INTERNATIONAL MONETARY FUND

IMF POLICY PAPER

FY2023-FY2025 MEDIUM-TERM BUDGET

May, 2022

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 28, 2022 consideration of the staff report.
- The **Staff Report** on the Medium-Term Budget was prepared by the IMF staff and completed on April 22, 2022 for the Executive Board's consideration on April 28, 2022.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

Electronic copies of IMF Policy Papers
are available to the public from
http://www.imf.org/external/pp/ppindex.aspx

International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR22/174

IMF Executive Board Approves FY2023–FY2025 Medium-Term Budget

FOR IMMEDIATE RELEASE

Washington, DC – May 27, 2022: On April 28, 2022, the Executive Board of the International Monetary Fund (IMF) considered the 2023-25 financial years (FY23-25) Medium-Term Budget in the context of significant economic uncertainty, driven by the fallout of the pandemic, the war in Ukraine, as well as shifting monetary conditions in major markets. At the same time, the membership is tackling the profound macroeconomic and financial implications of longer-term global challenges. The Board recognized the need for the Fund to remain agile in its response, working in close cooperation with partners.

The Board emphasized the need to continue exercising strict budget discipline through robust savings and reprioritization. At the same time, after a decade of flat real budgets, Executive Directors approved a targeted budget augmentation framework to step up the Fund's work on longer-term global challenges. The real net administrative budget will increase on average by 2 percent each year during FY23 to FY25 relative to FY22, returning to a flat real budget trajectory thereafter. The new resources are linked to specific deliverables identified in strategies endorsed by the Board to tackle the macro-critical challenges of climate change and the rise of digital money, while reinforcing the Fund's work on macrofinancial surveillance, fragility, and inequality. The approved budget is consistent with projected income.

The approved net administrative budget for FY23 (May 1, 2022–April 30, 2023), 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$1,295 million, a 1.8 percent ($21.8 million) real increase relative to FY22. The maximum amount of unused budget resources that can be carried forward from previous years will be reduced from 8 to 7 percent of the underlying budget, representing an initial unwinding of exceptional temporary space for immediate Covid-related crisis needs that was introduced in FY21.

The FY23 capital budget is set at US$78 million, a reduction of 1.3 percent from FY22, allowing critical investments but also time to take on board lessons from the remote environment and recent modernization experience.

The Board also approved an increase in the limit and a carryforward mechanism for externally funded spending, linked to a ramp up in capacity development activities to support the Fund's structural transformation agenda.

Additional information can be found in the staff paper on the FY23-25 Medium-Term Budget and the Augmentation Framework Paper.

700 19th Street NW
Washington, DC 20431
USA

INTERNATIONAL MONETARY FUND

FY2023-FY2025 MEDIUM-TERM BUDGET

April 21, 2022

EXECUTIVE SUMMARY

Context. The pandemic and war in Ukraine are weighing on the global economy. Uncertain monetary conditions are also complicating economic management. Members are addressing the fallout, often with constrained policy space, while also seeking a durable, inclusive structural transformation to address the macro-financial implications of climate change, digital money, fragility, and inequality.

FY23–25 framework. After a decade of flat real budgets, the FY23-25 framework includes a phased augmentation to ramp up work in areas of the Fund's mandate to support this structural transformation, working with partners and with reversion to a flat real envelope in FY26. In parallel, temporary crisis resources are being wound down, carefully paced given risks to the outlook. The Fund is adopting a hybrid work model, building on crisis lessons, while continuing to modernize operations and facilities.

FY23 administrative budget. The proposed budget ($1,295 million, a 1.8 percent real increase versus FY22) builds on extensive reprioritization and savings and the first phase of the augmentation. It recognizes members' changing needs, with resourcing for deepening work on debt and governance. It also steps up the Fund's efforts to support a greener, digital, and more inclusive global economy. At the same time, the Fund will need to remain agile, reprioritizing as needed given rapidly evolving circumstances.

External funding. Externally funded spending will continue to recover as travel-related capacity building picks up. A four-percent real increase in the limit for external resources (to $230 million) is proposed to support the structural transformation agenda. A carryforward mechanism for external financing is also proposed.

FY23 capital budget. Capital spending will be moderated in FY23, allowing critical investments but also time to take on board lessons from the remote environment and recent modernization experience. The new cloud-capital equivalent framework approved last year recognizes the changing nature of IT investment and provides a transparent framework for reporting on this spending.

Sustainability. The FY23–25 budget is consistent with the Fund's medium-term income position and precautionary balance target.

Risks to the budget remain elevated, due, inter alia, to uncertainty in program demand, the early stage of work to support members' structural transformation, the new hybrid model, and inflation developments. Enterprise risk management continues to be strengthened.

Approved By
Michele Shannon

Prepared by the Office of Budget and Planning (OBP) team led by Maria Albino under the supervision of Axel Schimmelpfennig and Justin Tyson with contributions from Feras Abu Amra, Gillian Adu, Emre Alper, Leslie Alvarez, Anand Balakrishnan, Raquel Chuayffet, Angeliki Economopoulos, Cher Huo, Mercy Pinargote, Delano Radgman, Andrea Salerno, Haydn Schaefermeyer, Anika Shtuni, Paul Tershakovec, Muriel Vimond, and Barrie Williams. Contributions from staff in CSF, HRD, ICD, ITD are noted in the text in the relevant sections.

CONTENTS

BOXES

FIGURES

TABLES

ANNEXES

Abbreviation and Acronyms

ACES	Analytic Costing and Estimation System
AD	Area Departments
AFR	African Department
APD	Asia & Pacific Department
CCAM	Caucasus, Central Asia, and Mongolia
CCAMTAC	Caucasus, Central Asia, and Mongolia Technical Assistance Center
CCBR	Comprehensive Compensation and Benefits Review
CD	Capacity Development
CDFF	Capacity Development Fund-financed
CDEF	Capacity Development Externally financed
CDMAP	Capacity Development Management and Administration Program
COM	Communications Department
CSF	Corporate Services and Facilities Department
CSR	Comprehensive Surveillance Review
EUR	European Department
FAD	Fiscal Affairs Department
FCS	Fragile and Conflict-Affected States
FGF	Fund Governance and Fund Finances
FIN	Finance Department
FSAP	Financial Sector Assessment Program
FTE	Full-Time Equivalent
GED	Global External Deflator
GPA	Global Policy Agenda
GRA	General Resource Account
HRD	Human Resources Department
ICD	Institute for Capacity Development
iDW	Integrated Digital Workplace
IEO	Independent Evaluation Office
ISU	Internal Support
ITD	Information Technology Department
LEG	Legal Department
MCD	Middle East & Central Asia Department
MCM	Monetary and Capital Markets Department
MSGS	Multilateral Surveillance, Global Cooperation and Standard Setting
MTB	Medium-Term Budget
NAB	Net Administrative Budget
OBP	Office of Budget and Planning
OED	Office of Executive Directors
OIA	Office of Internal Audit

