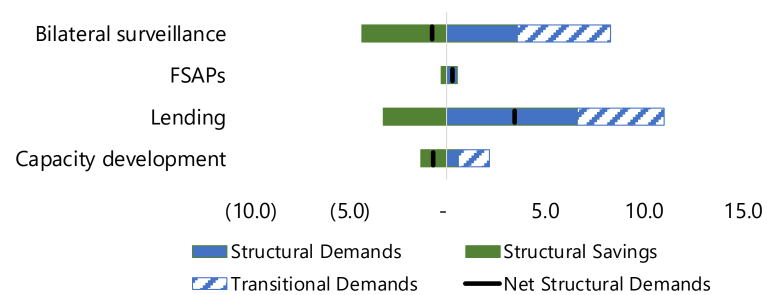
Beyond FY 20, the IEO's call for additional resources for FS will be taken up in the context of the ongoing CSR and FSAP reviews that are scheduled to be completed in 2020. Consideration of a further increase in resources along with ways to make FS more efficient will be deferred until those reviews are completed.

[1] This includes bilateral surveillance undertaken by MCM (including FSAPs), dedicated macro-financial units in RES and SPR, and cost estimates of area department work at the time of the macro-financial pilot. This is likely an underestimate, as it excludes macro-financial surveillance in area departments outside of the pilots, and LEG's work on bilateral surveillance beyond FSAPs.

Net structural	An increase of $2.3 million (½ percent in real terms) in FY 20.
Demands	Structural resources are provided to support program work, mainly for AFR, including for work on fragile states (Box 3), and for SPR to support review. Under bilateral surveillance, structural resources are provided to functional departments to support implementation of the enhanced governance framework (FAD, MCM, LEG), international taxation (FAD), and macro financial surveillance (MCM).
Savings	Mainly from the structural downsizing in EUR (bridged by transitional resources), as well as streamlining of analytical work, and reductions in travel.
Transitional needs	$10.7 million to fund increased program work in AFR and WHD, enhanced bilateral surveillance in APD, EUR, and MCD, work on governance (FAD) and better integration of FSAPs and Article IVs (MCM). In CD, transitional resources are envisaged for SDG implementation (FAD), and training and RBM oversight and development (FAD and ICD). Overall, this compares to $7.7 million provided in FY 19.

Proposed Shifts in Country Engagement, FY 20

(Millions of FY 19 U.S. dollars)

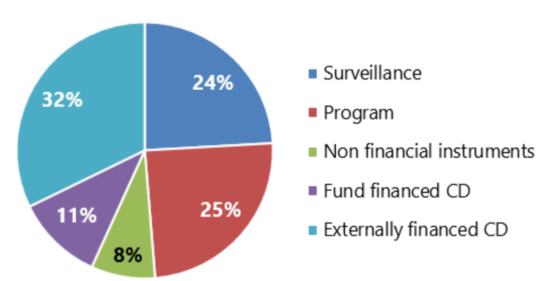


Source: Office of Budget and Planning.

Box 3. Spending on Fragile and Conflict States

Spending on fragile states has averaged around $96 million per year in real terms since FY 15 (10 percent of total direct spending). Over 40 percent is CD, including external financing. The set of over 40 countries designated as fragile is diverse, encompassing small islands and high security risk locations, and includes surveillance and program countries. Accordingly, spending varies widely, from below $200,000 in countries with little engagement due to security risks, to several million dollars per year in countries where engagement is intense.

Spending on Fragile States, projected FY 19



In FY 20, increased resources for fragile states could come from an internal reallocation of existing departmental resources and from net new resources provided to departments. Budget discussions suggest that country work on fragile states will increase by $1.2 million, mostly for AFR countries. This includes support from FAD, which plans to shift six fiscal economists to LICs and fragile states from other countries. Based on the outturn so far, spending on fragile states outside of CD is expected to increase by 8 percent in FY 19, on a base of around $59 million. If spent as planned, FY 20 would see an additional rise of 2 percent in real terms. CD to fragile states is a priority (see Box 4) and should also increase.

Leveling off in external funding

After a decade of expansion in CD activities, a leveling off in external financing levels is envisaged, with the overall resource envelope for CD remaining broadly unchanged from FY 19 onwards. As discussed in the Strategic Context section, (¶2,) various considerations factor into this stabilization. It is proposed to limit external financing for CD to $200 million in FY 20.

Given a flat resource envelope, prioritization of CD activities will become increasingly important, and reallocations between areas and topics will be needed to fund new initiatives. Decisions on priorities are made following discussion in the Committee on Capacity Building (CCB), culminating in agreement by relevant heads of department and management. The CCB has recently reviewed the framework for monitoring and prioritization of CD (Box 4).

Gross Administrative Resources for CD: Estimated Allocation, FY 19–20
(Millions of U.S. dollars)

	FY 19		FY 20
	Budget	Est. Outturn	Budget
Direct Spending on CD 1/	**338.2**	**335.5**	**345.2**
Fund-Financed CD 2/	141.9	143.4	145.2
Externally-Financed CD 3/	196.3	192.1	200.0
Memorandum Items:			
CD (plus indirect costs) as a share of total Fund output	30.4	30.9	31.0
Trust Fund Management Fee (receipts) 4/	13.7	13.4	14.0
Fund-Financed CD in FY 19 dollars	141.9	143.4	141.5
Estimated Indirect Cost of Externally Financed CD	17.7	17.3	18.0

Source: Office of Budget and Planning and CCB.

1/ Differs from ACES data in Appendix Tables 8a and 8b where some CD expenditures are classified as Miscellaneous and the totals include support and governance costs.

2/ Nominal structural budget (i.e., excluding transitional resources).

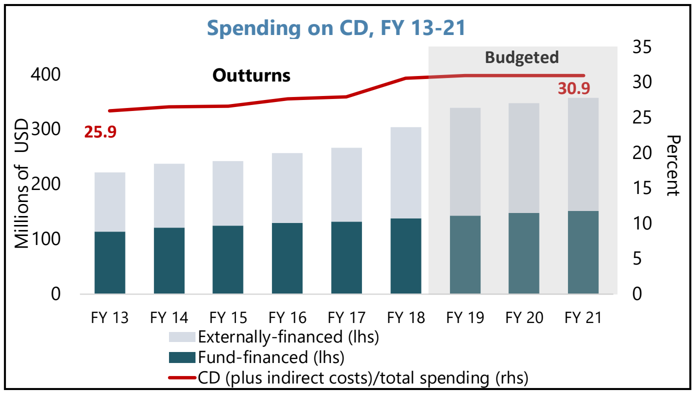
3/ Operational targets established by the CCB. Outturn is based on receipts.

4/ Covers administration of the sub-account and not indirect costs linked mainly to IT and facilities.

Box 4. Strengthening the Framework for Capacity Development Prioritization

Capacity Development (CD) work has grown rapidly in the past decade and now accounts for about a third of all Fund spending. This increase has largely been driven by external financing, which grew by 16 percent per year on average in the same period. The share of CD in total spending is now programmed to stabilize.

The framework for CD monitoring and prioritization is continuing to evolve. As noted in the 2018 CD Strategy Review, this framework has been significantly strengthened in recent years, with further reforms now underway aimed at facilitating more timely and analytically useful information on CD-related activities and spending. These reforms and a planned strengthening of systems and processes under the CDMAP project will facilitate better monitoring and reporting. This will support better resource allocation and strategic review of the alignment of CD activities with country demand and Fund strategic priorities.



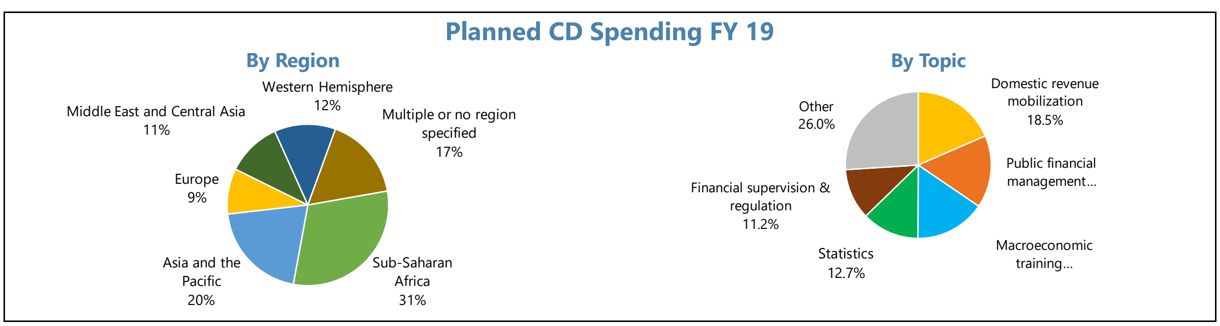
The prioritization process follows a three-step process:

- The budget process **establishes resources for CD**. This includes an envelope for externally financed activities and resources made available by CD departments within their Fund-financed budgets.
- The CCB sets the **areas targeted for growth** for the coming three-year period and the departmental spending limits on externally financed CD activities.
- The Resource Allocation Plan (RAP) sets out **detailed delivery of CD activities** between CD and Area Departments, in line with the agreed priorities. Details of the FY 20–22 RAP, conducted in Spring, will be included in the summer budget outturn report to the Board**.**

The prioritization framework recognizes that all Fund CD should target high-impact activities. Core CD areas, such as revenue mobilization, public financial management, and financial supervision and regulation, statistics and macroeconomic training will continue to account for the bulk total CD. The updated tracking system will support analysis of trends in these areas. This year's CCB agreed a narrower set of "growth areas" where an increase in the *share* of CD over the medium-term is being targeted, recognizing that measurable growth may take time as new tools are developed. An initial list of growth areas includes:

- **Topics:** Anti-corruption; debt sustainability and debt statistics; expenditure policy and public investment management; tax policy, fintech, and cyber risks.
- **Country-type:** Fragile states, highly vulnerable countries, and Caucasus-Central Asia-Mongolia.

As the CD envelope stabilizes, much of this growth will need to be accommodated within existing areas for Fund CD, e.g. increases in fintech as part of work on financial regulation.



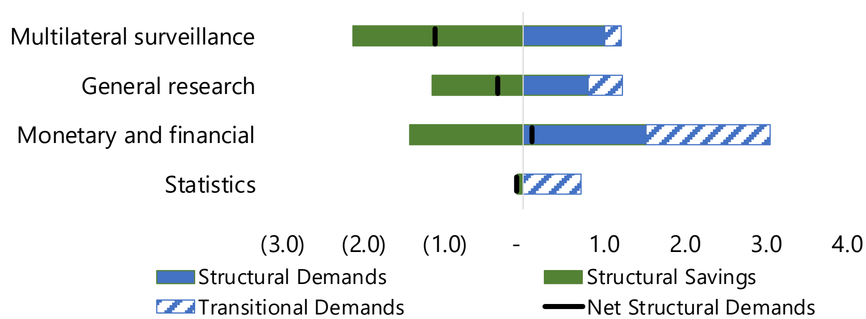
1/ Prepared by ICD.

Policy Advice and Economic Analysis

Overview

The flagship publications (WEO, GFSR, and Fiscal Monitor), External Sector Report (ESR), and the Regional Economic Outlooks represent a stable core of spending within "multilateral surveillance", accounting for around $35 million. The remainder, forming the bulk of spending on policy advice and economic analysis, is spent on work streams that are constantly evolving, with the findings usually presented to the Board and reflected in the BWP (e.g., Bali Fintech Agenda, corporate taxation, External Balance Assessments methodology, SDNs). This means that reallocations within this category are usually relatively large. Box 5 discusses the relationship between the strategic planning cycle, the BWP, and resource allocation.

Proposed Shifts in Policy Advice and Economic Analysis, FY 20
(Millions of FY 19 U.S. dollars)



Source: Office of Budget and Planning.

Net Structural Demands

A decrease of $1.4 million in FY 20, or 0.1 percent in real terms.

Structural funding is envisaged for systemic risk analysis, capital controls and Fintech (MCM), public sector balance sheet (FAD), work to extend the EBA-lite to non-ESR countries (SPR), as well as for regional work (EUR).

Savings

Significant resources are freed up from modernization and streamlining measures (e.g., fewer GFSR analytical chapters and more focused REOs), and completion of policy work, such as the review of the EBA-lite methodology (combined savings of $1.5 million). Further savings come from completed projects on systemic financial crises, exchange rate intervention, and capital flows.

Transitional needs

Transitional funds of $2.9 million. This includes work on cyber risk and the integrated policy framework (MCM, $0.8 million), and accommodating price increases for commercial data subscriptions ($0.4 million). Overall, this compares to $2 million provided in FY 19.

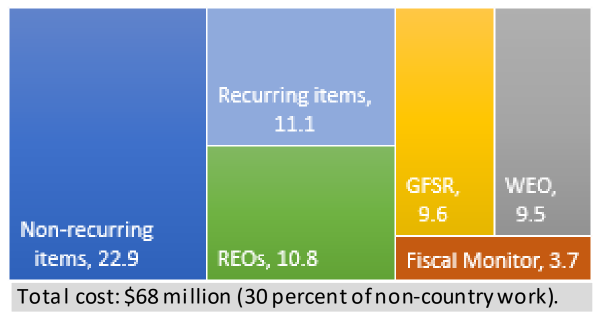
Box 5. The Board Work Program and Resource Allocation

The strategic planning cycle is updated twice a year as the GPA and the IMFC Communiqué (issued during the Spring/Annual Meetings) are translated into a Board Work Program that covers the subsequent twelve-month period. This budget proposal reflects the priorities laid out in the 2018 GPA and the latest Board Work Program (BWP). Internally, these priorities feed into Management's Key Goals and the Accountability Frameworks that set out departmental objectives and shape budget priorities.

The BWP covers non-country items, primarily economic analysis to support policy advice, work on Fund policies (which helps provide the framework for country engagement), multilateral surveillance products (flagships, the External Sector Report, and REOs), IMF governance, and IMF finances. The BWP also covers many operational and administrative items such as on HR issues, risk, and the budget.

Since 2016, staff have been costing non-recurrent policy and administrative items of the BWP. In 2018, this was broadened to cover recurring items (though the cost of producing the flagships and REOs was already being captured in ACES). In the Fall 2018 BWP, the estimated cost of non-recurrent items was 72 FTEs, or roughly $23 million. Together with the cost of items recurring annually or more frequently, the total cost of the BWP is estimated at around $68 million. This represents around 30 percent of non-country work.

Board Work Program, Estimated Cost, FY 19
(Millions of U.S. dollars)



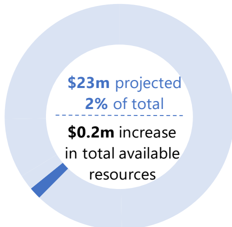
Source: OBP estimates, ACES and Fall 2018 BWP.

The BWP influences the allocation of resources through both leads and lags. For example, policy reviews may require extensive analytical or exploratory work ahead of Board discussion and may thus span several BWPs, while follow-up work could stretch over several years. The budget proposal includes funding for several BWP-related workstreams, such as:

- $2.4 million to support implementation of the recently adopted Framework for Enhanced Engagement on Governance, mainly to functional departments as they implement a structured assessment process and support area departments' work.
- $1.8 million for work on the Comprehensive Surveillance Review which will span BWPs.
- $0.3 million for follow-up to the recent Review of AML/CFT.
- $0.5 million to develop the integrated policy framework.

Contributions to Global Stability

Overview



Spending on the Fund's contributions to global stability includes participation in global standard-setting bodies on financial regulation (e.g., FSB, other standard setters), support to various G-groupings (e.g., G-7, G-20) and joint work with other international organizations (e.g., work on trade with the World Bank and the World Trade Organization). In most cases, this involves no new analytical or policy work, but rather summaries of Fund policy or other analytical work that have already been presented to the Board (e.g., on capital flows, macroprudential policies).

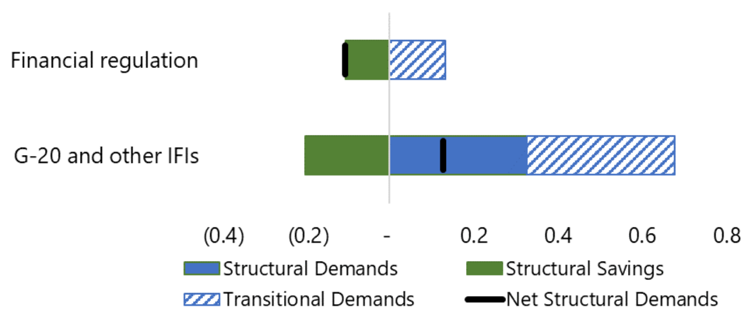
Net Structural No change.

Demands Demands of $0.4 million, including for work on trade (SPR).

Savings Savings of $0.4 million with the completion of some policy work (e.g., on SDGs).

Transitional needs $0.5 million for support to the G-7 and G-20 presidencies (SPR), and work on trade (LEG). Overall, this compares to $0.3 million provided in FY 19.

Proposed Shifts in Contributions to Global Stability, FY 20
(Millions of FY 19 U.S. dollars)



Source: Office of Budget and Planning.

Fund Policies

Overview

Work on Fund policies includes mandated regular policy reviews (e.g., on surveillance, lending-related) on multi-year cycles as well as more topical policy issues of interest, as reflected in the BWP. While this category takes up only 2 percent of spending, these policies decided by the Board shape the work of all country teams, for example through guidance on how surveillance and lending are to be carried out. Most policy work is undertaken by FIN, LEG and SPR. Resource needs evolve according to the cycle of reviews, and spikes tend to be associated with the large reviews (such as the Comprehensive Surveillance Review (CSR) and CD Review) that often take two to three years to carry out from inception to completion (including guidance issued to staff).

Net Structural

Net structural needs increase by $1.3 million (0.2 percent) in FY 20.

Demands

Funding of $7.2 million for Fund policy reviews in surveillance and debt policy (e.g., the CSR, debt limits policy), as well as follow-up work such as on the enhanced governance framework and on natural disasters.

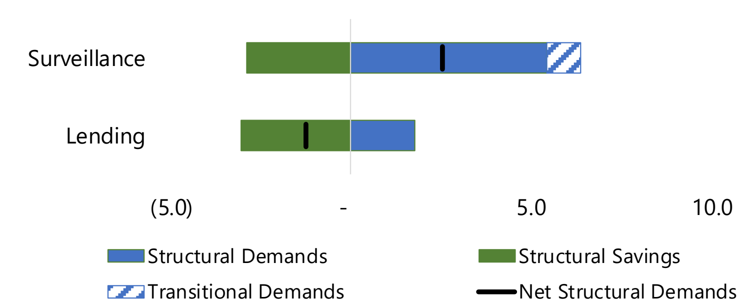
Savings

Savings of $5.9 million from mostly completed analysis required for the reviews of debt policy (MAC DSF), conditionality, and LIC facilities, which is undertaken well in advance of the final Board discussion.

Transitional needs

$0.9 million will fund work on debt policy (restructuring cases, including a database, and data transparency) and updating the policy on small and fragile states. Overall, this compares to $0.7 million provided in FY 19.

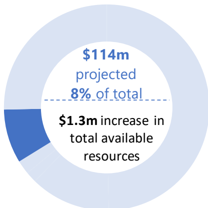
Proposed Shifts in Fund Policies, FY 20
(Millions of FY 19 U.S. dollars)



Source: Office of Budget and Planning.

IMF Governance

Overview



Governance work encompasses that supporting the Board of Governors, the Executive Board, Management, and internal functions, such as risk management and internal audit. It also covers work on quota and voice.

Net Structural

$0.6 million (increase of 0.5 percent) in FY 20.

Demands

Structural resources of $0.8 million for the operations of the Annual and Spring Meetings.

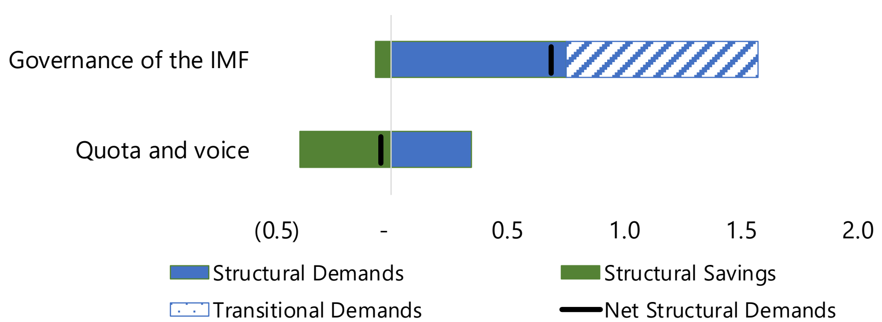
Savings

Savings of $0.4 million from the work on quota and voice, following intense analytical work in FY 19.

Transitional needs

$0.8 million to supplement structural resources for the Annual and Spring Meetings.

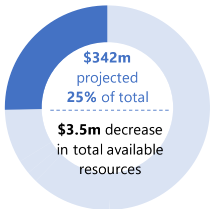
Proposed Shifts in IMF Governance, FY 20
(Millions of FY 19 U.S. dollars)



Source: Office of Budget and Planning.

Internal Support (Internal Organization in BWP)

Overview

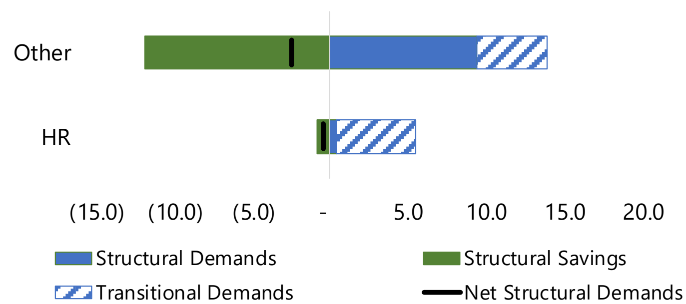


Spending on internal support has been under pressure for several years, reflecting modernization (data, knowledge and risk management), the need to shore up cyber security defenses and strengthening staff and building safety, increased demands for creative solutions and language services, and HQ1 Renewal-related needs. Efforts to manage demand through charge-backs and show-back models are proving helpful in surfacing costs and aid in prioritization.[17]

Further scope for modernization exists, particularly in the areas of IT, automation and business streamlining. These areas promise significant savings in the medium term but will require significant upfront investments.

Looking ahead, continued modernization, including through the Big 5, will raise administrative and capital spending on internal support over the next few years. Streamlining business processes and adopting technological innovations will allow the Fund to reap potentially significant efficiency gains over the medium-term, while improving the quality of service delivery (both in-house, and to the membership). Ensuring a good return on these investments will depend critically on proactive change management to address the impact of modernization on corporate organization and culture.

Proposed Shifts in Internal Support, FY 20
(Millions of FY 19 U.S. dollars)



Source: Office of Budget and Planning.

Net Structural Demands

Net savings of $2.9 million for FY 20.

Structural needs include higher spending on information security ($1.5 million), which is part of ongoing efforts to narrow the gap between risk assessment and approved risk appetite, the final tranche of revenue reduction from the recently expired World Bank lease in HQ2, and reduced publications income data due to digitalization in line with the Strategy on Data and Statistics (combined $1.6 million).

[17] Charge-back involves charging departments for corporate services (language and creative services), while show-back aims at bringing greater visibility into cost and supporting prioritization (IT services).

Savings

More cost-effective delivery of IT support services ($4 million) by transitioning to a managed service model for IT infrastructure ($2.1 million; recommended as part of the TransformIT initiative) and implementing a revised strategy for sourcing IT providers ($1.9 million). Additional savings will be realized from rationalization of translation volume and other streamlining initiatives ($0.4 million).

Shifting the acquisition cost of the Fund's fleet of vehicles to the capital budget, consistent with the fixed asset nature, will free up $1 million in the administrative budget (see section on Capital Budget). This will help offset some of the shifts in IT expenditures from capital costs to annual license and subscription fees as systems are transitioning to the cloud.

Transitional needs

$9.5 million, of which around half to support the CCBR and 1HR. The bulk of the remainder is to support projects like the digital workplace and iData, through project coordination and change management ($1.8 million), and a range of other supporting services (e.g., the iLab and internal justice offices). Overall, this compares to $8.5 million provided in FY 19.

FROM OUTPUTS TO INPUTS

Output Spending Shifts are Reflected in Departmental Budgets

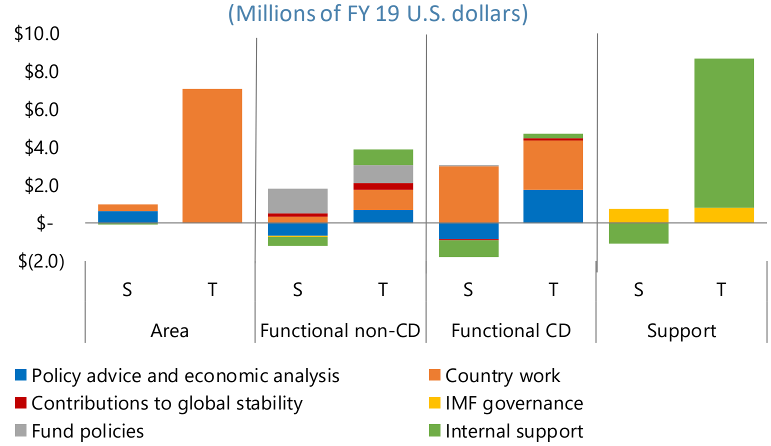
Trends in departmental budgets

Resources are continuously reallocated within and across departments to meet changing needs of the membership and output shifts, as discussed above. With the unwinding of the global financial crisis, over time resources have shifted away from area departments to non-CD functional departments. More recently, resources have been shifted to support departments to address spending pressures in physical and IT security as well as economic data and knowledge management initiatives. CD functional departments have seen significant increases, mostly related to donor funded activities.

Slight reversal in FY 20 to meet output shifts

In FY 20, the output shifts discussed above are reflected in a small reversal of recent trends, with a net structural reduction in the budget for support departments, mostly due to TransformIT savings and a net increase in structural resources to area and functional departments (Figure 3). This net structural increase, together with corporate needs to accommodate loss of HQ2 lease revenue and publication income, is funded with central savings and reallocations of $4.5 million stemming from IT cost recovery from donor-funded CD, holding the travel budget constant in nominal terms, the effects of the U.S. Tax Reform on personnel costs, and moving acquisition costs of the Fund's vehicle fleet to the capital budget. All departments will receive transitional funds to meet identified short-term priorities as discussed earlier, with roughly one-third each provided to area and support departments. Key departmental highlights are also summarized below and shown in Table 3 and Table 4.

Figure 3. FY 20 Budget Adjustments, by Department Type and FTCs 1/
(Millions of FY 19 U.S. dollars)



1/ Not allocated are central demands (loss of HQ2 lease and publication income) and central savings.
Note: S = Structural; T = Transitional

Area departments: Intensified country engagement

AFR will receive additional structural and transitional resources for two new resident representative (RR) posts and to help meet demands related to additional program work and fragile states. **APD** will see a small structural increase for work on critical surveillance countries together with continued transitional funds for a RR post and some program work. **EUR** will continue its downsizing with a structural budget reduction more than offset by transitional funds to help with the transition, including the closure of RR posts and some program work. **MCD** will receive some structural and transitional funds for intensified country engagement, while **WHD** will receive mostly transitional resources, including for two new RR posts.

Functional non-CD departments: Resources shift in line with policy and review work

Within an unchanged structural budget, **FIN** will reallocate 17 percent of resources to new work related to upgrades to financial systems, the Global Financial Safety Net, Investment and Risk Management activities, the 15th Quota Review and work on IMF resources (quota and borrowing). **RES** will receive the last tranche of transitional funding for the structural reforms unit as RES absorbs the costs in a budget neutral way. **SPR** will shift resources from completed policy reviews to new work endorsed in the Board work program and will receive transitional resources for review, trade, CSR, work on the Digital Workplace, and support to the G7/G20 presidencies. Finally, **COM's** budget will increase by a small amount to right-size the Fund's Giving Campaign to match increased contributions.

Functional CD departments: work supported by mix of structural and transitional resources

Internal savings and transitional resources will enable **FAD** to step up work on governance and SDGs and fund international tax work from the structural budget. Offset by increased Trust Fund Management Fees, **ICD** will receive contractual resources for fundraising and management of donor funded resources as well as transitional resources for the internal training unit and risk management of IT systems. **LEG** will receive funding for work on AML/CFT and governance and anti-corruption, including to implement the enhanced governance framework. Through a combination of internal savings, and additional structural and transitional resources, **MCM** will accommodate new needs, including for macro financial surveillance and FSAPs, Fintech and governance, and systemic risk analysis. Concluding the modernization of its data management operation, **STA** will receive transitional resources to backfill two staff working on the implementation of the iData project.

Support departments: Transitional resources to cover critical temporary needs

CSF remains structurally flat while receiving transitional resources for utilities, security services, copyright issues, and third-party risk management as well as HQ1 Renewal-related costs. **HRD** will be allocated significant transitional resources to support work on corporate initiatives, including the HR Strategy, 1HR, and the CCBR. **ITD** continues its efforts to reduce costs and release resources for priority needs, resulting in a net structural reduction of $0.7 million, after TransformIT-related savings of $2.1 million and implementation of a revised strategy for sourcing IT providers that is expected to generate $1.9 million in savings. Transitional resources are provided for elevated IT support costs until the implementation of a new economic data management platform (iDATA project) and HQ1 Renewal-related costs. **SEC** will receive a mix of structural and transitional resources for costs associated with the Annual and Spring Meetings.

Table 3. Budget Adjustments by Department, FY 19–20

(Millions of FY 19 U.S. dollars)

	FY 19 Approved Budget	FY 19 Transitional Funds 1/	FY 20 Proposed Adjustments: New Structural Needs	Structural Savings & Reallocations	Net Structural Increase (+)	Transitional Resources
Area	**295.1**	**4.3**	**6.2**	**5.2**	**1.0**	**7.0**
AFR	86.8	1.8	2.4	0.3	2.1	2.1
APD	42.8	0.9	1.1	0.8	0.3	0.8
EUR	67.6	0.9	0.9	2.7	(1.8)	2.8
MCD	51.2	0.7	0.9	0.6	0.3	0.2
WHD	46.7	-	1.0	0.8	0.2	1.1
Functional Non-CD	**159.5**	**2.9**	**13.6**	**13.0**	**0.6**	**3.9**
COM	37.7	0.2	0.5	0.3	0.2	0.1
FIN	35.1	0.5	5.5	5.5	(0.0)	0.5
RES	34.3	0.6	0.3	0.3	-	0.2
SPR	52.5	1.7	7.3	6.8	0.4	3.1
Functional CD	**246.9**	**4.6**	**5.5**	**4.3**	**1.3**	**4.7**
FAD	60.9	0.6	1.0	0.9	0.1	1.2
ICD	33.8	0.7	0.1	0.1	-	0.7
LEG	27.6	0.7	1.5	0.8	0.7	0.6
MCM	83.5	2.1	2.9	2.4	0.5	2.0
STA	41.1	0.4	-	-	-	0.3
Support	**271.5**	**4.1**	**5.3**	**5.7**	**(0.3)**	**8.7**
CSF	96.3	2.7	1.0	1.0	0.0	1.6
HRD	34.6	1.6	-	0.3	(0.3)	5.0
ITD	104.9	1.3	3.3	4.0	(0.7)	1.0
OBP	5.0	-	0.3	0.3	-	-
OIA	5.1	-	-	-	-	-
ORM	2.9	0.1	-	-	-	0.2
SEC	22.6	1.0	0.8	-	0.8	0.8
Total Departments 2/	**973.0**	**18.5**	**30.7**	**28.1**	**2.6**	**24.3**
Small offices 3/	**39.1**	**0.8**	**0.5**	**0.4**	**0.1**	**0.6**
Total Departments/offices	**1,012.1**	**19.3**	**31.1**	**28.5**	**2.7**	**24.9**
OED, IEO, others	**116.4**	**-**	**-**	**-**	-	-
Other 4/	**6.7**	**-**	**1.8**	**-**	**1.8**	**0.4**
Central Savings (estimated)				**4.5**	**(4.5)**	
Total 5/	**1,135.2**	**19.3**	**33.0**	**33.0**	**0.0**	**25.4**

Source: Office of Budget and Planning.

1/ Ex-ante, in line with FY 19-21 Medium-Term Budget paper; actual transfers may vary.

2/ Includes offices with Accountability Framework discussions with Management.

3/ Includes the Offices of the Managing Director and Deputy Managing Directors, Innovation Lab, Knowledge Management, Office for Asia and the Pacific, Office in Europe, Overseas Trainining Offices, Economic Data Team, HQ1 Task Force, Mediator, Ethics Office, Office of Internal Investigation, Secretarial Support Group.

4/ Includes revenue losses from HQ2 leases and publications, and price adjustments in commercial data subscriptions.

5/ The table does not account for FTEs transfer from HQT to CSF and EDT to STA.

Table 4. FTE Changes by Department Type, FY 19–20
(Full-time equivalents (FTEs), excluding donor funding)

	FY 19	FY 20 Proposed		Transitional	
	Approved Budget	Structural Adjustments	Total	FY 19 1/	FY 20 Proposed
Area	**785**	**3**	**789**	**12**	**18**
AFR	220	5	226	5	5
APD	112	2	114	2	1
EUR	186	(6)	180	3	8
MCD	134	2	136	2	1
WHD	133	(0)	133	-	3
Total					
Functional Non-CD	**501**	**1**	**502**	**6**	**10**
COM	92	-	92	-	-
FIN	130	(0)	130	-	-
RES	110	-	110	2	1
SPR	169	1	170	4	9
Functional CD	**717**	**11**	**728**	**10**	**8**
FAD	161	1	162	1	3
ICD	124	-	124	2	1
LEG	82	2	84	2	2
MCM	218	4	222	5	3
STA 2/	133	4	137	-	-
Support	**510**	**6**	**516**	**3**	**7**
CSF 3/	157	6	163	-	-
HRD	91	-	91	3	6
ITD	153	-	153	-	-
OBP	16	-	16	-	-
OIA	16	-	16	-	-
ORM	10	-	10	-	-
SEC	68	-	68	0	1
Small offices	**79**	**(9)**	**70**	**1**	**1**
HQT	7	(6)	1	-	-
ILU	1	1	2	1	1
OED, IEO, others	**275**	**(3)**	**272**	**-**	**-**
Total	**2,868**	**9**	**2,878**	**31**	**44**

Source: Office of Budget and Planning.
1/ Ex-ante, in line with FY 19-21 Medium-Term Budget paper; actual transfers may vary.
2/ Includes 4 FTEs transfer from EDT to STA.
3/ Includes 6 FTEs transfer from HQT to CSF.

Budget Input Structure

Broadly unchanged

The flat real budget (excluding a reduction in the travel budget from FY 19 for the Annual Meetings in Indonesia) is translated into a nominal budget using the Global External Deflator (GED). As noted in the Overview Section, the GED has two components: a personnel component (70 percent) which will increase by the Board approved compensation adjustment of 2.7 percent, and a non-personnel component (30 percent) which is tied to the projected U.S. CPI. Formulated within this aggregate budget envelope, the FY 20 input budgets (personnel, travel, and building and other expenses) reflect the departmental budget adjustments that are planned to meet the above-discussed budget priorities and output shifts. The input structure is broadly unchanged from FY 19 (Table 5).

Table 5. Administrative Budget Envelope, FY 19–20
(Millions of U.S. dollars)

	FY 19			Proposed FY 20		
	Approved Budget	Transitional demands	Available Resources	Approved Budget	Transitional demands	Available Resources
Net administrative budget (in FY 19 U.S. dollars)	1,135		1,154	1,129		1,184
of which Annual Meetings	*6*					
Net administrative budget (nominal terms) 1/	1,135		1,154	1,158		1,184
of which Annual Meetings	*6*					
Total Gross (nominal terms)	1,371		1,417	1,397		1,444
Fund-financed						
Gross administrative budget	1,175	19	1,194	1,197	25	1,223
Personnel	870	12	882	894	17	911
Travel	87	0	88	81	1	81
Buildings and other expenses	205	7	211	209	8	216
Contingency 2/	12	…	12	14	…	14
Receipts	-40		-40	-39		-39
Net administrative resources	*1,135*		*1,154*	*1,158*		*1,184*
Carry forward (upper limit)	46		27	47		22
Total net available resources	1,181		1,181	1,205		1,205
Externally-financed						
Gross administrative budget	196		196	200		200
Personnel	139		139	141		141
Travel	47		47	48		48
Buildings and other expenses	10		10	10		10
Receipts	-196		-196	-200		-200
Net administrative budget	-		-	-		-

Source: Office of Budget and Planning.