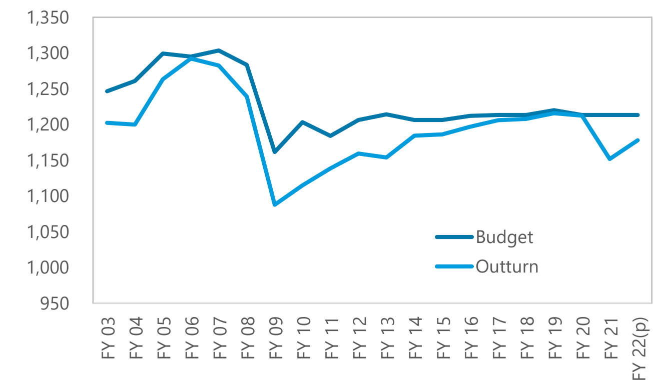
OIC	Office of Innovation and Change
ORM	Office of Risk Management
PFTAC	Pacific Financial Technical Assistance Centre
PRGT	Poverty Reduction and Growth Trust
RST	Resilience and Sustainability Trust
RES	Research Department
RFI	Rapid Financing Instrument
RTAC	Regional Training Assistance Center
SEC	Secretary's Department
SPR	Strategy, Policy, and Review Department
STA	Statistics Department
BSL	Bilateral Surveillance and lending
TRM	Office of Transformation Management
TFMF	Trust Fund Management Fee
WHD	Western Hemisphere Department

SECTION I. OVERVIEW

1. **Calibration and acceleration.** The Managing Director's Fall 2021 Global Policy Agenda and Statement on the Executive Board Work Program emphasize the imperative for the Fund to adapt to the changing needs of its members. In the period since this discussion, the war in Ukraine has brought dramatic human, as well as economic, consequences, with related spillovers to the region and the world through commodity markets, trade, and financial channels. Inflation dynamics in major markets have also contributed to uncertainty. The Fund will work to support members adversely affected by the war, while continuing to help countries calibrate their response to the COVID-related economic crisis, and accelerate transformation towards a greener, digital, and more inclusive global economy. The Fund itself is taking on board lessons from the pandemic by investing in a hybrid work model and, more broadly, incorporating lessons in modernization efforts.

Figure 1. Net Administrative Budget, FY03-22

(Millions of FY22 U.S. dollars)



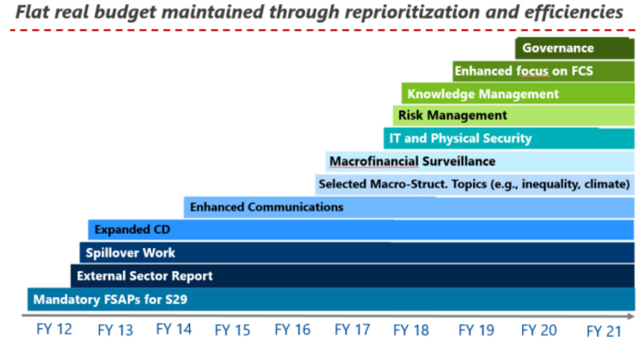
Sources: FACTS, OBP.

2. **Budget agility.** The Fund's nimble response to the protracted crisis continues a tradition of budget agility (Figure 1). During the past two decades, the Fund has revisited the scale of needs, including the implications of the global financial crisis. Since FY12, it has operated under a flat real budget envelope, addressing changing needs through reprioritization and savings.

- **Reprioritization in the last decade:** The Fund has expanded its core activities through broad-based reprioritization and savings (see FY22-24 Medium-Term Budget, Box 1). This process provided space to expand core work and address new priority areas, including mandatory FSAPs, external sector and spillover work, governance and broader macro-structural work, and macro-financial surveillance (Figure 2).

Figure 2. Reprioritization Over the Last Decade

Flat real budget maintained through reprioritization and efficiencies



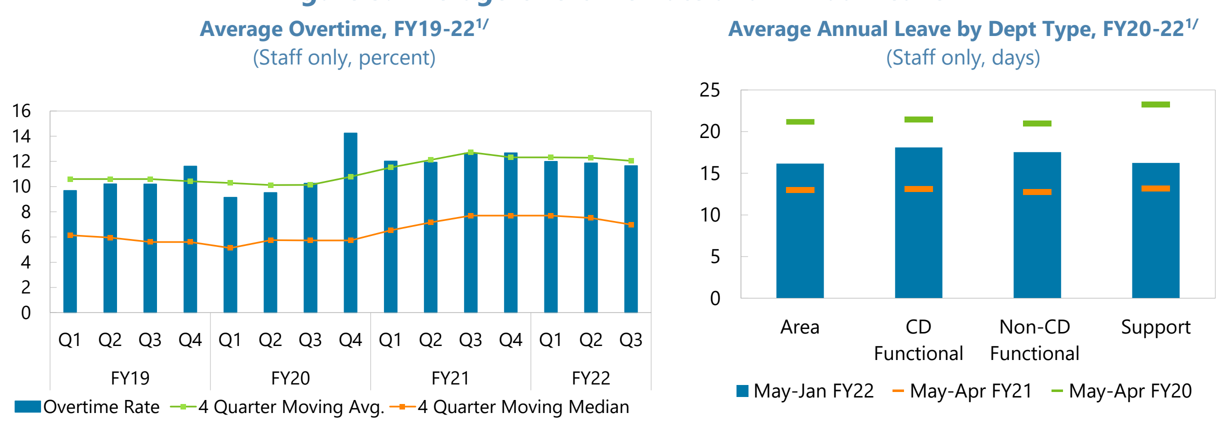
Source: OBP.

3. **Reprioritization during the pandemic.** Savings from a pandemic-related moratorium on travel and the deferral of non-urgent work allowed for a rapid shift of resources to crisis needs, supported by a temporary ramp-up in crisis-related staffing. As highlighted in the 2021 Annual Report, the crisis response included financial support to member countries, a policy tracker, enhanced work on debt, instrument

retooling and the approval of a new SDR allocation, as well as work on strategies to support structural transformation in the face of longer-term global challenges. Overall, about 12 percent of budget resources were reprogrammed to crisis needs and new priorities in FY21, and an additional 9 percent in FY22, well above norms given the extraordinary nature of needs and the large impact of reprogramming travel resources to crisis needs.

4. Inflection point. In its Fall 2021 communiqué, the IMFC called on the Fund to help members achieve a durable and inclusive structural transformation, including through stepped up work—in line with its mandate and through continued effective collaboration with partners—to identify and manage the macro-financial risks and the macro-critical implications of climate change, digital money, fragility, and inequality. This agenda recognized the centrality of these challenges to the global economy and to the Fund's effectiveness in carrying out its mandate in support of its membership. The Board has agreed on a Budget Augmentation Framework to support these efforts, with annual augmentations averaging two percent over the next three years, returning to a flat real envelope thereafter. The framework protects funds for existing core work while addressing work pressures that had increased to unsustainable levels during the pandemic (Figure 3).

Figure 3. Average Overtime Rate and Annual Leave



[1/]Excludes regional offices. Percent of actual hours worked

[1/]Excludes regional offices.