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

1/ The GED is applied to the administrative budget (formulated in real terms) to obtain the nominal budget. For calculation of GED see Appendix I.

2/ Includes the contingencies for staff, OED, and IEO. Included is the proposed transfer of $0.8 million from OED's budget to staff as additional reserve for institutional priorities.

FY 20–22 CAPITAL BUDGET PROPOSAL

The Capital Budget

The capital budget appropriation covers investment, maintenance, and improvement in the Fund's building facilities, information technology (IT) and other fixed assets. The proposed appropriation for FY 20 is about $15 million (21 percent) higher than assumed in the FY 19–21 Medium-Term Budget (MTB) (Table 6). The increase reflects needed improvements and security enhancement projects to the campus and investments in the Big 5 which promise to modernize and transform the way we work.

Over the past year, considerable work has gone into defining IT capital budget needs. However, the overall level of effort, timing and sequencing of the Big 5 programs are still being refined as teams are working through the pre-implementation phases and developing cost benefit analyses to justify approval and release of funding. The proposed capital budget appropriation is based on what is currently known and expected delivery capacity, and changes in the timing and capital budget envelope may be warranted as the work matures.

A Big 5 governance structure has been established to provide strong ownership and accountability. The Board will be engaged as work on the Big 5 programs progress. In particular, the business cases and CBAs will be presented to the Board as they become available, and the Board will be kept informed of implementation progress.

Table 6. Medium-term Capital Budget, FY 19–22

(Millions of U.S. dollars)

	Approved	Proposed	Estimated	
	FY 19	FY 20	FY 21	FY 22
Total	**71**	**86**	**96**	**82**
Building Facilities	**36**	**41**	**49**	**33**
Of which:				
Life-cycle, buildings and systems 1/	21	16	28	25
Of which: Furniture	*11*	*4*	*11*	*7*
Audio-Visual	7	5	5	5
HQ1 Building Systems 2/		0	10	10
Improvements	10	16	8	4
HQ Security		5	9	
Information Technology	**36**	**45**	**47**	**48**
Of which:				
Big 5 programs & prerequisites 3/	26	30	31	16
Infrastructure End-of-life 1/	9	6	10	12

Sources: Office of Budget and Planning, and departments for Corporate Services and Facilities, and Information Technology.

1/ Long-term plans included in Appendix VII.

2/ Includes HQ1 electrical and cooling systems that have reached end-of-life and are not included in the HQ1 renewal project.

3/ FY 20-22 resource needs contingent on approval of cost benefit analysis and finalized business cases.

Facilities Capital

Facilities budget includes campus improvements, security enhancements and end-of-life replacements

The proposed capital budget appropriation for facilities is $41 million to provide improvements to the HQ buildings, enhance security, and replace facilities and systems that have reached end-of-life.

- $16 million is needed for improvements to reconfigure space in HQ2 following the completion of HQ1 Renewal, decommission the HQ2 data center and reclaim the space, improve visitor entrances and way-finding orientation, enhance the HQ1 Atrium, including the completion of the digital wall, and clean the exterior façade of HQ1.
- Enhancements to HQ security will require $5 million to replace aging blast protection film on HQ1 windows and conduct feasibility studies to confirm the cost to install bollards (currently estimated at $9 million in FY 21) to structurally reinforce the HQ1 building perimeter. These security-related projects were originally planned for FY 17–19 following the recommendations of an independent security expert. However, the scope, complexity and the need for engagement with the District of Columbia government agencies have impacted the timeline, resulting in the expiry of $5.8 million in capital funds previously appropriated for security measures.
- Another $16 million will cover replacement of furniture, audio-visual and other systems that have reached end-of-life.
- Starting in FY 20, the capital budget also includes $1.2 million for the regular replacement cost of the Fund's fleet of around 140 vehicles in field offices and at HQ, including the cost of armoring where necessitated by the security situation.

Medium-term facilities capital needs

The outer years of the MTB include approximately $20 million for replacement of aging HQ1 building systems (mainly chillers used for cooling, electrical substations, and backup generator). This was not included in the scope of the HQ1 Renewal project because the original completion date of the building renovation was well before the end-of-life of these systems. Following finalization of a facilities condition assessment and subsequent engineering studies, the long-term facilities capital plan has been updated to include an additional $36 million for HQ1 building systems replacement needs beyond the amounts included for FY 20–22.[18]

The final stages of office furniture replacement are also included in the outer years, at the end of which all office furniture in both HQ1 and HQ2 buildings will have been updated.

[18] Appendix VII provides the updated long-term plans for both facilities and IT infrastructure.

Information Technology Capital

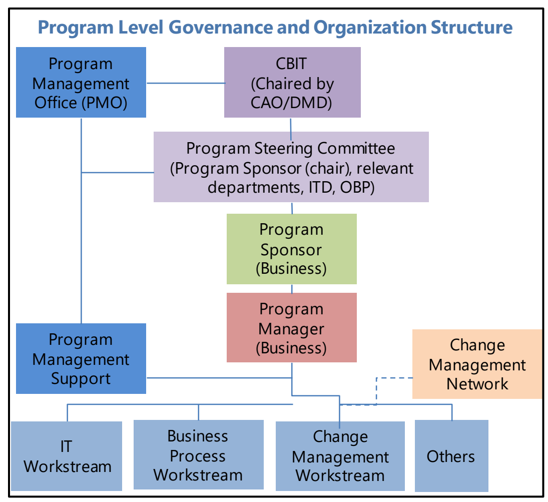
Bulk of IT capital supports modernization of critical systems

The proposed IT capital budget appropriation for FY 20 is $45 million, which is $8 million higher than what was assumed in last year's budget paper. Two-thirds of the proposed budget is to support the modernization of systems and work practices as part of the Big 5, with a large portion thereof expected to support the implementation of the 1HR system that began in FY 19. The remainder is principally aimed at improving information security, replacing end-of-life infrastructure, and preparing for the replacement of other legacy systems.

Big 5 program governance…

To prepare for the implementation of the Big 5 programs, a governance structure has been established to ensure accountability, adhere to budget and schedule, and manage risks:

- Each program has a Department Director[19] as Program Sponsor who is accountable to Management (the Chief Administrative Officer (CAO)/DMD) for program execution, and a program management team that is led by an experienced senior staff member and includes subject matter experts. This team works closely with consultants hired to support the planning, process redesign and implementation effort (see chart).



- A Steering Committee (SC) has been established for each program for major decisions. The SC is comprised of the Directors of the departments most impacted by the program, the Chief Information Office (CIO), and the Director of the Office of Budget and Planning (OBP).
- A corporate Program Management Office (PMO) has been established to provide independent oversight of the Big 5 and to support Program Managers. This office provides best practice project management guidance in the areas of risk and budget management, scope and change control, schedule tracking, dependency management and governance. The PMO's participation includes both in-depth operational level meetings and SC activities. It provides an important link and communications between the Big 5 programs and Fund Management, via the Committee on Business and Technology (CBIT) that is chaired by the CAO/DMD.

[19] The Program Sponsor for KM is a Deputy Director with knowledge in that area.

- A key component common to all the Big 5 programs is the emphasis on change management and communication. This is supported by a recently-established Change Management Network led by SPR.
- Monthly progress reporting to CBIT and a risk register managed by the PMO are designed to ensure that budget, schedule and scope risks are identified early and that mitigation measures are executed on a timely basis.

… and preparing for implementation

Considerable work has gone into preparing each of the Big 5 programs. Following CBIT approval of the business need, initial funding has been allocated for pre-implementation work. This includes developing requirements based on redesigned and streamlined work processes, market analysis ahead of systems solution selection, and subsequent implementation partner selection.

As these steps are completed, program teams finalize the CBA, which will have a multi-year focus. All costs must be quantified, from the upfront pre-implementation costs to the ongoing costs for licensing and support. Benefits to be quantified include IT cost savings from the elimination of legacy systems and from efficiency and productivity gains. The CBA will provide the basis for determination of return on investment, an important input into the final investment decision.

The Program Sponsors present the CBA and finalized business case for SC approval, before requesting CBIT approval of implementation funding. To mitigate risk and ensure that benefits are realized, departmental commitments to the stated savings will be required upfront, and savings capture plans will be developed with OBP, and, where needed, HRD.

Each Big 5 is on a different schedule with 1HR and CDMAP most advanced

Figure 4 shows a high-level overview of the status of each Big 5, while Appendix VIII provides more detailed information on objectives, anticipated timelines, and governance.

- The Fund's HR systems and processes are particularly out of date and in need of modernization, in part to strengthen controls and reduce the risk of potentially costly errors. Accordingly, **1HR** is the most advanced of the Big 5. Business process re-engineering was completed in mid-2018. The selection of software platform was completed around the same time as a precursor to the selection of an implementation partner. Systems implementation has recently started. The 1HR CBA is currently being finalized, ahead of planned interdepartmental consultations, change management and communication efforts. The CBA and finalized business case are expected to be presented to the Board in the first quarter of FY 20.
- The **CD Management and Administration Program (CDMAP)** has finalized the scoping phase and is currently in the pre-implementation phase which includes solution selection. It will thereafter proceed with implementation partner selection. Work on the CBA is proceeding in

parallel and will be finalized when the implementation selections have been completed. A Board presentation could take place in the second or third quarter of FY 20.

- The **Integrated Digital Workplace (IDW)** is in the planning and design phases. It is reviewing work processes for country and other workstreams as part of developing the strategy for the future state. This will allow selection of software solutions and implementation support, which in turn will provide the basis for development of the CBA and finalizing the business case, which will take some time still.
- **The Knowledge Management Program (KM)** is in the process of implementing supporting tools. This includes implementation of an enhanced Knowledge Exchange, auto-tagging of documents, and upgrading the enterprise search tool. The most substantial part of the KM effort is implementing a new document management system, for which planning and system solution selection is underway. The timeline is yet to be decided given linkages also to the IDW.
- Requirements are being redefined for **iDATA**, the new data management platform. An initial software selection process proved unsuccessful given the Fund's unique economic data management and dissemination needs. Work is underway to address these challenges with inputs from developers, and systems integrators that operate in this space, as well as simplifying requirements. This is expected to take some time still.

Figure 4. Big 5: High-level Overview of Status

	Planning, design, process re-engineering, requirements	System solution selection	Implementation partner selection	Cost benefit analysis and finalized business case	Implementation
1HR	✓	✓	✓	In Progress	Initiated
CDMAP	✓	In Progress		In Progress	
Digital Workplace	In Progress				
KM 1/				In Progress	
- Auto-tagging	✓	✓	✓	n.a.	Initiated
- Enterprise search	✓	In Progress	n.a.	n.a.	
- Strenghtened Knowledge Exch.	✓	n.a.	n.a.	n.a.	Initiated
- New document mgmt. system	In Progress	In Progress		n.a.	
iDATA	In Progress				

Notes: 1/ Business case and CBA will be prepared for the whole KM program, rather than individual tools.

Establishing the foundational platforms for the Big 5

In the meantime, work continues to establish the foundational platforms necessary for implementing the Big 5. From the FY 20 IT capital budget envelope, pre-requisite projects (identity access management, cloud development and integration platforms) will require about 3½ million. These projects will enable the migration of information and applications to the cloud and provide the foundational platforms to ensure proper integration, data management, and security controls.

Overall capital IT budget needs for Big 5 programs and pre-requisites

Until the CBAs and the schedules have been completed for all the Big 5s, it is difficult to determine the overall level of effort and the return on investment. Based on current estimates, total multi-year capital costs may be in the range of $92-110 million, including $36 million allocated through FY 19. In addition, the multi-year capital cost of the pre-requisites is estimated at around $8 million, of which close to $3 million has been allocated through FY 19.

Considering the institution's capacity to deliver on such a broad range of initiatives at the same time, $30 million is believed to be a prudent IT capital budget appropriation for the Big 5 and pre-requisites for FY 20. In the event that planning and design phases progress more quickly than anticipated, it is possible that the capital resource needs for FY 20 could increase. Should this be the case, the cost of delaying project implementation will have to be weighed against the cost of seeking a supplemental capital budget appropriation.

Other IT needs, including IT security and infrastructure

Other IT needs that require funding in FY 20 are as follows:

- Critical **IT security-related projects** total around $4½ million and seek to strengthen privileged access management and replace an obsolete system. Also included under information security is funding for relocation of the Business Continuity Center (BCC), due to the World Bank terminating the lease on the existing shared BCC location.
- Another $4½ million is expected to be allocated for **other priority needs**, including preparatory work on other legacy systems (e.g., IMF.org platform and the member banking system) that will need upgrading or replacement in the medium-term, a Big Data platform, and improvements to the portal used by donors.
- The remaining $6 million is for life-cycle **infrastructure** replacements. This is somewhat lower than indicated in the FY 19–21 MTB, driven by longer life expectancies for mobile devices and lower storage needs due to systems migrating to cloud platforms.

Elevated medium-term IT capital needs

IT capital budget needs are expected to be elevated in the medium term. In addition to continued funding needs for the Big 5, other critical legacy systems will require funding either to begin planning or possibly to start implementation. These include the member banking, administrative financial, and travel management systems that are reaching end of life. As with the Big 5, these projects will aim to implement best in class IT solutions, streamline processes and identify efficiencies or other cost reductions to provide adequate return on investment.

Eventually, the migration of legacy, on-premise systems to cloud-based solutions should result in lower capital needs, since the cloud solutions inherently provide for the platform to always be up-to-date and not require periodic, costly upgrades.

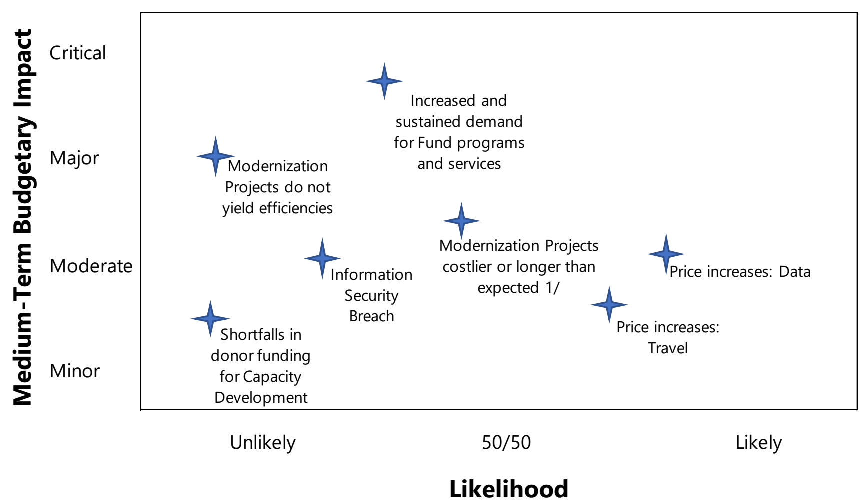
RISKS TO THE BUDGET

Risk Preparedness, Mitigation and Management

Near-term risks and budgetary buffers

Given higher rates of budget utilization and an increase in the upfront allocation of transitional funds in FY 20, the Fund's ability to absorb unanticipated shocks has been reduced. Lower budgetary buffers require stronger budget monitoring and controls. The main near-term risks are unforeseen demand for Fund programs, shocks related to price factors (travel, data), and information security incidents (see Risk Preparedness Matrix). Nevertheless, the potential budgetary impact is manageable in the near-term, through reprioritization, an unavoidable temporary rise in overtime, and use of departmental contingency measures and the central contingency. Should these risks materialize and persist over the medium term, an increase in the budget envelope could be required (Figure 5). As further described below, risks related to modernization efforts could have a significant negative budgetary impact should they materialize, while financing risks for CD activities are considered low.

Figure 5. FY 20–22 Budget Risk Matrix



Source: Office of Budget and Planning.
1/ Refers to administrative budget.

Medium-term risks

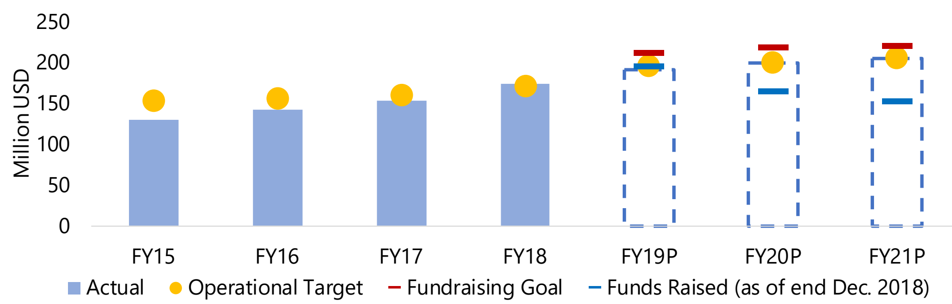
The ongoing modernization efforts present opportunities and risks. Plans for Big 5 program implementation are still under development, and uncertainty remains as to the eventual scope, phasing and cost of these initiatives. While funded from the capital budget, implementation requires support from the administrative budget in the form of staff time. Detailed project plans currently under development, and the oversight of a dedicated project management office, are intended to mitigate these risks.

Modernization is seen as a means to increase the Fund's cost-effectiveness and reduce risk exposure more generally. Realizing the planned benefits from implementation of these modernization efforts will be key to ensuring sufficient budget flexibility exists in the medium-term. This in turn will allow re-allocation of resources to higher-priority areas. Moreover, delays in or not replacing the highly customized and aging IT legacy systems would expose the Fund to increasingly costly systems maintenance and upgrades and would make it difficult to implement changes in policies and remediate vulnerabilities and control weaknesses.