5. FY23 budget. The proposed budget maintains exceptional support for the Fund's response to the ongoing COVID-19 crisis. The unwinding of temporary crisis staffing will be initiated in FY23, recognizing the need for a paced reduction, but also the need for prudence given uncertainty regarding the duration of COVID-19 crisis needs and of the regional and global impact of the war in Ukraine. The Fund will remain nimble and respond to members' emerging needs, including by reallocating budget resources within year as needed. The budget allocates resources to climate, digital money, macrofinancial surveillance, fragility, inclusion, debt, governance, updates to the Fund's financial infrastructure and risk framework, and support for a changing workplace. Externally funded operations will also continue to complement Fund-financed capacity development (CD). The capital budget will advance the Fund's modernization agenda, taking on board lessons from early implementation and operating in a remote environment.

6. Paper structure. Section II provides an initial overview of the FY22 budget execution. Section III looks at the key medium-term issues that will shape the Fund's budget outlook. Section IV details the proposed FY23 budget. Section V looks at the FY23 capital budget, section VI considers risks and mitigating measures, and section VII presents FY23 proposed decisions.

SECTION II. FY22 DEVELOPMENTS

A. FY22 Administrative Budget

7. Building forward better. The COVID-19 crisis exacerbated pre-pandemic vulnerabilities, and the latest wave has slowed the pace of recovery, amidst diverging country prospects. Staff efforts in FY22 have sustained the crisis response, including the approval of an SDR allocation and ongoing crisis related lending operations, while enhancing the Fund's toolkit and policies, and laying the foundations for a greener, digital, and more inclusive global economy. This was achieved through reallocation of resources within the flat real budget.

- **Crisis needs.** A total $59.3 million in temporary resourcing, including 135 net positions, were allocated to departments, supported by repurposing of travel budgets and other non-urgent expenditures, as well as continuation of a temporary increase in the limit on carryforward of unused funds from previous years (Table 1). While engagement with authorities remains largely virtual, lending has steadily increased, FSAPs and Article IV consultations have resumed, and CD has prioritized support for crisis-related issues, including strengthening payment systems to monitor and report on crisis spending, expanding the revenue base, and enhancing revenue administration. Lending is shifting from emergency to medium-term operations, with some members likely

Key Achievements in FY22

Country Operations:

- 22 financing operations approved (47 active, including 6 emergency operations) as of mid-March, with debt service relief to 30 countries.
- 122 Article IV consultations and 5 FSAPs planned through April.
- 178 countries benefitted from single-country CD delivery
- Implementation of the G20 DSSI debt service relief and the Common Framework for debt treatments

Multilateral Surveillance

- Flagships focused on pandemic response, crypto assets, public finances, and global imbalances
- Multilateral Leaders Task Force established
- COVID-19 Vaccine Supply Tracker
- Final Covid policy tracker update

Policy/Financial

- Comprehensive Surveillance Review completed
- FSAP Review completed
- Review of the Institutional View on Capital Flows
- Climate change strategy approved
- Digital money strategy approved
- FCS strategy approved
- Inclusion and gender strategy discussed with formal presentation in June.
- SDR allocation of $650 billion approved
- Initial work—Resilience and Sustainability Trust

Internal Support

- Investment in risk framework
- Budget augmentation framework approved
- Hybrid work model and broader modernization

to face complex debt challenges. The Fund has also played a lead role in the Global Health and Pandemic Response vaccine taskforce.

- **FY22 administrative spending** (rebased to exclude travel) is expected to increase across most workstreams, drawing on temporary crisis-related resourcing (Figure 4). Overall direct country engagement is estimated to increase by 9 percent year-on-year, driven by lending and surveillance operations. CD-related spending is also expected to rise based on a partial recovery in externally financed spending. Fund-financed CD is projected to decline, reflecting other demands and crisis-related interruption in some areas. CDMAP also introduced new time-reporting procedures that may affect CD reporting; change management efforts are ongoing to familiarize users with new practices and mitigate any impacts.

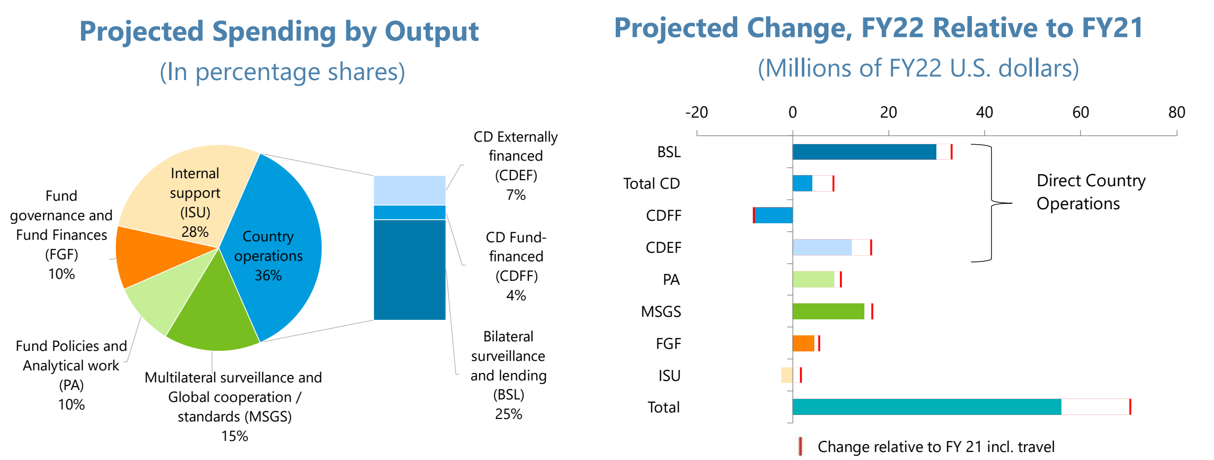
Table 1. FY22 Crisis Funding

(Millions of FY22 US dollars, unless otherwise noted)

	$	In percent [1/]
Crisis Demands	**96**	**7.9**
Area/Functional Dept.	79	
Support	10	
Other	7	
Crisis Funding	**96**	**7.9**
Crisis Savings	37	3.1
Area/Functional Dept.	36	
Support	1	
Temporary funds	59	4.9
Travel/Events	33	
Carry forward/other	26	

Sources: OBP estimates. [1/]Percent of FY22 structural budget.

Figure 4. Fund Projected Outputs, FY22



Source: ACES, staff calculations. All figures (except line on second chart) exclude travel. Miscellaneous (2 percent of spending) also excluded. FY21 figures updated to reflect revised costing methodology for CD, with improved separation between delivery and other workstreams.