Donor financing risks

While no further increases in donor financing of CD are envisaged, the scale of external funding poses some inherent risks. Funding is mobilized on a rolling basis and on a five year horizon. Based on an indicative annual breakdown, 67 percent of the five-year fundraising target has been committed by donors, and 75 percent of FY 20 funding goals secured (Figure 6). In general, there is a lag between CD fund-raising and spending, as disbursements are up front. Staff believe financing risks for donor financed activities are manageable. Efforts to further mitigate external funding risks are part of ICD's work program.

Figure 6. Externally Financed Spending and Operational Targets



Source: Institute for Capacity Development Department.

Risk Preparedness Matrix			
Risk Identified	**Vulnerability**	**Impact Assessment**	**Mitigation and Management**
Increased demand for Fund programs and other services.	Staffing is inadequate for new level of country engagement.	Budget and work pressures increase to meet the needs of membership.	Policy response involves a combination of reallocation, increased overtime, use of contingency. As last resort, increased funding.
Shortfalls in donor funding for Capacity Development.	Rollover risk is inherent to donor financing.	Pressures on CD delivery in short-term, difficulty prioritizing.	Careful planning of fundraising activities and alignment with Fund priorities via the CCB, including preference to CD in support of program work.
Price increases, e.g., related to travel or economic data.	Increased utilization of administrative budget provides limited scope to absorb unexpected price increases.	Pressure on resources for core services.	In short term, internal reprioritization and use of central contingency. In medium term, identification of offsetting savings. Working group led by STA to review budget formulation process for commercial data.
Information security breach.	The Fund is a cyber target like any other international organization.	The budgetary cost to respond and recover from a breach, and subsequent vulnerability remediation, could be significant.	Use of central contingency. Efforts underway to reduce information security risks.
Modernization projects costlier or implementation longer than expected.	Implementation of projects meet unexpected complications requiring further resources. Delays require costly changes to legacy systems.	Staff resources diverted towards implementation of major projects, higher costs crowd out core services.	Development of robust business cases, regular monitoring of implementation timelines, and upfront commitment for savings to be returned to the center for reallocation to Fund priorities.
Modernization efforts do not yield expected efficiencies or benefits.	Change management capacity is stretched too thinly. Project teams overpromise and/or underdeliver.	Inefficient work practices reduce the Fund's ability to address new work streams; staff morale negatively impacted.	Seek institutional consensus on implementation of measures, pay sufficient attention to needed changes in underlying business practices and change management efforts, and continue to seek modernization opportunities.

SUMMARY PROPOSAL FOR FY 20

Within the total administrative appropriation, 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. The capital budget is made up of two components: building facilities and information technology.

Table 7. Proposed Appropriations, FY 20

(Millions of U.S. dollars, unless otherwise noted)

	Other	OED	IEO	Total
Net administrative budget	1,076.6	75.3	6.4	1,158.4
Receipts	237.6	1.4	0.0	238.9
FY 19 carry forward (upper limit) 1/	31.5	14.8	0.6	46.9
Total gross expenditures (limit)	1,345.6	91.5	7.1	1,444.2
Capital budget				85.8
Information Technology				45.0
Building facilities				40.8
Memorandum items:				
FY 19 Net administrative budget	1,052.6	76.2	6.4	1,135.1
Carry forward, upper limit (in percent) 2/	3.0	20.0	10.0	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/ Includes for IEO a one-time increase in the carry forward limit from 5 percent to 10 percent as approved by the Evaluation Committee.

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 2020

A. Appropriations for net administrative expenditures for Financial Year 2020 are approved in the total amount of US$1,158.4 million, of which: (a) up to US$75.3 million may be used for the administrative expenditures of the Offices of Executive Directors, (b) up to US$6.4 million may be used for the administrative expenditures of the Independent Evaluation Office, and (c) up to US$1,076.6 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 2019 that have not been spent by April 30, 2019 are authorized to be carried forward and used for administrative expenditures in Financial Year 2020 in a total amount of up to US$46.9 million, with sub limits of (a) US$14.8 million for the Offices of Executive Directors, (b) US$0.6 million for the Independent Evaluation Office, and (c) US$31.5 million for the other administrative expenditures of the Fund.

A limit on gross administrative expenditures in Financial Year 2020 is approved in the total amount of US$1,444.2 million, with sub limits of (a) US$91.5 million for the administrative expenditures of the Offices of Executive Directors, (b) US$7.1 million for the administrative expenditures of the Independent Evaluation Office, and (c) US$1,345.6 million for the other administrative expenditures of the Fund.

Decision No. 2: Capital Budget Appropriations for Financial Year 2020

Appropriations for capital projects underway or beginning in Financial Year 2020 are approved in the total amount of US$85.8 million and are applied to the following project categories:

(i) Information Technology: US$45.0 million

(ii) Building Facilities: US$40.8 million

Appendix I. Key Budget Concepts and Deflator

***Financial year* (t)**: **May 1(t-1) to April 30(t)**

E.g., FY 19 = May 1, 2018 to April 30, 2019

Administrative budget:

Gross (total spending envelope)

\- (minus)

Receipts (donor funding + revenue)

=

Net (spending that needs funding)

Total Available Resources = **Net** + **Carry Forward**

Carry forward:

The right to spend budget allocations beyond the period for which budgetary authority is normally granted (12 months). The amount that can be carried forward (CF) in any given financial year is capped at 3 percent of the net administrative budget for staff, 5 percent for IEO, and 20 percent for OED. The CF can be the minimum of the underspend in the current year or the specified ratio (i.e. x = 3, 5, or 20%) of the current year's approved net administrative budget. Specifically:

$$CF_t = \min(U_t, x\, B_t)$$

Where:

U_t = underspend in current FY ($B_t + CF_{t-1} - E_t$)

B_t = net administrative budget in current FY

CF_{t-1} = carry forward from previous FY

E_t = net expenditures in current FY

x = ratio limit of CF

Global external deflator:

Price index applied to administrative budget (formulated in real terms) to obtain nominal budget. It is calculated based on two components:

- Personnel component (70 percent)—Board approved structure adjustment for Fund salaries. It is determined exogenously as the outcome of the Fund's rules-based compensation system endorsed by the Board.
- Non-personnel component (30 percent)—based on an index that reflects most closely the Fund's non-staff related costs (travel, facilities, and IT). This is measured by the projected U.S. CPI in the most recently published World Economic Outlook (WEO).

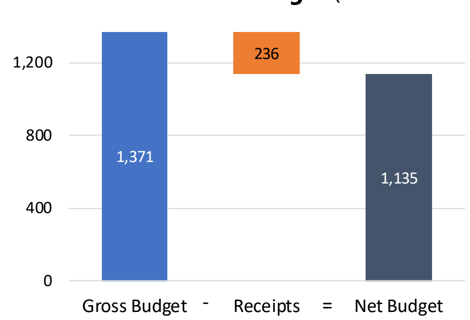
Capital budget:

Used to finance one-off investments in information technology, building improvements and repairs, and other fixed assets. Given the long-term nature of these projects, capital budgets are available for a period of three years, after which time unspent appropriations lapse.

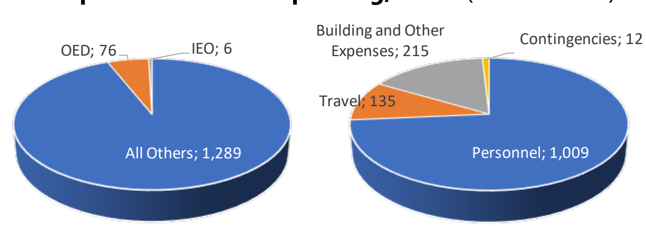
A project is included in the capital budget if it is for:

- the acquisition of building or IT equipment;
- construction, major renovation, or repairs;
- major IT software development or infrastructure projects.

FY 19 Administrative Budget (Millions USD)



Composition of Gross Spending, FY 19 (Millions USD)



(Including donor-financed capacity development)

Appendix II. Projected FY 19 Outturn

This appendix provides an overview of projected spending for FY 19 based on information available through end-January. It reports on spending projections in both the Fund's Thematic Categories and main budget categories. Also included is an overview of capital investments.

A. Spending by the Fund's Thematic Categories

1. **The FY 19 budget aimed to support the continued strengthening of the global recovery and to efficiently and effectively respond to evolving needs of the membership, including through increased modernizing efforts.** Within a flat structural budget and an upfront allocation of $19 million in transitional funding, the budget provisioned for increased country work and policy advice and economic analysis. Resources were also provided for modernization efforts, including 1HR and IT systems for data and knowledge management. Additionally, the budget reflected reallocation efforts of about $25 million (2.5 percent of the net budget), including modest savings from departmental efficiencies and central savings, such as holding the travel budget constant in nominal terms.

1. **Spending on outputs is expected to be broadly in line with plans, with Fund-financed resources projected to shift towards country work and away from internal support** (Table 1 and Appendix V). Projections for FY 19 suggest that spending is consistent with the key priorities. In particular, a shift towards country work is reflected in higher than planned spending on bilateral surveillance and on work related to non-financial instruments. So far in FY 19, functional departments have increased support to country work in area departments, covering surveillance and programs (including non-financial instruments). FSAP spending has also increased because of a larger number of systemic FSAPs than in FY 18. AFR and APD have shifted some spending from country work to regional or analytical work (for APD, this is in part due to work in the run-up to the Annual Meetings in Indonesia). Policy advice and economic analysis saw an uptick, particularly in the area of monetary and financial policies, reflecting analytical work such as central bank digital currency and the Bali Fintech Agenda and follow-up regional workshops.

Table 1. Gross Administrative Fund-Financed Resources: Allocation by Output, FY 17–19
(Millions of FY 19 U.S. dollars)

	FY 17 Outturn	FY 18 Outturn	FY 19 Estimated Resources	FY 19 Projected Outturn
Total	**1,163**	**1,167**	**1,175**	**1,171**
Country engagement	463	461	467	479
Policy advice and economic analysis	158	164	166	170
Contributions to global stability	25	22	23	23
Fund policies	28	29	26	30
IMF Governance	118	117	118	114
Internal organization/support	320	345	335	342
Miscellaneous 1/	25	20	28	13
Contingency	. . .	. . .	12	. . .
Reconciliation item 2/	28	8	. . .	. . .

Source: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).
1/ The "Miscellaneous" classification covers expenditures that currently cannot be allocated to specific outputs within the ACES model.
2/ Reconciliation to gross administrative expenditures as per the Fund's financial system.

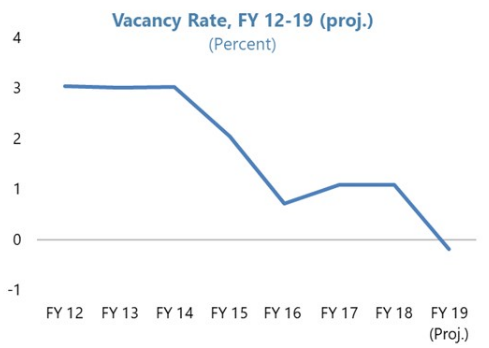
B. Spending by Inputs

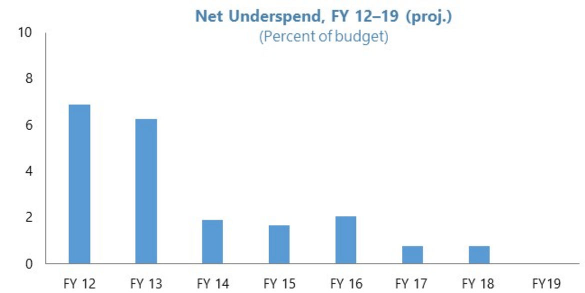
2. **The FY 19 approved structural budget is projected to be fully spent, with carry-forward funds intact and available for short-term needs in FY 20** (Figure 1). Under a flat real budget since FY 12, budget utilization has steadily increased given the more aggressive upfront allocation of carry-forward resources to departments in recent years. Better budget utilization has also contributed to improvements in workload indicators—in the recent past, the Fund-wide

average overtime rate has remained at around 11 percent and the median rate at about 6 percent. Pockets of higher overtime continue to exist, particularly among staff working on complex program countries and among senior staff, more generally.[1]

Figure 1. Budget and Workload Indicators

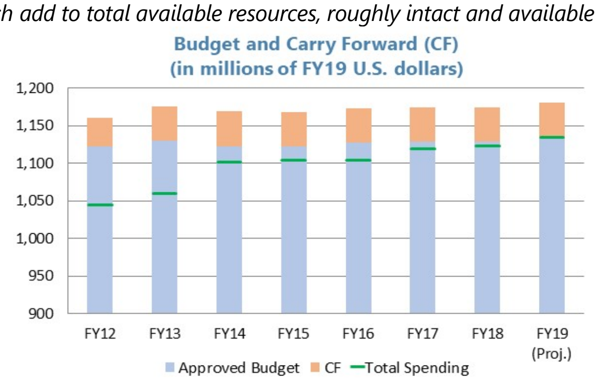
The average Fund-wide staff vacancy rate has continued to decline and is projected to end the year just below zero percent. Full budget utilization relative to the approved structural budget is projected….





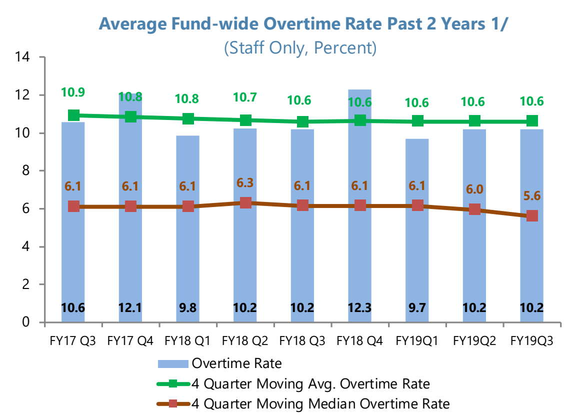
Note: Excludes additional contributions to the RSBIA in FY 12, FY 13, FY 16 and FY 17.

… with carry forward funds, which add to total available resources, roughly intact and available for the following financial year.

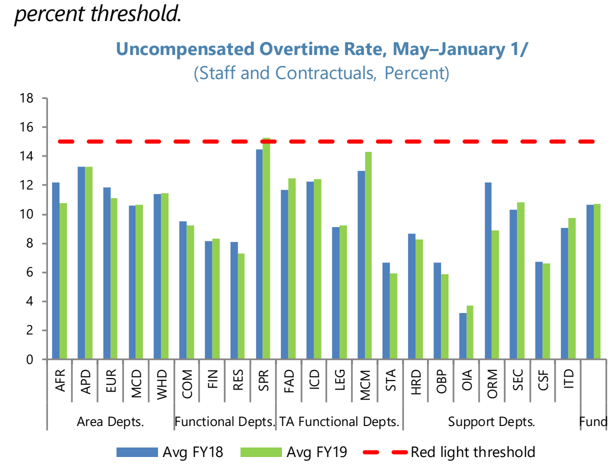


Note: Excludes additional contributions to the RSBIA in FY 12, FY 13, FY 16, and FY 17.

The average Fund-wide overtime rate remains constant at around 11 percent, with a significantly lower median rate.



Fund-wide average uncompensated overtime rates also remain constant. All departments, except for one, are below the 15 percent threshold.



Sources: TRACES, TIMS, HRPROD.

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

[1] Overtime rates are much lower for support staff (A1–A8), the only group eligible for overtime compensation.

3. **The overall high utilization is reflected in the main budget categories** (Table 2). Spending on personnel and under buildings and other expenses is projected to be higher than the structural budget but can be offset with lower spending in travel.[2] At the aggregate, carry forward funds were not tapped into and are available to meet transitional needs in FY 20. Externally funded activities, symmetrically captured in receipts and expenses, are estimated to end the year slightly below the established operational target. Details by main budget category are presented below.

Table 2. Net Administrative Budget: Estimated Outturn, FY 18–19
(Millions of U.S. dollars)

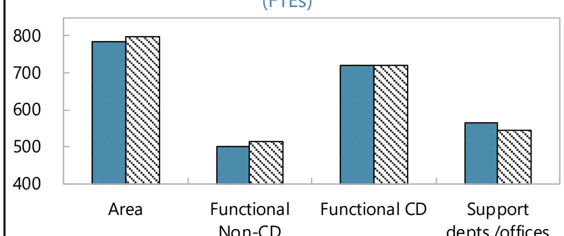
	FY 18		FY 19					
	Budget	Outturn	Budget			Projected Outturn		
	Total	Total	Fund-financed	Externally-funded	Total	Fund-financed	Externally-funded	Total
Gross expenditures	**1,315**	**1,309**	**1,175**	**196**	**1,371**	**1,171**	**192**	**1,363**
Personnel	969	962	870	139	1,009	876	128	1,004
Travel	126	121	87	47	135	79	48	127
Of which: Annual Meetings			*6*		*6*	*5*		*5*
Buildings and other expenses	209	226	205	10	215	216	16	233
Contingency 1/	11	...	12	0	12	...	...	...
Receipts	(211)	(211)	(40)	(196)	(236)	(36)	(192)	(228)
Net expenditures	**1,104**	**1,099**	**1,135**	**0**	**1,135**	**1,135**	**0**	**1,135**
Memorandum items:								
Carry forward from previous year	44		46		46			
Total net available resources and spending	1,148		1,181		1,181	1,135		1,135

Sources: Office of Budget and Planning and PeopleSoft Financials.
Note: Figures may not add to totals due to rounding.
1/ Represents the contingencies for staff, OED and IEO.

Personnel

4. **Spending on Fund-financed personnel is projected to slightly exceed the structural budget.** Measured relative to structural FTE levels, departments are projected to end the year with an average vacancy rate of just below zero percent, which in effect means that at the aggregate level all structural vacancies are filled with some spillover into transitional positions. Vacancies vary by department type: while area and functional non-CD departments are projected to slightly exceed their approved structural FTEs and making use of transitional positions, functional CD departments are projected to be at structural levels and support departments below.

Budgeted Staff Positions vs. Projected Outturn by Department Type, FY 19 1/
(FTEs)



Source: Office of Budget and Planning.
1/ Fund-financed only.

[2] A more detailed breakdown of expenditures over the past years is presented in the Statistical Tables, Appendix IX.