- **Support.** Internal support is expected to decline by about half a percentage point compared to FY21), as the institution addresses continued pandemic-related needs, pivots to a post-crisis work model, invests in strengthened control and risk mitigation, and continues work to strengthen the HR delivery model. HQ buildings have been equipped to ensure staff health and safety and support hybrid meeting audio-visual needs. IT services continue to enable remote work (equipment, collaboration tools), including in our field offices, and HR policies and training courses have also been developed to recognize impact on staff and managers. Modernization work has continued, albeit with some important lessons (discussed below), and with a shift to a new IT managed service delivery model. Non-travel spending for the Annual and Spring Meetings has also increased, given the dual virtual/in-person format.

- **Externally funded CD spending,** at $163 million, is projected to be broadly in line with the planning assumption of $165 million, below the approved envelope ($210 million), largely due to expected crisis-related reductions in travel and expert expenditures but reflecting a $42 million recovery versus FY21. The impact of lower management fees was built into the FY22 budget. Personnel chargebacks in FY22 are near pre-pandemic levels, highlighting a recovery in staff time on externally funded CD.

8. Projected utilization. Based on spending during the first three quarters, FY22 structural utilization of the net administrative budget is projected at 97 percent, compared to 95 percent in FY21 and 99 percent in FY20 (pre-crisis). Improvements relative to FY21 are broad-based. Estimated budget utilization reflects a significant decline in vacancies, but a continued slow resumption in travel and building occupancy, given ongoing COVID-related constraints. No use of carryforward resources is expected in FY22 (Table 2).

Table 2. FY22 Utilization[1/]

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

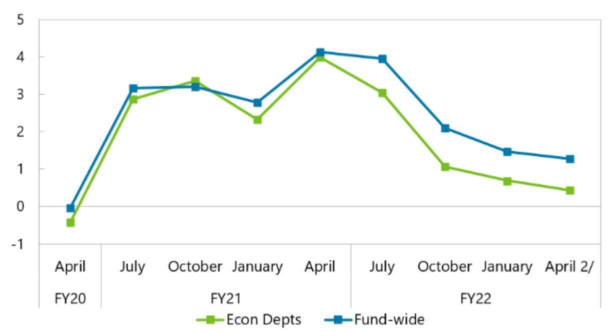
	Structural Budget	Proj. Outturn	Utilization (percent)
Gross Expenditures	1,249	1,204	96
Personnel	938	985	105
Travel	81	18	22
Buildings and Other	218	201	92
Contingency	12	…	…
Receipts	-36	-26	73
Net Expenditures	1,214	1,178	97

Source: OBP.[1/] FY22 aggregate budget envelope of $1,315 million, including agreed transitional and crisis resources.

- **Personnel.** Recruitment has accelerated in FY22, with vacancy rates near precrisis levels in economics departments (Figure 5). Execution is expected to exceed the structural personnel budget but remain within the overall available envelope, (overall utilization of 98 percent), reflecting allocation of temporary resources, mainly for crisis staffing.

Figure 5. Vacancy Rates, FY20-22[1/]

(In percent of approved FTEs)



Sources: Department submissions and OBP estimates [1/]Excludes OED, IEO. Overall positions, incl. temporary. [2/] February data.

- **Travel.** About half of travel-related resources were reprogrammed in case conditions allowed a faster travel resumption, recognizing significant pent-up demand from member countries. With restrictions more protracted, travel is more limited than budgeted. The projected outturn reflects a combination of selected in-person missions, increased hiring-related travel, and some evacuations.

- **Other items.** Projected underruns in other budget lines also link to uncertainty.

- **Buildings and other services:** Spending is projected to be about 8 percent below budget. The underspend is mainly due to a reduction in contractual service expenses due to the continued remote working environment affecting maintenance and operational services. It also reflects accounting changes related to the implementation of the cloud-capital equivalent mechanism during the course of FY22.
- **Receipts:** FY22 receipts are projected to be $10 million below budget, largely due to the extended pause in parking fees and lower Concordia occupancy, which have been met through temporary crisis resources. Publication sales have also continued to decline.

SECTION III. MEDIUM-TERM CONTEXT

9. Sustained support. The global recovery is expected to moderate, with monetary developments in major markets, deepening divergence, and episodic resurgences of virus variants contributed to uncertainty. The war in Ukraine and its reverberations, including displacement and the impact on food security, has heightened this uncertainty. Country authorities will need to continue calibrating policies to limit crisis scarring and support recovery in this challenging environment, while accelerating their response to the deepening challenges posed by climate change, the digital revolution, fragility, and inequality. The Fund will remain agile in responding to members' changing needs within the recently agreed medium-term budget framework (Figure 6 and Table 3).

Figure 6. Global Policy Agenda and Funding

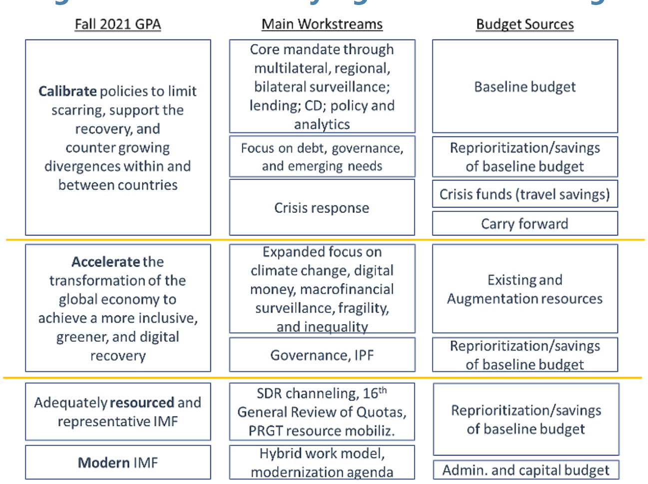


Table 3. Administrative and Capital Budget Envelopes, FY22-25

(Millions of FY22 US Dollars)

	FY22		Budget changes			FY23	FY24	FY25
	Structural Budget	Outturn (est.)	Demands	Savings	Donor financed	Proposal Structural Budget	Indicative Structural Budget	
Gross administrative budget	1,460	1,367	87	68	9	1,488	1,529	1,553
Receipts 1/	(246)	(189)	3	...	(9)	(252)	(263)	(266)
Net Administrative Budget	1,214	1,178	90	68	...	1,235	1,267	1,286
o/w annual Augmentation	...	...	22	...	...	22	25	26
o/w Annual Meetings	...	...				...	6	...
Capital Budget 2/	79	84				74	88	88
Memorandum items:								
General carryforward 3/	88					79	...	...

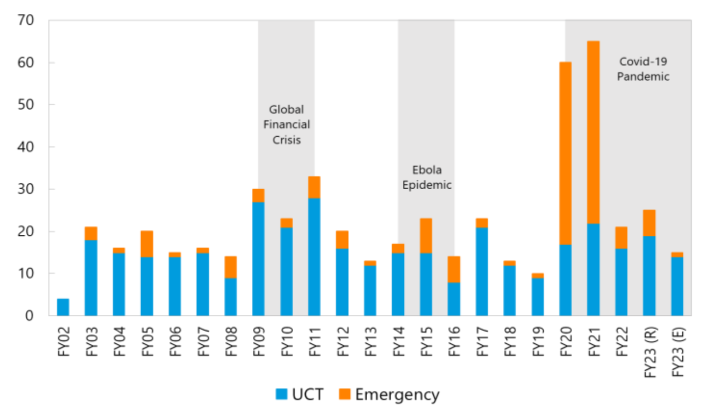
Sources: FIN, OBP.[1/] Demand reflects an accounting change to align CD management fees with expected (versus budgeted) externally financed activities. [2/] Outturn reflects three-year funding availability. [3/]FY23 general carryforward limit of 7 percent.