5. **The actual average salary is projected to be lower than the average mid-point salary in the FY 19 budget.** This is consistent with the experience of recent years. Turnover generally results in departing staff being replaced with staff with salaries below the grade mid-points, which causes the Fund-wide average salary to fall below the budgeted average. This erosion determines the merit envelope and is calculated as the difference between the average midpoint and actual average salary at the end of the financial year. The annual merit envelope is capped at 1.9 percent of actual salaries of eligible staff. Individual merit increases are tied to performance ratings and paid July 1 of the following year.

Travel

6. **Utilization of the travel budget is projected to be around 90 percent.** Travel volume increased, particularly to Asia due to the Annual Meetings in Indonesia but also to Africa and the Middle East, mostly related to intensified engagement on surveillance and program activities. Largely driven by higher prices to Asia, the cost per mile rose slightly from $0.37 to $0.38 in the first six months of the year. Notwithstanding this increase, continued prudent travel management should help to keep costs down. The travel budget will again be held constant in nominal terms for FY 20.

Travel, FY 18–19
(Fund-Financed, millions of U.S. dollars)

	FY 18		FY 19	
	Budget	Outturn	Budget	Proj. Outturn
Total	**81**	**76**	**87**	**79**
Business 1/	65	60	72	66
Seminars/Participant	5	5	4	3
Settlement	9	9	9	7
Miscellaneous travel	2	2	2	3

Source: Office of Budget and Planning.
1/ FY 19 budget includes $6 million for travel to the Annual Meetings in Indonesia.

Average Cost per Mile, FY 12–19
(U.S. dollars)

	FY 12	FY 13	FY 14 1/	FY 15	FY 16	FY 17	FY 18	FY 19 2/
Average cost per mile 3/	0.41	0.39	0.41	0.39	0.37	0.36	0.37	0.38

Source: Corporate Services and Facilities Department.

1/ Costing methodology for cost-per-mile changed beginning with FY 14.
2/ FY 19 Cost per mile is based on the first six months of data (May-October).
3/ Indicator is based on international travel only.

7. **Spending on buildings and other expenses is projected to continue to be above the approved budget** (see Table 3 and Box on Security Spending). Higher outlays on building occupancy include increased costs of the HQ Guard services contract, as well as for utilities and leases. Slightly higher spending in information technology is mainly related to temporary vendor support for critical legacy data systems until the system is replaced as part of the Big 5 transformation programs. An increased need for specialized legal and audit expertise, as well as HR-related initiatives (CCBR and HR Strategy) is reflected under contractual services. Taken together, spending under the remaining categories is at budget.

Table 3. Building and Other Expenditures, FY 18–19
(Millions of U.S. dollars)

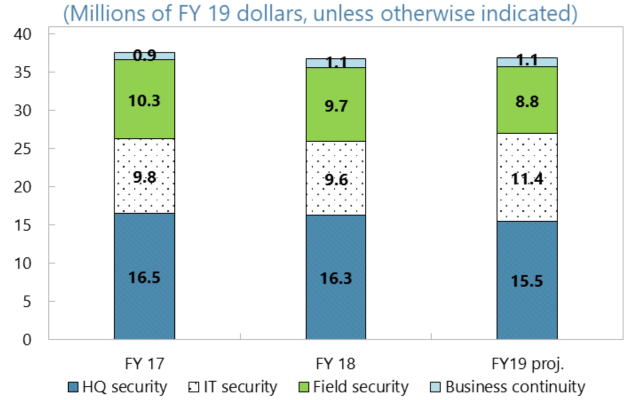
	FY 18		FY 19	
	Budget	Outturn	Budget	Proj. Outturn
Total Buildings and other Expenditures	**209**	**226**	**215**	**233**
Fund-financed	199	213	205	216
Building occupancy	60	64	63	69
Information technology	65	69	69	70
Contractual services	35	38	33	37
Subscriptions and printing	21	21	20	21
Communications	7	7	7	7
Supplies and equipment	4	7	4	6
Other	8	6	8	6
Externally-financed	10	13	10	16

Source: Office of Budget and Planning
Note: Figures may not add to totals due to rounding.

Box 1. Security Spending

Overall, security spending is projected at about $37 million in FY 19. Due to the one-off and cyclical nature of certain security costs (e.g., evacuations, armored vehicles, improvements to systems or assets), security spending by category can vary considerably from year to year. Higher spending on IT Security supports improvements to the management of administrator access to IT and increased penetration testing for critical Fund IT Systems. This increase was mostly offset by lower spending in Field and Headquarters (HQ) Security. Lower-than-planned spending in Field Security reflects less spending on security alterations to field offices and residences and that there have not been any security evacuations thus far. An increase in the operating cost of the Guard Services contract at HQ was mostly offset by lower-than-planned spending on personnel, reflecting vacancies in the security team. Spending on Business Continuity remained constant.

Security-related Spending, FY 17-19
(Millions of FY 19 dollars, unless otherwise indicated)



Sources: Area and functional depts, CSF, ITD and staff calculations.

Receipts

8. **Receipts from externally financed capacity development activities and Fund-financed operations are expected to end the year below planned levels (Table 4).** Externally funded receipts are projected to grow by about 11 percent compared with FY 18, reflecting increased capacity development activities. An overall shortfall in general receipts is projected due to lower publication sales and lower occupancy rates at the Concordia (due to the loss of a major client and the Annual Meetings being held abroad). Also included in general receipts is a refund of $2 million from the Group Life Insurance (GLI) Premium Stabilization Reserve (PSR) that MetLife maintains for the Fund. Due to favorable basic GLI claims over the past few years, the PSR had grown to levels significantly higher than the $1 million considered sufficient as a reserve by MetLife. Basic GLI premiums reflect the Fund's contributions paid through the administrative budget.

Table 4. Receipts, FY 18–19
(Millions of U.S. dollars)

	FY 18		FY 19	
	Budget	Outturn	Budget	Proj. Outturn
Total	**211**	**211**	**236**	**228**
Externally-financed capacity development (direct cost only)	172	174	196	192
General receipts	39	37	40	36
Of which:				
Administrative and trust fund management fees 1/	12	12	14	13
Publications income	2	2	3	1
Fund-sponsored sharing agreements 2/	4	3	4	3
HQ2 lease 3/	4	5	2	2
Concordia	4	3	4	3
Parking	3	2	3	3
Group Life Insurance refund			...	2

Source: Office of Budget and Planning.
Note: Figures may not add to totals due to rounding.
1/ Trust fund management fee of 7 percent under the new financing instrument.
2/ Includes reimbursements principally provided by the World Bank for administrative services provided under sharing agreements.
3/ Includes lease of space to the World Bank, Credit Union and retail tenants.

C. Capital Investments

9. **Capital spending is projected at $159 million for FY 19, significantly higher than last year** (Table 5). The HQ1 Renewal program is on schedule with a projected spending in FY 19 of $85 million. All public spaces are now open, office space through the 10th floor has been reoccupied, and construction is well underway on the remaining floors and on ancillary projects, such as the roof resurfacing and renovation of elevator lobbies. The project is expected to be completed by Fall 2019. Spending on IT capital projects is projected at $38 million, reflecting spending on modernization initiatives. Building facilities expenditures are projected at $37 million, covering in part the audio-visual program and furniture replacement, enhancement to HQ1 Atrium including initial work on the digital wall, and various office and conference room renovations. After projected spending of $159 million, the remaining unspent appropriations from prior years are earmarked largerly for completion of HQ1 Renewal and related projects (such as furniture replacement, audio-visual, office renovations, and claiming of swing space). Approximately $6 million in earmarked capital funding for security enhancements will expire at the end of FY 19 as additional time was required for the feasibility analysis of the recommendations of an external security consultant.

Table 5. Capital Expenditures, FY 19 1/
(Millions of U.S. dollars)

	FY 18 Spending	Total Funds Available in FY 19	FY 19 Spending (Proj.)
Facilities	22	83	37
Information Technology	31	54	38
HQ1 Renewal	62	121	85
Total	116	258	159

Sources: Office of Budget and Planning and Corporate Services and Facilities Department.

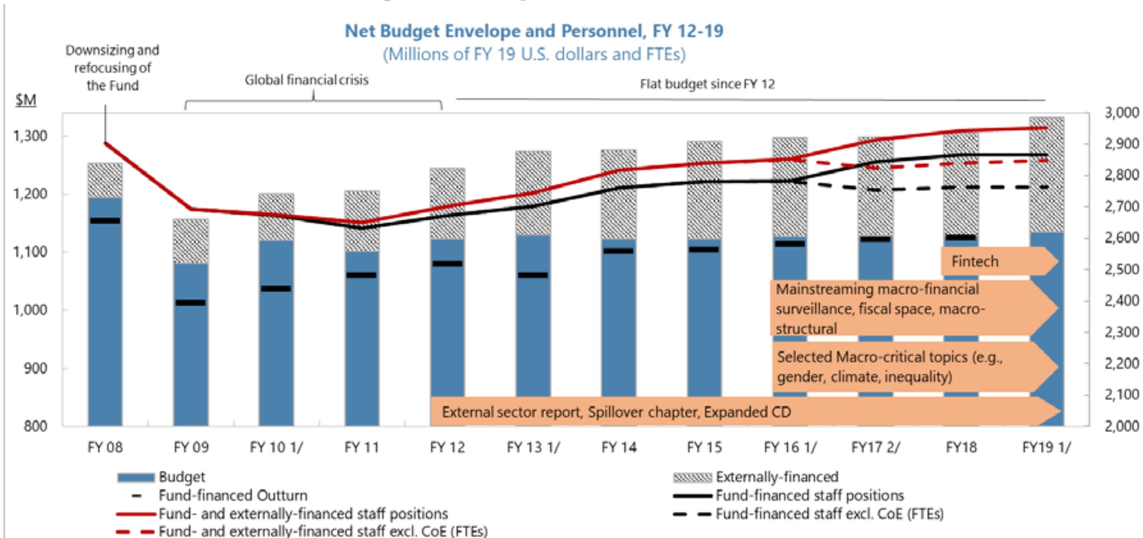
1/ Approved capital funding is available for three consecutive years, except for HQ1 Renewal which is available until April 2025.

Appendix III. Budget Evolution

The size and shape of the Fund's budget has changed considerably during the past decade.

1. **Overall budget trend.** In FY 08, the IMF embarked on a budget reduction of 13 percent following a period of low lending and income. Immediately thereafter, the onset of the global financial crisis led to a temporary budget allocation of 5 percent to meet crisis needs, which was followed by a 3 percent structural increase in FY 12 in recognition of the Fund's enhanced role. As the institution's activities shifted over time from crisis resolution to strengthened surveillance, the temporary allocation was made permanent. Since FY 12, the Fund has operated under a flat real budget in relation to the Fund budget deflator, except for a small ½ percentage point increase in FY 17 ($6 million) to accommodate increased security costs. In real terms, close to 45 percent of the downsizing savings have been preserved, and the Fund's budget envelope remains significantly below its pre-crisis level.

Net Budget Envelope and Personnel, FY 12–19

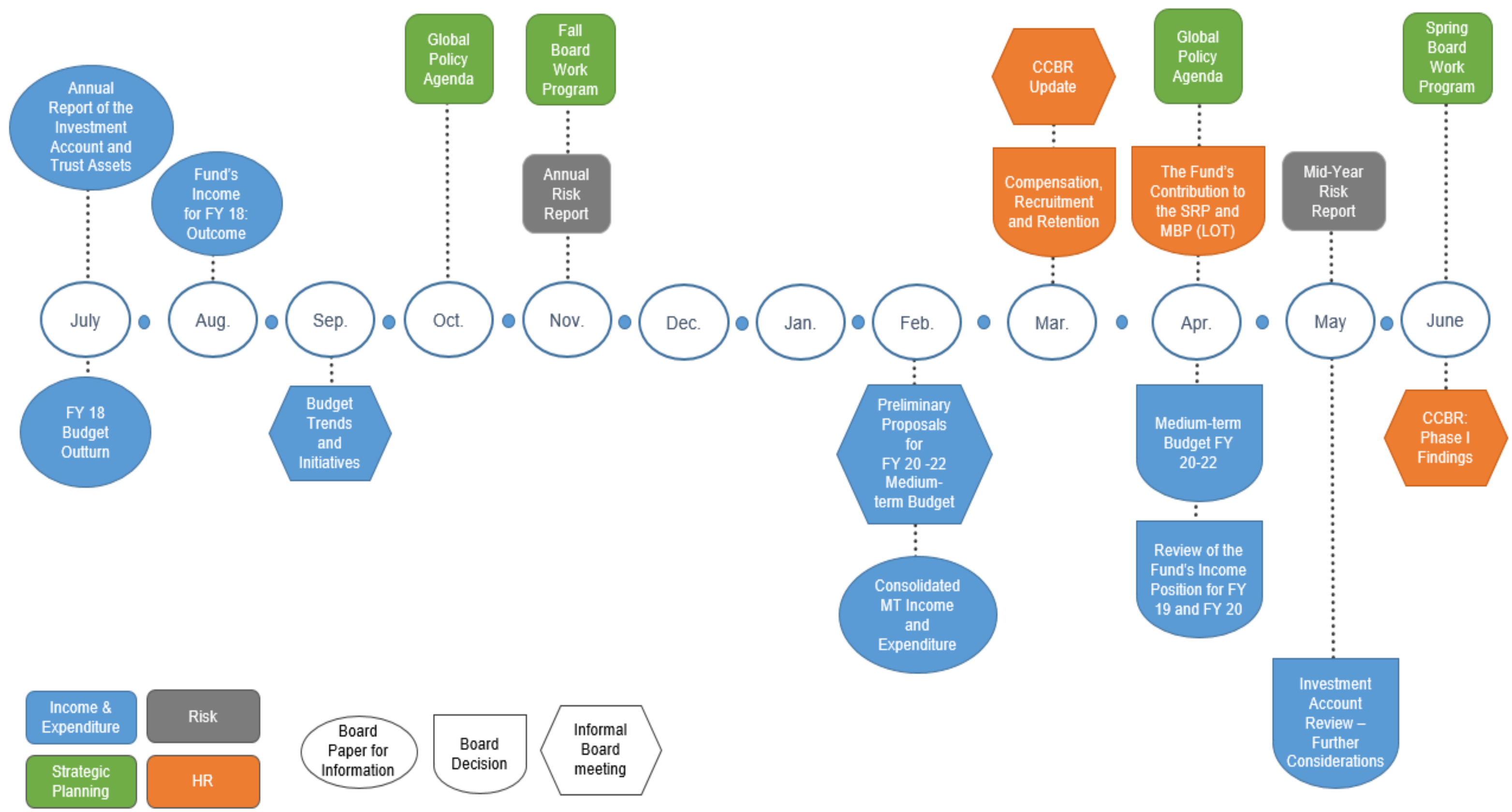


Source: Office of Budget and Planning.
1/ Includes additional resources for Annual Meetings held abroad.
2/ Includes $6 million earmarked for security.

2. **Reallocation to support new priorities.** Even though the budget was flat in real terms between FY 12 and FY 16, over 100 additional staff positions were created from non-personnel savings achieved through a variety of measures, including adjustments in benefits, not applying a deflator to travel budgets, the release of central margins, and efficiencies in departments.[1] An additional 40 positions were funded by donors, helping to support the strong expansion in CD activities. New outputs such as the External Sector Report and spillover work were introduced during this period. The implementation of the Categories of Employment reform explains most of the rise in budgeted FTE positions during FY 16–18 by 120 staff positions, for work that was previously done by contractual employees. In FY 16, the budget included a package of cross-cutting streamlining measures of about $20 million to fund new demands such as better integrating macro-financial surveillance, fiscal space analysis, and enhanced macro-structural analysis as well as to begin work on new topics such as Fintech.

[1] The Board paper *FY2017–FY2019 Medium-Term Budget* provides additional details.

Appendix IV. Strategic Planning Process Timeline, FY 19–20



Appendix V. Fund's Thematic Categories and ACES Output Structure

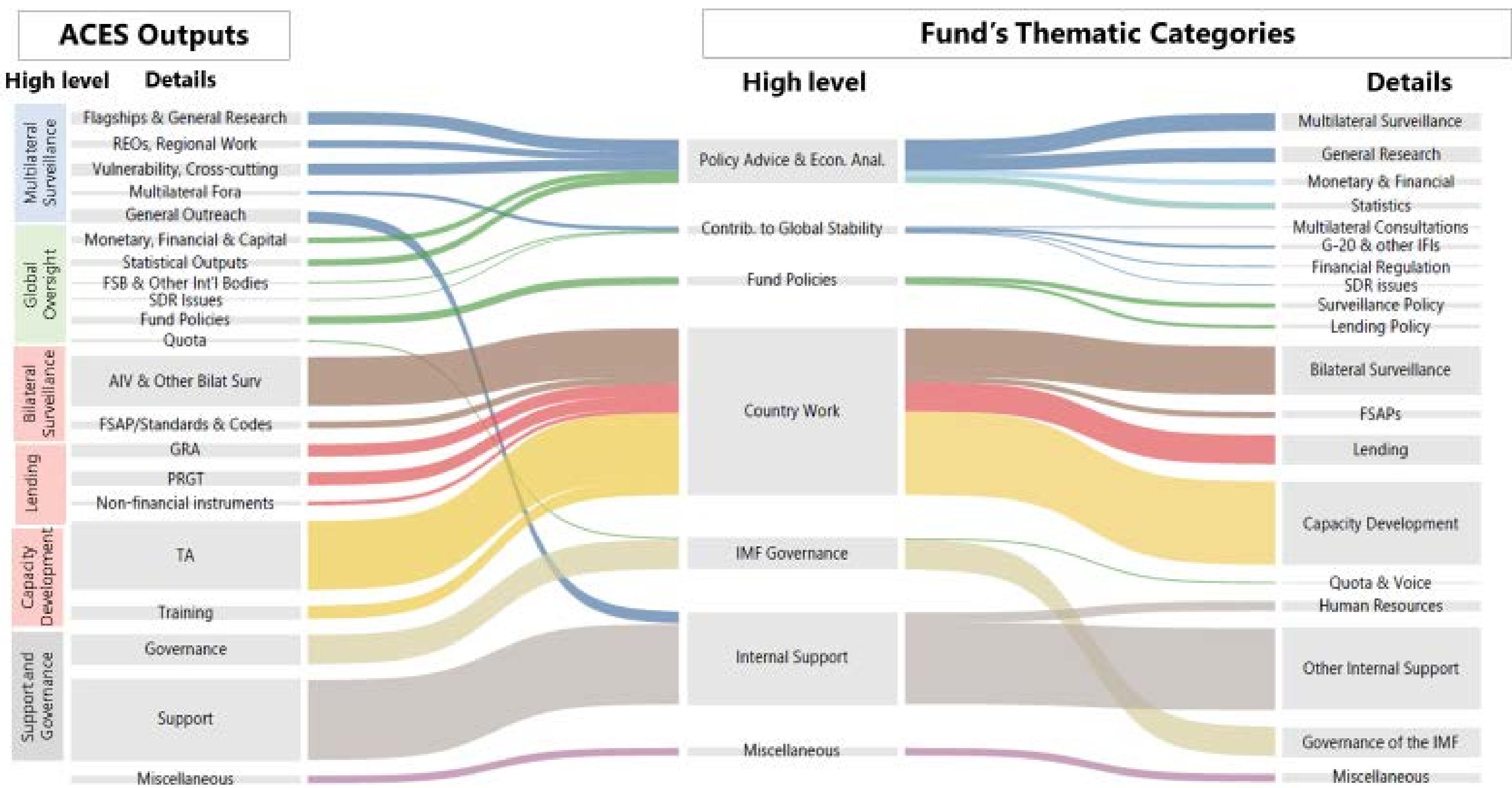
1. **As part of efforts to better align the budget process with strategic planning as laid out in the GPA and the BWP, this year's budget document presents the proposed resource allocation according to the Fund's Thematic Categories (FTC)**. In previous years, the discussion of resource use by output area has been based on the Fund's Analytic Costing and Estimation System (ACES). ACES is a cost estimation model designed to allocate gross administrative expenditures to the Fund's five outputs: multilateral surveillance (MS), oversight of global systems (OGS), bilateral surveillance (BS), lending (L), and capacity development (CD).