A. Calibrating the Pandemic Response

10. Baseline and crisis needs. The FY23–25 budget will continue to support members in calibrating policies to evolving pandemic conditions, counter growing divergence, and limit scarring. Covid-related needs and those emerging from the war in Ukraine, will be met by reprioritization and use of carryforward resources, supported by the temporary increase in the carryforward limit. Coverage of longer-term priorities supported by the augmentation is detailed below.

- **Country operations.**
  - **Bilateral surveillance** will follow priorities established in the Comprehensive Surveillance Review and the Review of the Financial Sector Assessment Program to better integrate macro-financial aspects, risk assessment and contingency planning, spillovers, and CD.
  - **Lending** will be driven by upper credit tranche (UCT) arrangements, following Covid-related emergency assistance beginning in FY20, as well as prospects of RST-supported operations and needs stemming from the economic and financial ramifications of the war in Ukraine. FY22 lending is now projected to include 22 operations (versus 35 active requests in the FY22-24 budget and an additional 15 informal expressions of interest), including 16 UCT operations (versus 25 in FY21). While the scale of overall lending is lower than projected earlier, risks to the scale of lending remain elevated given the uncertain global outlook (Figure 7).

Figure 7. Fund Financial Support FY02–23[1/]
(Number of Approved Arrangements)



Source: SPR, OBP. [1/]Actual data through March 2022. Projections estimated based on active requests, FY23 (R), or informal enquiries, FY23 (E), by the authorities.

  - **CD activities** will continue to focus on the Fund's core areas of expertise, increasing traction through better integration with surveillance and lending, and deeper partnerships with relevant counterparts. Work on an updated CD strategy will commence to assess ways to continue strengthening CD, drawing on a forthcoming IEO review.

- **Multilateral surveillance and global cooperation/standards.** Flagships will continue to consider complex economic and financial trade-offs, recognizing constrained room for maneuver and longer-term challenges. Staff will continue to engage key external stakeholders, including the G20 and G7. In FY23, staff will finalize the foundational work for updating the Balance of Payments Manual and System of National Accounts.

- **Policy and Analytical work** will include addressing debt vulnerabilities, inequality, and governance, operationalizing the lending policies linked to the Resilience and Sustainability Trust (RST), and reviewing the effectiveness of policies underlying use of existing instruments.
- **Unwinding crisis resources**. Crisis resourcing will be unwound over the three-year budget period, recognizing the one-off nature of underlying funding. This process will begin in FY23, with due attention to risks from the uneven recovery and ongoing uncertainty.

B. Accelerating a Durable Transformation

11. Meeting longer-term challenges. The membership has recognized that meeting the memberships call for stepped-up work to support a durable structural transformation outlined in Box 1 requires both continued strong collaboration with partners and a targeted augmentation of resources after a decade of flat real budgets. The Augmentation Framework approved in December sets out parameters for FY23–25, while recognizing that the budget is subject to annual approval within a medium-term context. It anticipates real augmentation of about 2 percent per year during FY23-25 before reverting to a flat real trajectory, guided by sound budget principles (Box 2).

12. Key parameters:

- **Focus and workstreams** (Figure 8). In steady state, about 40 percent of augmentation resources will support an expansion of the Fund's work on climate change, about 30 percent work on digital money and strengthening macro-financial surveillance, and another 30 on enhancing support to FCS. An incremental allocation of resources will better leverage the Fund's work on

Box 1. Strategic Approach to Longer-Term Challenges

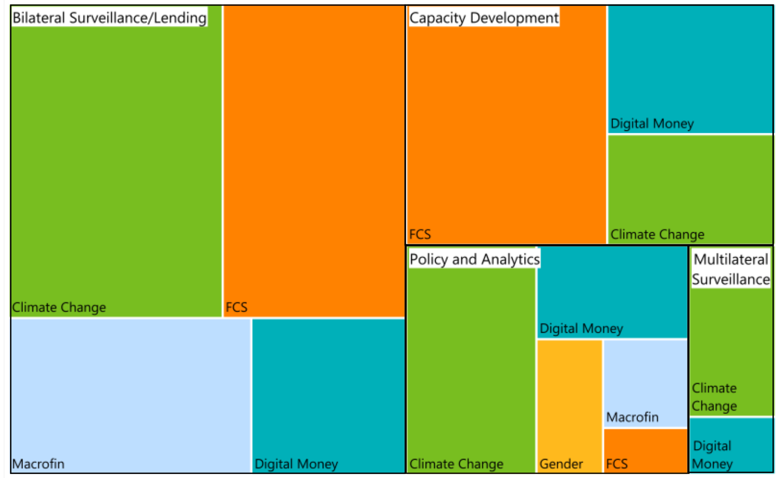
- **Climate Change.** Expand climate work in macrocritical areas, including through coverage in Article IVs, FSAPs, CD, and flagships while building out mechanisms for collaboration with relevant partners.
- **Digital Money.** Deepen expertise and partnerships to tackle the complexities and interlinkages of digital money to safeguard international and domestic financial stability in Article IVs, FSAPs, CD and flagships.
- **Macrofinancial Surveillance**. Deepen progress on macrofinancial surveillance to provide consistent coverage in Article IVs.
- **Fragility**. A renewed vision to enhance the IMF's role in FCS through long-term engagements and collaboration with partners.
- **Inclusion and gender (forthcoming)**. Leverage existing work and develop tools to address inclusion and gender issues in country work, where macro critical, partnering with relevant institutions.

Box 2. Principles Driving the Augmentation Framework

- **Budget prudence.** The Fund will continue to realize savings as an integral part of overall budget formulation. The underlying strategies supported by the augmentation also account for synergies with other workstreams. In addition, the framework applies a 5 percent discount up front for work under these strategies, anticipating additional efficiencies in implementation.
- **Focus on mandate.** The thematic strategies zero in on the Fund's core mandate and expertise and envisage close collaboration with relevant partners, recognizing the need to avoid duplication.
- **Sound implementation.** A phased approach to implementation over three years allows strategic, multiyear planning, as well as flexible response to early lessons.
- **Sustainability.** The framework recognizes the Fund's medium-term income outlook and precautionary balance objectives.

inclusion and gender. About 70 percent of augmentation resources will strengthen direct country support, including about 25 percent for Fund-financed CD. Remaining funds will support foundational analytical and policy work, multilateral surveillance, and internal training which will be key to mainstreaming. Support departments (CSF, HRD, ITD, etc.) will be reinforced to sustain implementation.

Figure 8. Allocation by Output and Issue Area, FY23–25[1/]
(Share of Spending)



Source: OBP. [1/]Global standard/cooperation included in "Policy/Analytics."

- **Phasing.**
  - **FY23—Foundation.** In the first year, staff will focus on policy and analytical work, including internal training, laying the foundations to scale up technical expertise and mainstream emerging issues into core work, with targeted response to strong increases in demands for direct country support in these areas. FY23 will also see efforts to recruit and onboard new staff and continue organizational planning.
  - **FY24—Growth.** Building on stronger analytical foundations, the focus is expected to shift more heavily to direct country support. Close monitoring of resources allocated to functional departments will help ensure integrated country engagement in a more predictable manner.
  - **FY25—Stabilization**. The final ramp-up of resources and staffing will allow deliverables to begin to stabilize. Implementation of topical strategies will benefit from and adapt to early experiences and further maturation of organizational arrangements. Budgets for FY26 and forward will be maintained at the FY25 level on a flat real basis.

- **Implementation**. With approval of the augmentation framework in December, implementation efforts as outlined in the companion paper have accelerated. Strategy teams are refining organizational frameworks, working closely with departments and HRD/OBP. The critical issue of cross-departmental handoffs and roles, particularly as it relates to direct country support, has been further considered, and agreement reached on strengthening existing coordination and monitoring

Board Updates on Issue Strategies

Implementation Updates	Expected Date
Climate Strategy	FY23 Q4
Digital Money Strategy	FY23 Q4
Macrofinancial Surveillance Strategy	FY24 Q4[1/]
FCS Strategy	FY23 Q4
Inclusion and Gender Strategies	FY23 Q3

[1/]In the context of the interim surveillance review.

structures. HRD is also continuing work to reinforce its recruitment strategy to bring in specialized skills, with due attention to diversity considerations. ICD is incorporating consideration of the strategic priorities into annual strategic planning for CD, working with CD and Area Departments. These and broader issues will continue to be reviewed by an interdepartmental issues group as implementation continues. Staff will regularly report to the Executive Board on progress against the issue-specific strategies, starting in FY23 (see Text table). HRD will also update the Executive Board on recruitment and other related HR issues as part of its regular reporting. Budget reports during the augmentation period will continue to provide updates on planning and execution.

C. Adequately Resourced and Representative IMF

13. Fund governance and finances. Priorities will be completing the 16th General Review of Quotas, establishing the Resilience and Sustainability Trust–RST (Box 3) and strengthening lending capacity of the Poverty Reduction and Growth Trust.

Box 3. Resilience and Sustainability Trust (RST)

Context. To magnify the effect of the $650 billion SDR allocation, many members with strong external positions expressed interest in channeling part of their allocation voluntarily to help sustain recoveries in poor and vulnerable countries through the RST and a new lending instrument. In January, the Board expressed broad support on staff's proposed design to provide affordable long-term financing to support countries undertaking macro-critical reforms to reduce risks to prospective balance of payment stability. A formal meeting to establish the RST is scheduled in April.

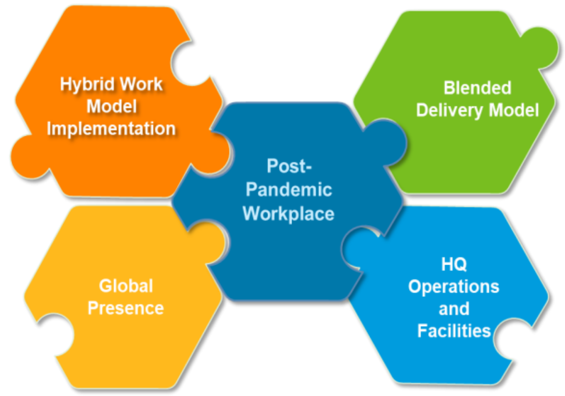
Budget implications. Additional expenses would be incurred to support the RST's set-up and ongoing management and operations. Set-up costs are included in the FY23 proposal and include work on the final design of the RST, fundraising, IT system configuration, and the development of policies and guidance to govern lending under the trust. Recurring costs would include a) trust management, including the execution of financial transactions under the trust, reporting and audit, and periodic comprehensive financial and safeguard policy reviews and b) operational work, consisting of country program design and review, including economic policy analysis and program negotiations, collaboration with the World Bank and other agencies, and operational policy reviews. The RST paper provides a preliminary estimate for steady state gross direct costs of $15 million, based on assumptions for demand, and including $5-6 million in trust management costs.

Staff has proposed a management fee with a view to cover budgeted trust management costs, with this fee to be reviewed periodically. As with management fees under CD, the resources would constitute budget receipts. As such they would affect the gross administrative budget, with the net administrative budget unchanged. Operational costs will be funded through the regular budget process through reprioritization, with the largest impact expected in area departments, ensuring that individual departments receive adequate incremental resources as needed. The overall budgetary impact of RST-related activities will be monitored with a review of relevant arrangements after sufficient experience is gained.

D. Post-Pandemic Workplace

14. Overview: Within the broader context of the Fund's strategic needs, CSF, HRD, and ITD, with support from OIC, are working to support a transition in the Fund's workplace, prioritizing members' needs while accommodating a growing headcount in a cost-effective manner and maintaining the Fund as an attractive workplace. In the short term, given the unpredictable nature of the pandemic, agility will be key in providing responsive and cost-effective services to the membership; ensuring the ability to recruit and retain the highest quality, diverse staff, while maintaining a focus on productivity and staff satisfaction and reducing the Fund's carbon footprint (Figure 9).