2. **The work on FTCs is part of efforts to improve knowledge management and establish a common corporate taxonomy, which would also help to align strategic planning with resource allocation**. The FTCs are still work in progress, with finalization expected in 2019. In the meantime, this paper utilizes a preliminary mapping between ACES and FTCs, which will likely be revised after FTC finalization. Figure 1 shows this mapping. The changes of note include:

- Country work will combine bilateral surveillance, lending, and CD activities (while still being able to distinguish between them).
- Policy advice and economic analysis will encompass most of MS (flagships, work on vulnerability and cross cutting analysis) and part of OGS (other monetary, financial and capital markets issues).
- Another part of OGS forms a separate category named Contributions to Global Stability, which would include work with other international bodies (G7, G20, G24, but also the Financial Stability Board, WB, WTO).
- The remainder of OGS, Fund policies, would form its own category.
- IMF governance would encompass the work of the IMFC, Executive Board, SEC, and management.
- General outreach activities, currently in MS in ACES, would move into Internal Support/Organization.

3. **Staff have also begun work on a new time reporting system that integrates the FTCs and allows for greater granularity, underpinned by more modern technology and connected more directly with other workflows**. Part of 1HR implementation, this is a complicated project that will take some time and will be followed by work on updating ACES to reflect the FTCs, while ensuring comparability with the current output structure.

Figure 1. Mapping of ACES Outputs to FTCs 1/



1/ The height of the colored lines represent the magnitude of each category, the sum equaling total Fund expenditures in FY 18.

Appendix VI. Implementation Status of Streamlining and Modernization Measures

In mid-2018, Management endorsed a broad-based package of modernization and streamlining measures. The measures aim at continuing to modernize operations and work practices through more strategic and targeted approaches; leverage opportunities in a fast-changing world for greater traction; and further modernize back-office functions. The measures affect the institution at all levels, in frontline and support activities.

1. **Many of the measures could be implemented immediately.** In *bilateral surveillance*, country teams are taking a more focused and selective approach in their coverage of issues, including in how these are communicated (e.g., alternatives to Selected Issues Papers). This is being supported by a more strategic internal review process. Shorter and more reader-friendly flagships and REOs are enhancing the impact of our *multilateral surveillance* products. Greater prioritization is also being reflected in the *Board Work Program*, with 51 policy items in the Fall 2018 program, down from nearly 70 in the Spring 2018 program. Staff are also taking steps to *"go green"*, by eliminating statistical publications in print, reducing the volume of printing for internal purposes, aiming to eliminate all print subscriptions. Better use of lower-cost telecoms (e.g., VOIP) and video options can also contribute some small savings.

2. **Other measures require further analysis and consultation before deciding how best to proceed.** Some of these are being addressed by the Big 5 programs: CDMAP will help improve the efficiency of *CD-related resource management*, while 1HR (and other HR reforms) will streamline *HR processes* and related staffing. Staff is also exploring the scope to modernize *non-CD resource management* (e.g., the budget function), and how to increase the impact and focus of our engagement through *large conferences and management outreach*. In the back-office area, staff will be assessing the potential for relocating, outsourcing, and/or automating processes. One notable example is *robotic process automation (RPA),* a technology that allows the automation of routine tasks (e.g., processing invoices and purchase orders). Pilots are being planned in FIN and ICD, which will help assess the scale of potential savings over the medium-term. Other support departments are considering possible applications to their work processes.

3. **The modernization and streamlining measures will deliver some modest savings in the near term, and potentially greater ones over the medium term.** For FY 20, savings of about $2.2 million are expected from these measures. Roughly half of these savings stem from streamlined multilateral surveillance (GFSR and REOs); about a quarter relate to publications, printing, and other such measures; and the remainder stems from streamlining Board engagement and SIPs. Over the longer term, reforms related to support services could yield larger savings. However, some significant upfront investments in both staff resources and systems will likely be needed to reap efficiency gains down the road. These needs are reflected in the higher capital budget proposal for this year.

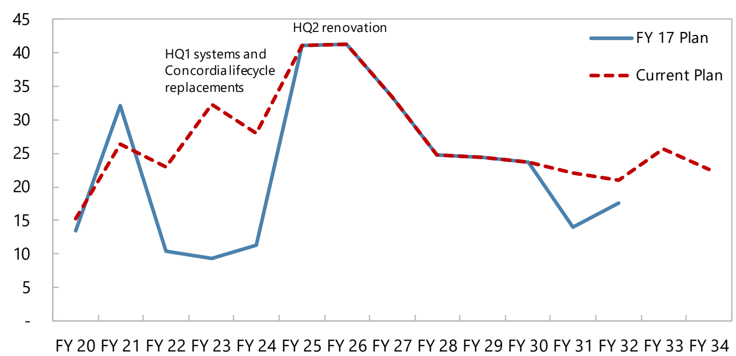
Appendix VII. Long-Term Capital Investment Plan

The components of the capital budget that are related to life-cycle replacements are subject to long-term planning. These plans are reviewed and revised regularly based on new assessments, information and updated strategy.

1. **The long-term facilities capital plan (LTP) covers the portion of the budget that relates to the replacement of equipment, critical building systems and major renovations for HQ1, HQ2 and Concordia.** These projects are a subset of the overall facilities capital budget which also includes facilities improvement projects that are planned within a shorter timeframe. The LTP is informed by third-party Facilities Condition Assessments (FCA) conducted every three to five years. FCAs considers the age of the assets and best practice assumptions on the useful life to establish broad parameters for replacement costs. As end-of-life milestones are reached, engineering and other feasibility studies are performed to confirm the actual condition and need to replace the asset. The requested appropriation in a given year is therefore based on the actual needs which may reflect an acceleration or delay compared to the previous LTP. The updated LTP is based on a 2018 FCA which was campus-wide, with the exception of assets inaccessible due to HQ1 construction.

2. **The current projections indicate a higher level of investment in the first few years, mainly due to the inclusion of $36 million for projects to replace or renovate certain HQ1 assets** (mainly cooling and electrical systems) that are now reaching end of life.[1] The spikes in FY 25–26 mark when HQ2 reaches 20 years and renovations are anticipated. This timing is subject to some uncertainty, in particular since HQ2 has experienced a substantially higher level of occupancy throughout HQ1 renewal which can shorten the expected life of building systems and other assets.

Facilities Capital Plan, FY 20-34 1/
(Millions of U.S. dollars)

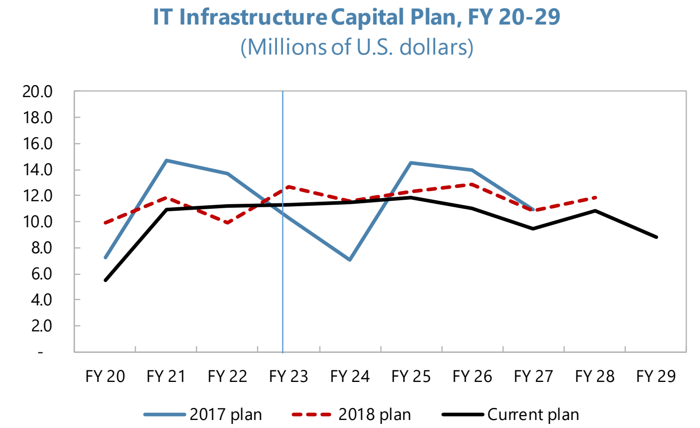


Source: Corporate Services and Facilities Department.
1/ Includes life-cycle replacements and major renovations.

3. **The IT infrastructure long term plan covers networks, servers and storage, and end-user devices.** The updated LTP indicates a continued smoothing of expenditure needs, where there used to be periodic spikes, and an overall reduction in the later years resulting from migrations to cloud platforms.

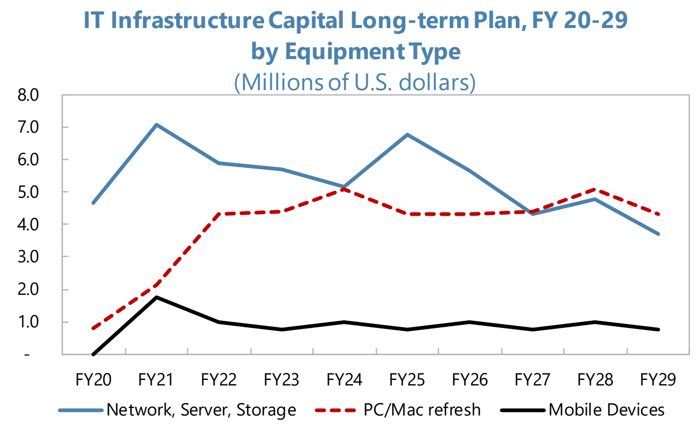
[1] The original plan for HQ1 Renewal did not provide for replacement or renovation of these assets because they were not reaching end-of-life until after the project was planned to be completed.

- End-of-life replacement assumptions for personal computers and laptops previously reflected cyclical patterns related to the timing of upgrades to operating systems. With the transition to Office 365 this dependency has been eliminated. Accordingly, beginning with a portion of the inventory in FY 21, laptops and PCs can be replaced on a rolling cycle, smoothing the investments.



Source: Information and Technology Department.

- The plan also reflects a reduction in the cost of network, server and storage equipment resulting from the migration of applications and computing needs to cloud platforms. Some of the cost may, however, shift to the administrative budget in the form of higher annual licensing and subscription fees; this will be quantified in the context of the cost-benefit analyses of relevant capital projects.



Source: Information and Technology Department.

- Purchase of mobile devices show a steady trend in the long-term, although the useful life for the current fleet of devices has been longer than originally anticipated and the planned refresh has been postponed until FY 21.

Appendix VIII. Big 5 Program Objectives, Timelines, and Governance

<table>
<tr><th colspan="2">1HR—A Transformation of The Fund's Human Resource (HR) Processes and Systems</th></tr>
<tr><td>Context. The business processes that support the Fund's HR function are out of date and in need of modernization. Year after year they are becoming more manually intensive and inefficient. There is an urgent need to update these business functions to be agile, streamlined, and poised to meet the requirements of a modern workplace.

In addition, the Fund's technical HR environment is comprised of 25+ major systems (e.g., PeopleSoft, TalentPlus, Payroll, the Learning Portal, HRWeb). This technology is outdated and is not well integrated, hindering usability and the ability to do more value-added activities, like performance management, workforce planning, and data analytics. In addition to being very costly to maintain, some systems are approaching the end of their useful life and will become ineligible for continued vendor support.

Finally, our legacy business practices have contributed to weak internal controls, which have increased risks, costs, and the potential for errors.</td><td>Goals of the 1HR Program:
• Modernize, simplify, and automate HR business processes.
• Increase agility and ability to adapt to future policy changes with ease.
• Enhance the user experience by improving the administration and delivery of HR services through well-integrated, cloud-based, modern, and mobile-enabled portals.
• Improve data accuracy while providing enhanced data analytics, to enable more value-added activities and improved resource management.
• Improve controls and reduce operational and long-term risks.
• Lower the total cost of ownership.

The realization of these objectives is expected to shift the HR experience to:
• A client-focused operation with simplified processes, embedded controls, and clear accountabilities.
• An improved user experience based on redesigned HR business processes and practices.
• Managers being fully supported in their roles with accurate, intuitive, and actionable data.
• Data-driven HR decisions delivered in real-time with information that is accurate and can be easily understood and shared.
• Mobile, modern, and engaging HR experiences.</td></tr>
<tr><td>Governance. A cross departmental team has been formed with representatives from HRD/FIN/ITD/OBP/SEC; consultants have been hired to provide external assistance. Oversight is being provided by the Director of HRD as Program Sponsor, and by the Chief Administrative Officer/DMD as Executive Sponsor.</td><td>Timeline. 1HR Program is a multi-year initiative. The first phase focused on streamlining business processes, agnostic of the software to be used (Fall 2017 – Summer 2018). Selection of the software platforms (Summer 2018), and Implementation Partner was selected (Fall 2018). Implementation began in earnest in January 2019 and the new system will be released in phases, scheduled for Spring 2020 and Fall 2020.</td></tr>
</table>

Capacity Development Management and Administration Program (CDMAP)	
Context. CD activities have grown roughly 10 percent annually since 2011, driven by an average annual increase of 16 percent in external funding, and constitute some 30 percent of total Fund spending, of which more than half is externally financed. Processes and systems to support CD budget, planning, and performance monitoring, as well as related reporting, have not kept pace with the large and complex portfolio resulting from this growth. While earlier related capital projects had important successes, notably the launch of a consistent results-based management (RBM) framework, Fund-wide processes and systems remain fragmented, difficult to use, and often ad hoc and unsupported by the corporate IT framework, with ongoing gaps in availability, timeliness, and accuracy of CD administrative and performance data. CDMAP was initiated in April 2018 to address these shortcomings.	**Goals of CDMAP:** • Provide a comprehensive view of CD operations for staff across the Fund; • Support better and more efficient management and targeting of CD resources; • Reduce silos and enable more effective coordination between CD and surveillance and program work; and • Allow informed strategic decision-making and reporting.
Governance. Building on recommendations from a March 2018 OIA Advisory Review, a cross-departmental steering committee was formed with representatives from CD and Area Departments, ITD, SPR and OBP. Oversight is being provided by the Director of ICD as Program Sponsor, and by the CAO/DMD as Program Executive. A full time Program Manager was appointed, supported by a small team in ICD, interdepartmental teams focused on specific workstreams, and the Fund's corporate program management office.	**Timeline.** Phase 1: "Scoping" was completed in January 2019 with approval of the conceptual program framework. Phase 2: "Bridging" currently underway focusing on contracting and pre-implementation preparations. Phase 3: "Implementation" will be completed in stages with the final timeline currently under review.

<table>
<tr><th colspan="2">Integrated Digital Workplace (IDW)</th></tr>
<tr><td>

Context. The Fund has a fragmented approach to business processes, which is adversely affecting productivity of staff and the efficient exchange of information and knowledge sharing. Fragmented platforms and applications, along with poor information retrieval, also contributes to inefficiencies and loss of productivity. IDW was initiated to address these issues.

IDW is a business solution that provides all staff with a modern, personalized digital experience when conducting their daily work. The project is premised on finding common structures across Fund work streams, and to provide consistent, automated workflow solutions that reduce inefficiencies and boost productivity. The project will provide an array of analytics and metadata that will enable Management and Senior Staff to have a more strategic and holistic view of the Fund's direction and resource use. Improved internal processes will then help increase the focus on the Fund's core business and deliver top quality work for our member countries.

</td><td>

Goals of IDW:

Operational Efficiency:

- Strengthening efficiency of workflows, including through integrating IT systems and data platforms, and connecting knowledge and people.
- Designing an agile platform that can easily adapt to future change.

Operational Productivity:

- Improving knowledge sharing and access (when, how, and why staff need information), in collaboration with KMU.
- Boosting staff collaboration across work streams.
- Enabling Management and Senior Staff to have a more strategic and holistic view of the Fund's direction and resource use.

The main gateway for the IDW is a cloud-based IT architecture that enables the achievement of these objectives.

</td></tr>
<tr><td>

Governance. IDW is run by a full-time Program Manager, supported by a small team from ITD, SPR and the PMO. Oversight is provided by the Director of SPR as the Program Sponsor, and by the CAO/DMD as the Executive Sponsor.

An interdepartmental Steering Committee is a decision-making body, which approves proposed scope, budget, and timeline. An external consultant was hired to provide strategic advice and technical know-how. An interdepartmental Advisory Group was formed to provide the Program Team with regular and diverse insights, feedback, and advice.

</td><td>

Timeline. IDW is expected to be a two-year initiative that will be implemented using an incremental, collaborative, and inclusive approach. The program started in May 2018 with a short planning phase (May through September 2018). This was followed by a scoping phase, which is focused on scoping out the work and building the strategy for implementation (November 2018 through August 2019). The final phase is the implementation phase with a timeline to be determined.

</td></tr>
</table>

Knowledge Management Capital Program (KM)

Context. Without efficiency gains, it would be ever harder to undertake analysis that requires bringing together more diverse information, to disseminate evolving macroeconomic policy guidance speedily across the institution, to pay due attention to new macro-relevant policy issues, and to provide real added value to country authorities that are continuously gaining in sophistication and access to outside information.