Figure 9. Post-Pandemic Workplace

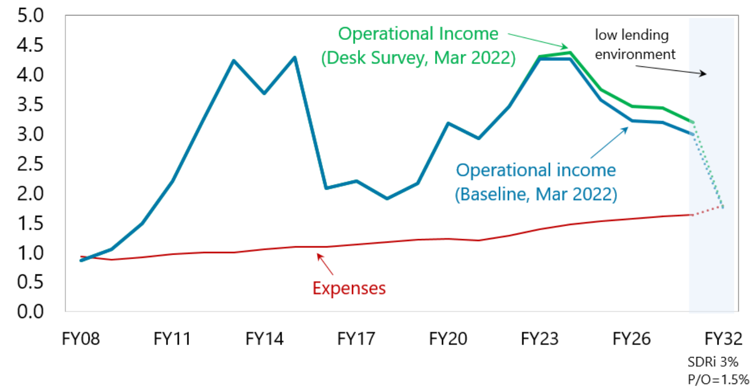


- **Hybrid work model.** As the current Covid-19 wave subsides, the Fund is initiating the next phase of resumption under a hybrid work model pilot that incorporates experience from the remote work period and the early phases of return to office. The pilot will last roughly four months, barring any disruptions due to health conditions. The Crisis Management Team and the cross-departmental Hybrid Readiness Group will maintain close engagement with the Board and support the transition and monitor experiences to incorporate ongoing lessons.
- **Blended delivery.** After a long period of limited travel, staff and country authorities are eager to return to travel as soon as feasible, recognizing the importance of in-person engagement with the membership. In parallel, departments will continue developing tools to enable blending remote, including asynchronous, and face-to-face engagements. While some savings will materialize from the adoption of remote engagements, there will be upfront and recurring costs associated with developing and maintaining toolsets to facilitate effective remote engagement.
- **Field operations**. A growing workforce and a continued focus on enhancing the effectiveness of our support to the membership will drive ongoing change in the mix between HQ and field operations. The increased resources devoted to FCS will result in additional and expanded field offices, and entail some costs associated with local infrastructure. Field office operations will also be strengthened, initially through better alignment of some local employee benefits with those of HQ contractual employees, with a broader review of field presence to be undertaken over time, taking into account recent OIA recommendations.
- **HQ based operations**. The pandemic's impact on staff growth and work practices, and the Fund's sustainability objectives, present an opportunity to consider the Fund's evolving needs and modernization agenda also in the context of upcoming HQ facilities lifecycle updates. In the medium-term, the HQ2 building will require sizeable investment as it approaches 20 years in FY25. These investments must be carefully planned to reflect future needs, provide accessible facilities, and green its operations.

E. Fund's Income Position and Budget

Figure 10. Income and Expenses—FY08–32[1/]

(Billions of U.S. dollars)



Source: Finance Department.[1/]Excludes impact of pension-related (IAS 19) gains and losses.

15. Sustainability. The FY23–25 budget framework is consistent with a projected surplus in the Fund's medium-term income position and continued progress towards the precautionary balance target (Figure 10). Income projections remain well above spending under a scenario incorporating new Fund financing as projected by the desk survey scenario, as outlined in the [Review of the Fund's Income Position for FY2022 and FY2023-FY2024](). This scenario would maintain adequate accumulation of reserves for precautionary balances to reach the medium-term target of SDR25 billion in FY25. In a conservative scenario with no additional arrangements beyond those approved by end-March, operational income would remain twice expenses at the end of the projection period.

SECTION IV. FY23 ADMINISTRATIVE BUDGET

A. Budget Overview

The FY23 budget request includes specific provisions to implement the first phase of the proposed augmentation and initial unwinding of exceptional temporary space for immediate Covid-related crisis needs. It also would support an increase in the limit for externally funded spending, linked to ramp up in CD to support work on the Fund's structural transformation agenda (Box 5). Finally, it calls for introduction of a carryforward mechanism for externally financed expenditure, to support flexible management of CD operations (Annex III).

16. Overview (Table 4, Box 4)**.** The proposed FY23 NAB totals $1,235 million in FY22 dollars ($1,295 million in current prices), including a $21.8 million real augmentation ($23 million in current prices). The proposed FY23 capital budget totals $78 million, including $63 million in direct capital spending and $15 million in cloud-related licenses. The FY23 budget deflator, based on projected U.S. CPI in the January WEO update as agreed in the context of the FY21-23 Medium-term Budget, is set at 4.8 percent. Inflation developments in recent months point to elevated risks that actual inflation will materially exceed projection in FY22 (and possibly FY23). These issues will be examined in the FY22 Outturn report.

17. By expense category (Table 5)**.** Personnel spending represents the bulk of expenditures (about 75 percent of the gross administrative budget, unchanged from FY22). The budget also reflects the expected ramp up in travel, in line with the expected improvements in the health situation, to about 75 percent of pre-crisis travel levels given some lingering crisis impact. Building and other expenses are budgeted to be lower than pre-crisis levels, although uncertainty exists as the Fund shifts towards a hybrid work model. Externally funded expenditures follow a similar pattern for personnel and travel.

Table 4. Budget Envelope, FY22–23

(Millions of U.S. dollars)

	FY22		FY23
			Proposal
	Structural Budget	Outturn (est.)	Structural Budget
Gross administrative budget	1,460	1,367	1,559
Receipts 1/	(246)	(189)	(265)
o/w externally-financed	(210)	(163)	(230)
Net Administrative Budget	1,214	1,178	1,295
o/w annual Augmentation	…	…	23
Capital Budget 2/	79	84	78
Memorandum items:			
General carryforward 3/	88		79
Global external deflator (change) 4/	2.4		4.8

Sources: FIN, OBP. [1/]Reflects accounting change described in Table 3. [2/] Outturn above FY22 envelope given use of multiyear appropriations from previous years.[3/]7 percent FY23 general carryforward limit. [4/]Based on Jan WEO US CPI projections.

Table 5. Administrative Budget by Major Expense Category, FY23[1/]

(Millions of FY23 U.S. dollars)

	Fund financed			Externally financed
	Structural Budget	Temporary resources	Total	Budget
Net administrative budget (in nominal terms)	1,295	88	1,382	0
Gross administrative budget	1,329	85	1,414	230
Personnel	1,008	64	1,072	150
Travel	81	0	81	42
Buildings and other expenses	226	21	248	38
Contingency 2/	14	0	14	0
Receipts	-35	3	-32	-230
Memorandum item:				
Net administrative budget (in FY22 U.S. dollars)	1,235	86	1,322	0

Source: OBP [1/]Deflator applied to the administrative budget (formulated in real terms) to obtain the nominal budget. [2/]Includes the contingencies for general budget, IEO/OED.

18. Overall budget space (Table 6). FY23 budget space is projected at $173.3 million (about 14 percent of the FY22 NAB). The major drivers of the budget space are carryforward resources along with savings and reprioritization excluding crisis unwinding. The budget space excludes carryforward reserved for future years.

- **Overall savings/reprioritization** (Figure 11) provide $64.6 million (5.3 percent of NAB). Crisis unwinding brings this total to $89 million (7.4 percent):