The KM program supports this by delivering modern systems which will help address the fragmentation of Fund knowledge and the long-standing difficulties in efficiently finding information needed to do one's job well. It consists of four inter-related projects, designed to deliver strong content management (Document Management and Knowledge Exchange), richer and more consistent tags and filters (Autocategorization), and robust findability (Enterprise Search).

To successfully implement these projects and make continued progress in managing the Fund's knowledge, three supporting pillars are critical: (i) a strong governance and accountability framework with an efficient KM structure; (ii) changes in incentives and behavior regarding knowledge sharing; and (iii) well-crafted communications and training. This support is provided by the KMU, through a work program that is broader than the implementation of capital projects and enjoys inter-departmental support.

Goals of KM Capital Portfolio:

- Allow staff to take full advantage of the Fund's rich experience, deploying that cross-country knowledge across member countries and across workstreams, more effectively integrating capacity development, surveillance, and lending.
- Reduce the cost of producing, packaging, and disseminating information, for internal use and for the membership. The better the Fund is at sharing knowledge internally, the better it will be at disseminating knowledge externally. The cost of producing such information can be brought down if internal online knowledge can be repackaged more easily and efficiently for external use.
- Reduce time spent searching for information stored in documents, websites, or other platforms, or time spent identifying in-house expertise.

Governance. A cross-departmental steering committee was formed with representatives from AFR, COM, ITD, OBP, and SPR, with clear terms of reference and decision-making processes. The head of KMU is the Program Sponsor, and each capital project is supported by a Project Manager from ITD and the PMO.

Timeline. Strengthening Knowledge Exchange and Auto-categorization are under implementation. The selection of the technology platform and implementation partners are pending for Document Management (DM) and Enterprise Search. While the timeline for DM is under review, the full KM capital portfolio is expected to be integrated and come online in 2020.

<table>
<tr><th colspan="2">iDATA— Next Generation Economic Data Platform</th></tr>
<tr><td>Context. The Economic Outlook Suite (EcOS) is a software solution that was first developed for the WEO in 2008. Over the past ten years, the use of EcOS has been expanded to other cross-country data products such as the REOs, the Common Surveillance Database (CSD), Fiscal Monitor, STA's databases, and various other important outputs. In 2009, the Economic Data Dissemination (EDD) system was developed to serve as the Fund's Free Data delivery and external data dissemination platform. This platform is used by STA and other departments to disseminate many of their datasets to external users.

The software platform underpinning both EcOS and EDD is outdated and pose significant operational risks to the Fund's data management operations underlying various multilateral surveillance exercises and cross-country analyses, as well as to free data and economic data dissemination.</td><td>Goals of iDATA:
iDATA will implement a modern economic data lifecycle management platform in support of a key strategic objective of the Overarching Strategy on Data and Statistics—securing seamless access and sharing of high-quality data. The platform will replace the Fund's current data management system and dissemination solution, thus mitigating operational risks and addressing functional deficiencies and operational pain points.

Specific objectives:
• Deliver a modern economic data lifecycle management platform that will facilitate the integration of data management and meet the growing business need for structured databases for multilateral surveillance and economic research.
• Reduce operational and reputational risks to the Fund's data management operations by implementing an end-to-end business solution with robust application support.
• To integrate with the Integrated Digital Workplace (IDW) by enabling IDW to automatically surface economic data in users' dashboards.</td></tr>
<tr><td>Governance. Across-departmental steering committee has been established with senior staff representatives from FAD, ITD, RES, SPR, STA, and an Area Department. As Program Sponsors, oversight is being provided by the Directors of ITD and STA.</td><td>Timeline. Requirements are being redefined following an initial software selection process that proved unsuccessful. The timeline will be clearer once this work has been completed.</td></tr>
</table>

Table 1. Administrative Budget, FY 12–19
(Millions of U.S. dollars)

	FY 12		FY 13		FY 14		FY 15		FY 16		FY 17		FY 18		FY 19	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Personnel	820	799	835	802	861	829	896	862	907	896	934	922	969	962	1,009	1,004
Travel	112	105	125	119	123	117	128	112	130	120	123	115	126	121	135	127
Buildings and other expenditures	181	178	181	180	190	203	193	204	200	199	205	218	209	226	215	233
Contingency 1/	11	0	18	0	12	0	7	0	10	0	11	0	11	0	12	0
Total Gross Expenditures	**1,123**	**1,082**	**1,159**	**1,102**	**1,186**	**1,149**	**1,224**	**1,177**	**1,247**	**1,215**	**1,273**	**1,255**	**1,315**	**1,309**	**1,371**	**1,363**
Less: Receipts	138	135	161	154	179	160	197	167	196	176	200	189	211	211	236	228
Total Net Expenditures	**985**	**947**	**997**	**948**	**1,007**	**988**	**1,027**	**1,010**	**1,052**	**1,038**	**1,072**	**1,066**	**1,104**	**1,099**	**1,135**	**1,135**
Memorandum item:																
Carry Forward	*34*		*41*		*42*		*42*		*42*		*43*		*44*		*46*	

Source: Office of Budget and Planning.
Note: Figures may not add to totals due to rounding.
1/ Represents the contingencies for staff, OED and IEO.

Table 2. Gross Administrative Expenditures: Travel, FY 12–19
(Millions of U.S. dollars)

	FY 12		FY 13 1/		FY 14		FY 15		FY 16 1/		FY 17		FY 18		FY 19 1/	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Expenditures	**112**	**105**	**125**	**119**	**123**	**117**	**128**	**112**	**130**	**120**	**123**	**115**	**126**	**121**	**135**	**127**
Business travel	87	82	98	95	94	91	100	87	104	92	98	88	99	92	111	100
Transportation	87	48	98	54	94	52	100	48	104	50	98	49	99	52	111	54
Per diem	…	34	…	41	…	39	…	39	…	42	…	39	…	40	…	46
Seminars & other	14	11	16	13	18	14	17	15	15	17	14	15	15	18	14	18
Other travel	11	11	11	11	11	12	11	10	12	11	12	11	12	11	10	9

Source: Office of Budget and Planning.
Note: Figures may not add to totals due to rounding.
1/ Includes travel to the Annual Meetings in Tokyo ($6 million in FY 13), Lima ($5 million in FY 16), Bali ($6 million in FY 19).

Table 3. Gross Administrative Expenditures: Buildings and Other Expenditure, FY 12–19
(Millions of U.S. dollars)

	FY 12		FY 13		FY 14		FY 15		FY 16		FY 17		FY 18		FY 19	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Buildings and other expenses	**181**	**178**	**181**	**180**	**190**	**203**	**193**	**204**	**200**	**199**	**205**	**218**	**209**	**226**	**215**	**233**
Building occupancy	57	56	58	57	58	62	60	61	59	60	59	65	63	68	67	76
Information technology	43	46	47	47	54	59	57	60	60	59	61	65	65	69	69	70
Subscriptions and printing	17	17	19	18	20	19	20	20	20	20	19	21	21	22	20	21
Communications	10	9	10	9	8	9	7	9	7	8	7	8	8	8	8	8
Supplies and equipment	8	9	7	8	9	8	6	7	8	6	6	6	4	7	4	6
Miscellaneous 1/	46	41	41	41	42	46	42	47	46	46	52	53	50	52	46	52

Source: Office of Budget and Planning.
1/ Mainly for contractual services, for example, translation and interpretation services, external audit, as well as other consulting services on business practices and processes.

Table 4. Gross Administrative Expenditures: Receipts, FY 12–19
(Millions of U.S. dollars)

	FY 12		FY 13		FY 14		FY 15		FY 16		FY 17		FY 18		FY 19	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Receipts	**138**	**135**	**161**	**154**	**179**	**160**	**197**	**167**	**196**	**176**	**200**	**189**	**211**	**211**	**236**	**228**
Externally-financed	107	100	127	118	138	124	154	131	157	142	160	153	172	174	196	192
General receipts 1/	32	36	34	36	41	36	43	37	39	34	40	35	39	37	40	36

Source: Office of Budget and Planning.
1/ Includes Trust Fund Management Fees.

Table 5a. Fund-financed Gross Administrative Spending Estimates by Output (indirect costs allocated), FY 15–19 1/

	Millions of FY 19 U.S. dollars						Percent of total					
					FY 19						FY 19	
	FY 15	FY 16	FY 17	FY 18	Est. Resources	Proj. Outturn	FY 15	FY 16	FY 17	FY 18	Est. Resources	Proj. Outturn
Total	**1,145**	**1,153**	**1,163**	**1,158**	**1,175**	**1,171**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Multilateral surveillance	**266**	**258**	**255**	**266**	**262**	**261**	**23.2**	**22.4**	**21.9**	**23.0**	**22.3**	**22.3**
Global economic analysis	**130**	**127**	**126**	**127**	**120**	**120**	**11.4**	**11.0**	**10.8**	**10.9**	**10.2**	**10.2**
WEO	18	18	17	17	14	14	1.6	1.6	1.5	1.5	1.2	1.2
GFSR	16	16	15	16	13	13	1.4	1.4	1.3	1.4	1.1	1.1
General research	41	42	38	37	39	39	3.6	3.6	3.3	3.2	3.3	3.3
General outreach	55	51	55	56	54	54	4.8	4.4	4.8	4.8	4.6	4.6
Support and Inputs to Multilateral Forums and Consultations	**23**	**24**	**23**	**22**	**25**	**25**	**2.0**	**2.1**	**2.0**	**1.9**	**2.1**	**2.1**
Multilateral consultations	7	7	6	5	4	4	0.6	0.6	0.5	0.5	0.3	0.3
Support and Inputs to multilateral forums	17	17	17	17	21	21	1.4	1.5	1.4	1.5	1.8	1.8
Tools to prevent and resolve systemic crises	**64**	**62**	**66**	**75**	**72**	**72**	**5.6**	**5.4**	**5.7**	**6.5**	**6.1**	**6.1**
Analysis of vulnerabilities and imbalances	18	17	18	20	21	21	1.5	1.5	1.5	1.8	1.8	1.8
Other cross cutting analysis	43	41	44	48	45	45	3.8	3.6	3.8	4.2	3.8	3.8
Fiscal Monitor	3	4	5	7	6	6	0.3	0.3	0.4	0.6	0.5	0.5
Regional approaches to economic stability	**48**	**45**	**40**	**42**	**45**	**45**	**4.2**	**3.9**	**3.5**	**3.6**	**3.8**	**3.8**
REOs	19	21	19	19	23	23	1.6	1.8	1.6	1.7	2.0	2.0
Surveillance of regional bodies	13	10	9	8	8	8	1.1	0.9	0.7	0.7	0.7	0.7
Other regional projects	16	14	13	15	14	14	1.4	1.2	1.1	1.3	1.2	1.2
Oversight of global systems	**134**	**130**	**135**	**139**	**137**	**148**	**11.7**	**11.3**	**11.6**	**12.0**	**11.6**	**12.7**
Development of international financial architecture	**42**	**38**	**42**	**40**	**42**	**45**	**3.7**	**3.3**	**3.6**	**3.5**	**3.5**	**3.9**
Work with FSB and other international bodies	6	7	8	7	7	7	0.5	0.6	0.6	0.6	0.6	0.6
Other work on monetary, financial, and capital markets issues	36	31	35	33	35	38	3.1	2.7	3.0	2.9	3.0	3.3
Data transparency	**40**	**37**	**38**	**41**	**43**	**47**	**3.4**	**3.2**	**3.3**	**3.5**	**3.7**	**4.0**
Statistical information/data	29	29	30	33	33	36	2.5	2.5	2.6	2.8	2.8	3.0
Statistical manuals	4	3	2	2	2	2	0.3	0.2	0.2	0.2	0.2	0.2
Statistical methodologies	7	5	6	6	8	9	0.6	0.4	0.5	0.5	0.7	0.8
The role of the Fund	**52**	**56**	**55**	**58**	**52**	**56**	**4.6**	**4.8**	**4.7**	**5.0**	**4.4**	**4.8**
Development and review of Fund policies and facilities excl. PRGT and GRA	21	20	20	26	24	26	1.9	1.7	1.7	2.2	2.0	2.2
Development and review of Fund policies and facilities - PRGT	11	11	12	11	11	12	1.0	1.0	1.1	1.0	0.9	1.0
Development and review of Fund policies and facilities - GRA	7	8	9	9	7	8	0.6	0.7	0.8	0.8	0.6	0.7
Quota and voice	6	7	6	7	7	8	0.5	0.6	0.5	0.6	0.6	0.7
SDR issues	7	9	8	5	3	4	0.6	0.8	0.7	0.4	0.3	0.3
Bilateral surveillance	**300**	**311**	**325**	**327**	**322**	**331**	**26.2**	**27.0**	**27.9**	**28.2**	**27.4**	**28.3**
Assessment of economic policies and risks	**267**	**274**	**276**	**285**	**279**	**287**	**23.3**	**23.8**	**23.7**	**24.6**	**23.7**	**24.5**
Article IV consultations	195	204	204	216	209	215	17.0	17.7	17.5	18.6	17.8	18.4
Other bilateral surveillance	71	71	72	70	70	72	6.2	6.1	6.2	6.0	5.9	6.1
Financial soundness evaluations - FSAPs/OFCs	**23**	**27**	**39**	**32**	**34**	**35**	**2.0**	**2.3**	**3.3**	**2.8**	**2.9**	**3.0**
Standards and Codes evaluations	**11**	**10**	**10**	**9**	**10**	**10**	**0.9**	**0.9**	**0.8**	**0.8**	**0.8**	**0.8**
ROSCs	3	2	2	1	0	0	0.3	0.1	0.2	0.1	0.0	0.0
AML/CFT	2	2	2	2	3	3	0.2	0.2	0.1	0.2	0.2	0.2
GDDS/SDDS	5	7	6	5	7	7	0.5	0.6	0.5	0.5	0.6	0.6
Lending (incl. non-financial instruments)	**190**	**189**	**175**	**167**	**174**	**177**	**16.6**	**16.4**	**15.0**	**14.4**	**14.8**	**15.1**
Arrangements supported by Fund resources	**145**	**144**	**142**	**145**	**128**	**131**	**12.7**	**12.5**	**12.3**	**12.5**	**10.9**	**11.2**
Programs and precautionary arrangements supported by general resources	81	82	75	71	62	63	7.1	7.1	6.4	6.1	5.3	5.4
Programs supported by PRGT resources	64	63	68	74	66	68	5.6	5.4	5.8	6.4	5.6	5.8
Non-financial instruments and debt relief 2/	**45**	**45**	**32**	**22**	**45**	**46**	**3.9**	**3.9**	**2.8**	**1.9**	**3.9**	**3.9**
Capacity development	**207**	**217**	**218**	**236**	**235**	**238**	**18.0**	**18.8**	**18.8**	**20.4**	**20.0**	**20.3**
Technical assistance	161	169	171	189	186	188	14.1	14.6	14.7	16.3	15.8	16.1
Training	45	48	47	47	49	50	3.9	4.2	4.1	4.1	4.2	4.2
							-	-	-	-	-	-
Miscellaneous 3/	**37**	**30**	**28**	**23**	**34**	**16**	**3.2**	**2.6**	**2.4**	**2.0**	**2.9**	**1.3**
Contingency	...	...	...	...	**12**	...	...	...	...	...	**1.0**	...
Reconciliation item 4/	**12**	**17**	**28**	**0**	...	...	**1.0**	**1.5**	**2.4**	**0.0**	...	...

Source: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

1/ Support and governance costs are allocated to outputs.

2/ Includes Post Program Monitoring (PPM), Policy Support Instruments (PSI), Staff Monitored Program (SMP), Near Programs, Ex-Post Assessments (EPA), Multilateral Debt Relief Initiative-I (MDRI-I), MDRI-II, Heavily Indebted Poor Countries (HIPC), Joint Staff Advisory Note (JSAN), Catastrophe Containment Relief Trust (CCRT), and trade integration mechanisms.

3/ The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance.

4/ Reconciliation to gross administrative expenditures as per the Fund's financial system.

Table 5b. Total Gross Administrative Spending Estimates by Output (indirect costs allocated), FY 15–19 1/

	Millions of FY 19 U.S. dollars						Percent of total					
					FY 19						FY 19	
	FY 15	FY 16	FY 17	FY 18	Est. Resources	Proj. Outturn	FY 15	FY 16	FY 17	FY 18	Est. Resources	Proj. Outturn
Total	**1,287**	**1,303**	**1,321**	**1,345**	**1,371**	**1,363**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Multilateral surveillance	**266**	**258**	**255**	**267**	**262**	**261**	**20.7**	**19.8**	**19.3**	**19.8**	**19.1**	**19.2**
Global economic analysis	**130**	**127**	**126**	**127**	**120**	**120**	**10.1**	**9.7**	**9.5**	**9.4**	**8.8**	**8.8**
WEO	18	18	17	17	14	14	1.4	1.4	1.3	1.3	1.0	1.0
GFSR	16	16	15	16	13	13	1.2	1.2	1.2	1.2	0.9	0.9
General research	41	42	38	37	39	39	3.2	3.2	2.9	2.8	2.9	2.9
General outreach	55	51	55	56	54	54	4.3	3.9	4.2	4.2	4.0	4.0
Support and Inputs to Multilateral Forums and Consultations	**23**	**24**	**23**	**23**	**25**	**25**	**1.8**	**1.8**	**1.7**	**1.7**	**1.8**	**1.8**
Multilateral consultations	7	7	6	5	4	4	0.5	0.5	0.5	0.4	0.3	0.3
Support and Inputs to multilateral forums	17	17	17	17	21	21	1.3	1.3	1.3	1.3	1.5	1.5
Tools to prevent and resolve systemic crises	**64**	**62**	**66**	**75**	**72**	**72**	**5.0**	**4.8**	**5.0**	**5.6**	**5.2**	**5.3**
Analysis of vulnerabilities and imbalances	18	17	18	20	21	21	1.4	1.3	1.3	1.5	1.6	1.6
Other cross cutting analysis	43	41	44	48	45	45	3.4	3.2	3.3	3.6	3.3	3.3
Fiscal Monitor	3	4	5	7	6	6	0.3	0.3	0.4	0.5	0.4	0.4
Regional approaches to economic stability	**48**	**45**	**40**	**42**	**45**	**45**	**3.7**	**3.5**	**3.0**	**3.1**	**3.3**	**3.3**
REOs	19	21	19	19	23	23	1.5	1.6	1.4	1.4	1.7	1.7
Surveillance of regional bodies	13	10	9	8	8	8	1.0	0.8	0.7	0.6	0.6	0.6
Other regional projects	16	14	13	15	14	14	1.3	1.1	1.0	1.1	1.0	1.0
Oversight of global systems	**134**	**130**	**135**	**139**	**137**	**148**	**10.4**	**10.0**	**10.2**	**10.3**	**10.0**	**10.9**
Development of international financial architecture	**42**	**38**	**42**	**40**	**42**	**45**	**3.3**	**2.9**	**3.2**	**3.0**	**3.0**	**3.3**
Work with FSB and other international bodies	6	7	8	7	7	7	0.5	0.5	0.6	0.5	0.5	0.5
Other work on monetary, financial, and capital markets issues	36	31	35	33	35	38	2.8	2.4	2.6	2.5	2.6	2.8
Data transparency	**40**	**37**	**38**	**41**	**43**	**47**	**3.1**	**2.8**	**2.9**	**3.0**	**3.2**	**3.4**
Statistical information/data	29	29	30	33	33	36	2.2	2.2	2.3	2.4	2.4	2.6
Statistical manuals	4	3	2	2	2	2	0.3	0.2	0.2	0.2	0.2	0.2
Statistical methodologies	7	5	6	6	8	9	0.5	0.4	0.4	0.4	0.6	0.6
The role of the Fund	**52**	**56**	**55**	**58**	**52**	**56**	**4.1**	**4.3**	**4.1**	**4.3**	**3.8**	**4.1**
Development and review of Fund policies and facilities excl. PRGT and GRA	21	20	20	26	24	26	1.7	1.5	1.5	1.9	1.7	1.9
Development and review of Fund policies and facilities - PRGT	11	11	12	11	11	12	0.9	0.8	0.9	0.8	0.8	0.9
Development and review of Fund policies and facilities - GRA	7	8	9	9	7	8	0.5	0.6	0.7	0.7	0.5	0.6
Quota and voice	6	7	6	7	7	8	0.5	0.6	0.4	0.5	0.5	0.6
SDR issues	7	9	8	5	3	4	0.6	0.7	0.6	0.4	0.2	0.3
Bilateral surveillance	**300**	**311**	**325**	**327**	**322**	**331**	**23.3**	**23.9**	**24.6**	**24.3**	**23.5**	**24.3**
Assessment of economic policies and risks	**267**	**274**	**276**	**286**	**279**	**287**	**20.7**	**21.1**	**20.9**	**21.2**	**20.3**	**21.0**
Article IV consultations	195	204	204	216	209	215	15.2	15.6	15.5	16.0	15.2	15.8
Other bilateral surveillance	71	71	72	70	70	72	5.6	5.4	5.4	5.2	5.1	5.2
Financial soundness evaluations - FSAPs/OFCs	**23**	**27**	**39**	**32**	**34**	**35**	**1.8**	**2.1**	**2.9**	**2.4**	**2.5**	**2.5**
Standards and Codes evaluations	**11**	**10**	**10**	**9**	**10**	**10**	**0.8**	**0.8**	**0.7**	**0.7**	**0.7**	**0.7**
ROSCs	3	2	2	1	1	1	0.2	0.1	0.2	0.1	0.0	0.0
AML/CFT	2	2	2	2	3	3	0.2	0.1	0.1	0.2	0.2	0.2
GDDS/SDDS	5	7	6	5	7	7	0.4	0.5	0.5	0.4	0.5	0.5
Lending (incl. non-financial instruments)	**190**	**189**	**175**	**167**	**174**	**177**	**14.8**	**14.5**	**13.2**	**12.4**	**12.7**	**13.0**
Arrangements supported by Fund resources	**145**	**144**	**143**	**145**	**128**	**131**	**11.3**	**11.1**	**10.8**	**10.8**	**9.4**	**9.6**
Programs and precautionary arrangements supported by general resources	81	82	75	71	62	63	6.3	6.3	5.7	5.2	4.5	4.6
Programs supported by PRGT resources	64	63	68	74	66	68	5.0	4.8	5.1	5.5	4.8	5.0
Non-financial instruments and debt relief 2/	**45**	**45**	**32**	**22**	45	46	**3.5**	**3.4**	**2.4**	**1.7**	**3.3**	**3.4**
Capacity development	**339**	**356**	**363**	**408**	**431**	**430**	**26.4**	**27.3**	**27.5**	**30.4**	**31.4**	**31.5**
Technical assistance	**283**	**297**	**303**	**343**	**360**	**359**	**22.0**	**22.8**	**23.0**	**25.5**	**26.2**	**26.3**
Training	**56**	**59**	**60**	**65**	**71**	**71**	**4.4**	**4.5**	**4.5**	**4.8**	**5.2**	**5.2**
							-	-	-	-	-	-
Miscellaneous 3/	**49**	**44**	**48**	**29**	**34**	**16**	**3.8**	**3.4**	**3.6**	**2.1**	**2.5**	**1.2**
Contingency	…	…	…	…	**12**	…	…	…	…	…	**0.9**	…
Reconciliation item 4/	**9**	**14**	**20**	**8**	…	…	**0.7**	**1.1**	**1.5**	**0.6**	…	…

Source: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

1/ Support and governance costs are allocated to outputs.

2/ Includes Post Program Monitoring (PPM), Policy Support Instruments (PSI), Staff Monitored Program (SMP), Near Programs, Ex-Post Assessments (EPA), Multilateral Debt Relief Initiative-I (MDRI-I), MDRI-II, Heavily Indebted Poor Countries (HIPC), Joint Staff Advisory Note (JSAN), Catastrophe Containment Relief Trust (CCRT), and trade integration mechanisms.

3/ The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance.

4/ Reconciliation to gross administrative expenditures as per the Fund's financial system.

Table 5c. Fund-financed Gross Administrative Spending Estimates by Output (direct costs), FY 15–19 1/

	Millions of FY 19 U.S. dollars						Percent of total					
					FY 19						FY 19	
	FY 15	FY 16	FY 17	FY 18	Est. Resources	Proj. Outturn	FY 15	FY 16	FY 17	FY 18	Est. Resources	Proj. Outturn
Total	**1,145**	**1,153**	**1,163**	**1,158**	**1,175**	**1,171**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Multilateral surveillance	**177**	**171**	**169**	**175**	**173**	**170**	**15.5**	**14.9**	**14.6**	**15.1**	**14.7**	**14.5**
Global economic analysis	**89**	**87**	**87**	**87**	**83**	**82**	**7.8**	**7.6**	**7.5**	**7.5**	**7.0**	**7.0**
WEO	11	11	11	10	9	9	1.0	1.0	0.9	0.9	0.7	0.7
GFSR	10	10	9	10	8	8	0.9	0.8	0.8	0.9	0.7	0.7
General research	25	26	24	23	25	24	2.2	2.3	2.0	2.0	2.1	2.1
General outreach	43	40	43	43	42	41	3.7	3.5	3.7	3.7	3.5	3.5
Support and Inputs to Multilateral Forums and Consultations	**15**	**15**	**15**	**14**	**16**	**16**	**1.3**	**1.3**	**1.3**	**1.2**	**1.4**	**1.3**
Multilateral consultations	4	4	4	3	2	2	0.4	0.4	0.3	0.3	0.2	0.2
Support and Inputs to multilateral forums	11	11	11	11	13	13	0.9	0.9	0.9	0.9	1.1	1.1
Tools to prevent and resolve systemic crises	**41**	**39**	**42**	**47**	**45**	**45**	**3.6**	**3.4**	**3.6**	**4.0**	**3.9**	**3.8**
Analysis of vulnerabilities and imbalances	11	10	11	12	13	13	0.9	0.9	0.9	1.1	1.1	1.1
Other cross cutting analysis	28	27	28	30	29	28	2.4	2.3	2.4	2.6	2.4	2.4
Fiscal Monitor	2	2	3	4	4	4	0.2	0.2	0.2	0.3	0.3	0.3
Regional approaches to economic stability	**32**	**30**	**26**	**27**	**29**	**28**	**2.8**	**2.6**	**2.2**	**2.3**	**2.4**	**2.4**
REOs	12	14	12	12	15	14	1.1	1.2	1.1	1.1	1.2	1.2
Surveillance of regional bodies	9	7	5	5	5	5	0.8	0.6	0.5	0.4	0.4	0.4
Other regional projects	11	9	8	10	9	9	1.0	0.8	0.7	0.9	0.8	0.8
Oversight of global systems	**88**	**86**	**88**	**89**	**88**	**99**	**7.7**	**7.5**	**7.6**	**7.7**	**7.5**	**8.5**
Development of international financial architecture	**27**	**24**	**27**	**26**	**26**	**30**	**2.4**	**2.1**	**2.3**	**2.2**	**2.2**	**2.5**
Work with FSB and other international bodies	4	5	5	5	4	5	0.4	0.4	0.4	0.4	0.4	0.4
Other work on monetary, financial, and capital markets issues	23	20	22	21	22	25	2.0	1.7	1.9	1.8	1.9	2.1
Data transparency	**25**	**23**	**24**	**25**	**29**	**32**	**2.2**	**2.0**	**2.1**	**2.2**	**2.4**	**2.7**
Statistical information/data	18	18	19	20	22	24	1.6	1.6	1.7	1.8	1.8	2.1
Statistical manuals	2	2	1	1	1	1	0.2	0.1	0.1	0.1	0.1	0.1
Statistical methodologies	4	3	4	4	6	6	0.4	0.3	0.3	0.3	0.5	0.5
The role of the Fund	**36**	**38**	**37**	**38**	**33**	**37**	**3.2**	**3.3**	**3.2**	**3.2**	**2.8**	**3.2**
Development and review of Fund policies and facilities excl. PRGT and GRA	15	14	13	17	15	17	1.3	1.2	1.2	1.5	1.3	1.5
Development and review of Fund policies and facilities - PRGT	7	7	8	7	6	7	0.6	0.6	0.7	0.6	0.5	0.6
Development and review of Fund policies and facilities - GRA	4	6	6	6	4	5	0.4	0.5	0.5	0.5	0.4	0.4
Quota and voice	4	5	4	5	5	5	0.4	0.5	0.4	0.4	0.4	0.5
SDR issues	5	7	5	3	2	3	0.4	0.6	0.5	0.3	0.2	0.2
Bilateral surveillance	**197**	**203**	**209**	**210**	**208**	**215**	**17.2**	**17.6**	**18.0**	**18.1**	**17.7**	**18.4**
Assessment of economic policies and risks	**176**	**180**	**179**	**184**	**180**	**187**	**15.4**	**15.6**	**15.4**	**15.9**	**15.3**	**15.9**
Article IV consultations	129	134	131	138	134	139	11.3	11.6	11.3	11.9	11.4	11.8
Other bilateral surveillance	47	46	47	46	46	48	4.1	4.0	4.1	4.0	3.9	4.1
Financial soundness evaluations - FSAPs/OFCs	**14**	**16**	**24**	**20**	**21**	**22**	**1.2**	**1.4**	**2.1**	**1.8**	**1.8**	**1.9**
Standards and Codes evaluations	**7**	**6**	**6**	**6**	**6**	**7**	**0.6**	**0.6**	**0.5**	**0.5**	**0.5**	**0.6**
ROSCs	2	1	1	1	0	0	0.2	0.1	0.1	0.1	0.0	0.0
AML/CFT	2	1	1	2	2	2	0.1	0.1	0.1	0.1	0.1	0.1
GDDS/SDDS	3	4	4	3	4	5	0.3	0.4	0.3	0.3	0.4	0.4
Lending (incl. non-financial instruments)	**130**	**127**	**115**	**110**	**117**	**120**	**11.3**	**11.0**	**9.9**	**9.5**	**10.0**	**10.3**
Arrangements supported by Fund resources	**100**	**97**	**94**	**95**	**87**	**89**	**8.7**	**8.4**	**8.1**	**8.2**	**7.4**	**7.6**
Programs and precautionary arrangements supported by general resources	56	55	50	47	43	44	4.9	4.7	4.3	4.0	3.6	3.7
Programs supported by PRGT resources	43	42	44	49	44	45	3.8	3.6	3.8	4.2	3.8	3.8
Non-financial instruments and debt relief 2/	**30**	**30**	**21**	**15**	**31**	**31**	**2.6**	**2.6**	**1.8**	**1.3**	**2.6**	**2.7**
Capacity development	**136**	**139**	**139**	**141**	**142**	**143**	**11.9**	**12.1**	**12.0**	**12.2**	**12.1**	**12.2**
Technical assistance	101	103	104	107	108	109	8.9	8.9	8.9	9.2	9.2	9.3
Training	34	37	35	34	34	34	3.0	3.2	3.0	2.9	2.9	2.9
							-	-	-	-	-	-
Support and Governance	**368**	**379**	**387**	**411**	**401**	**407**	**32.2**	**32.9**	**33.3**	**35.5**	**34.1**	**34.8**
Miscellaneous 3/	**37**	**30**	**28**	**23**	**34**	**16**	**3.2**	**2.6**	**2.4**	**2.0**	**2.9**	**1.3**
Contingency	. . .	. . .	. . .	. . .	**12**	. . .	. . .	. . .	. . .	. . .	**1.0**	. . .
Reconciliation item 4/	**12**	**17**	**28**	**0**	. . .	. . .	**1.0**	**1.5**	**2.4**	**0.0**	. . .	. . .

Source: Office of Budget and Planning, Analytic Costing and Estimation System (ACES).

1/ Support and governance costs are shown as a separate item.

2/ Includes Post Program Monitoring (PPM), Policy Support Instruments (PSI), Staff Monitored Program (SMP), Near Programs, Ex-Post Assessments (EPA), Multilateral Debt Relief Initiative-I (MDRI-I), MDRI-II, Heavily Indebted Poor Countries (HIPC), Joint Staff Advisory Note (JSAN), Catastrophe Containment Relief Trust (CCRT), and trade integration mechanisms.

3/ The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTC allocation represents mapping of direct departmental costs to IMF governance.

4/ Reconciliation to gross administrative expenditures as per the Fund's financial system.

Table 6. Capital Expenditures, FY 13–19
(Millions of U.S. dollars)

	Formula Key	Facilities	Information Technology	HQ2	HQ1 Renewal	Concordia Renovation	Total Capital
FY 13							
New appropriations	(1)	7.4	34.3	0.0	347.0	0.0	388.7
Total funds available	(2)	21.1	63.2	0.1	427.3	31.6	543.3
Expenditures	(3)	7.4	37.1	0.0	22.0	22.3	88.8
Lapsed funds 1/	(4)	1.4	0.5	0.0	0.0	0.0	1.8
Remaining funds 2/	(5) = (2)-(3)-(4)	12.4	25.6	0.0	405.3	9.3	452.6
FY 14							
New appropriations	(6)	17.4	23.8	0.0	0.0	0.0	41.2
Total funds available	(7) = (5)+(6)	29.8	49.4	0.0	405.3	9.3	493.8
Expenditures	(8)	10.1	36.6	0.0	92.2	4.8	143.8
Lapsed funds 1/	(9)	0.5	0.0	0.0	0.0	3.9	4.4
Remaining funds 2/	(10) = (7)-(8)-(9)	19.2	12.8	0.0	313.1	0.6	345.7
FY 15							
New appropriations	(11)	22.0	29.8		0.0	0.6 3/	52.4
Total funds available	(12) = (10)+(11)	41.2	42.6		313.1	0.6	397.4
Expenditures	(13)	10.5	29.3		95.7	0.3	135.8
Lapsed funds 1/	(14)	0.6	0.3		0.0	0.3	1.2
Remaining funds 2/	(15) = (12)-(13)-(14)	30.1	12.9		217.4	0.0	260.4
FY 16							
New appropriations	(16)	14.4	27.7		132.0 4/		174.1
Total funds available	(17)= (15)+(16)	44.5	40.6		349.4		434.5
Expenditures	(18)	14.6	25.8		90.1		130.5
Lapsed funds 1/	(19)	0.4	0.1		0.0		0.6
Remaining funds 2/	(20) = (17)-(18)-(19)	29.4	14.7		259.2		303.4
FY 17							
New appropriations	(21)	32.5	28.0		0.0		60.5
Total funds available	(22)= (20)+(21)	62.0	42.7		259.2		363.9
Expenditures	(23)	17.9	27.9		76.3		122.1
Lapsed funds 1/	(24)	5.4	0.2		0.0		5.6
Remaining funds 2/	(25) = (22)-(23)-(24)	38.7	14.6		182.9		236.2
FY 18							
New appropriations	(26)	31.4	35.0		0.0		66.4
Total funds available	(27)= (25)+(26)	70.1	49.6		182.9		302.6
Expenditures	(28)	22.3	31.4		62.3		116.0
Lapsed funds 1/	(29)	0.3	0.0		0.0		0.3
Remaining funds	(30) = (27)-(28)-(29)	47.4	18.2		120.6		186.3
FY 19							
New appropriations	(31)	35.5	35.9		0.0		71.4
Total funds available	(32)= (30)+(31)	82.9	54.1		120.6		257.7
Expenditures (Proj.)	(33)	36.6	38.0		84.6		159.2
Remaining funds (Proj.) 2/	(34) = (32)-(33)	46.3	16.1		36.0		98.5

Sources: Office of Budget and Planning and Corporate Services and Facilities Department and Information Technology Department.

1/ Figures reflect funds that were not spent within the three-year appropriation period; e.g., FY 16 appropriated funds lapsed at the end of

2/ Figures reflect the unspent amount of the budget appropriation in the period concerned. Those funds can be used for authorized

the period covered by the appropriation.

3/ Unspent Concordia funds appropriated in FY 12 expired at the end of FY 14 with the exception of $0.6 million that was specifically reappropriated for FY 15 to complete the remaining work under the project.

4/ Additional appropriations were approved for the HQ1 Renewal Program during FY 16.