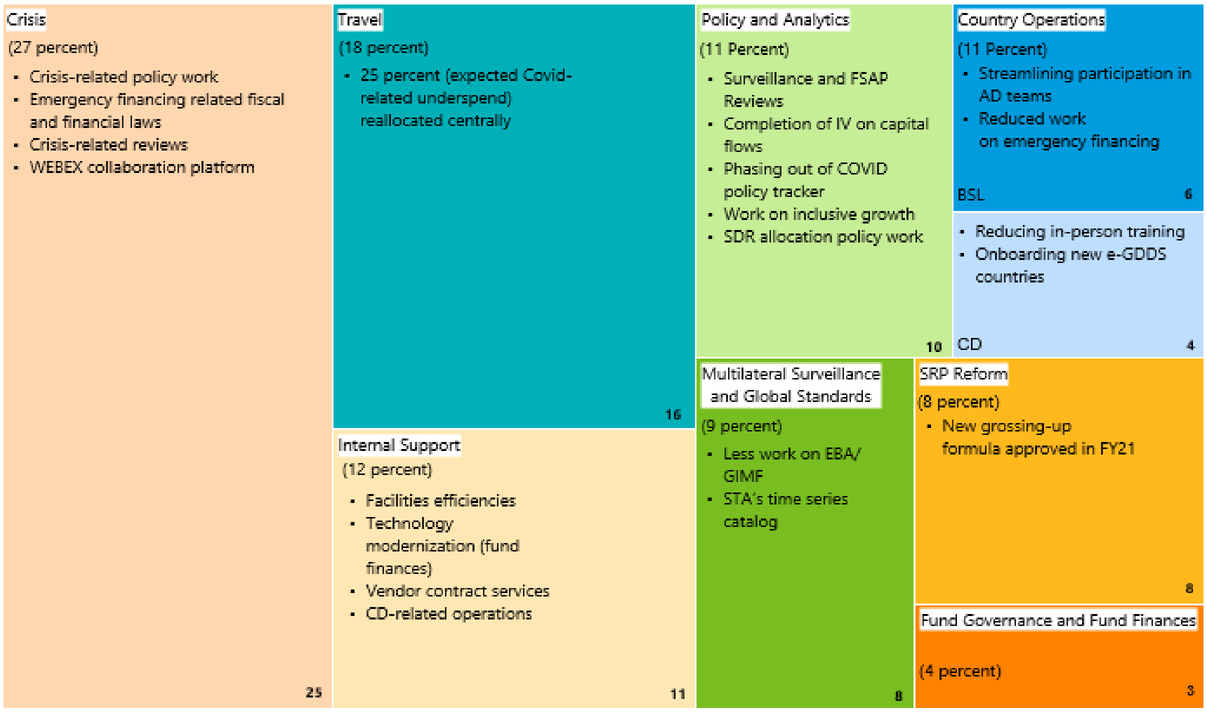
Table 6. FY23 Budget Space

(Millions of FY22 US dollars)

	Overall	Overall in %
Budget Space	**173.3**	**14.3**
Augmentation resources	21.8	1.8
Saving/reprioritization excluding crisis	64.6	5.3
Gross departmental savings	40.9	3.4
SRP reform	7.5	0.6
Covid-related travel impact (25%)	16.2	1.3
General allocated carryforward [1/]	54.2	4.5
Other [2/]	32.8	2.7

Source: OBP.[1/]Excludes FY24-25 carryforward reserve ($25m). [2/]Includes transfers of underspend above OED carryforward limit, unallocated FY22 CCE, nominal travel-related savings and net space from salary dynamics.

Figure 11. FY23 Budget—Reprioritization and Savings, Including Crisis: $89 Million
(Millions of FY22 U.S. Dollars)



Source: OBP, using department submissions.

- **Departments** (74 percent of total savings and reprioritization, including 27 percent of crisis unwinding). Savings reflect, for example, the completion of work on the Institutional View on capital flows and the phasing out of the COVID policy tracker. Savings also include efficiencies in facilities, Fund financial systems, and vendor contract services. Departments are also unwinding crisis resources.

- **HR Policies** (8 percent). The implementation of the five-year review of the Staff Retirement Plan, including the changes to the grossing-up formula, lowers the annual Fund contribution to the Plan, resulting in structural savings of about $7.5 million, beginning in FY23.

- **Travel** (18 percent). With some constraints on travel expected to continue, temporary repurposing of a portion of the baseline travel budget continues in FY23 to meet temporary needs (25 percent, relative to 50 percent in FY22). In addition, two departments (FAD; STA) have made structural reductions in their baseline travel budgets.

- **Augmentation.** The first tranche of the augmentation is $21.8 million and will be channeled to the relevant strategic areas under the augmentation framework, as described below.

- **Carryforward.** The FY23 budget proposal includes an initial winddown in the temporary increase in the general carryforward limit. Notwithstanding still high crisis-related needs and significant uncertainty, it is also important to avoid excess use of one-off, temporary sources for sustained needs. Time will also be needed to wind these levels down without adversely impacting operations. Balancing these considerations, the FY23 carryforward limit is proposed at 7 percent of the general net administrative budget (versus 8 percent in FY22). About $25 million has been reserved for continued crisis needs in FY24–25, with the reminder allocated for FY23 spending (Table 7).

Table 7. Carryforward—FY23
(Millions of FY22 US Dollars)

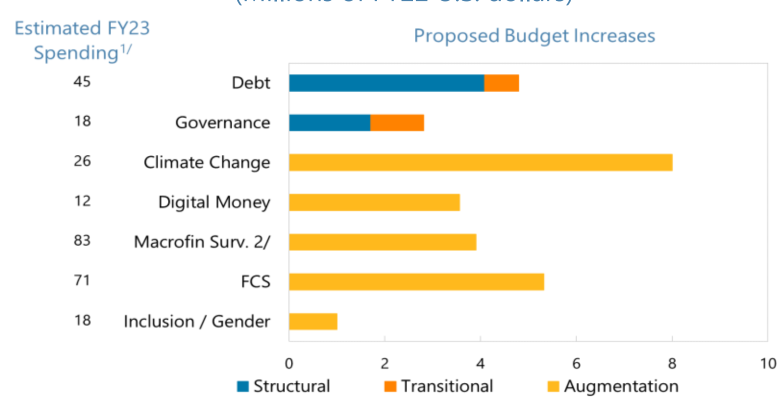
	FY23 Carry forward
General	79.1
Allocated FY23	54.2
Reserve FY24-25	25.0
Memorandum items:	
Overall FY23 (ceiling) 1/	92.8
General FY22 (ceiling)	88.4

Sources: OBP and IEO/OED. 1/Includes IEO and OED limits ($0.1m and $13.6m, respectively), which are subject to separate decisions.

B. Budget Change by Priority Topics

19. Priority areas (Figure 12). The FY23 budget provides additional resources for work on debt and governance through reprioritization of the existing resource base, as well as new augmentation-driven funding for climate, digital money, macrofinancial surveillance, FCS, and inclusion/gender (Table 8; Box 4; see also the companion paper on the Budget Augmentation Framework for more in-depth information on the proposed scope of work in the steady state). At the same time, the current global context points to the need for ongoing agility to respond to changing needs during the course of the year.

Figure 12. FY23 Spending by Priority Topics
(Millions of FY22 U.S. dollars)



Sources: Departments and OBP estimates. 1/Based on total spending estimated by departments for FY 22 (Fund financed) and net demands for FY23. 2/Total also includes broader financial sector work.

- New resources for **debt** ($4.9 million) will enable continuation of work on debt transparency with an assessment of options for Fund initiatives in collaboration with partners, a new DSA for market access countries and granular policy guidance on debt management transparency practices. The roll-out of the Sovereign Risk and Debt Sustainability Framework (SRDSF) will continue, including natural-disaster and exhaustible-resource modules.

- New spending on **governance/anti-corruption** ($2.5 million) will support elevated engagements mainly linked to Fund lending. Work will include the review of governance commitments in crisis spending, as well as of the 2018 framework for Enhanced Engagement on Governance. The governance assessment framework for tax administration will be refined, a customs framework developed, and work on fiscal transparency expanded.

- Areas covered by the augmentation (including associated overhead costs):
  - Resources for **climate change** ($8 million) will support foundational work on integration into core IMF activities, including piloting in country engagement; policy guidance; development of tools and models; data subscriptions; continued work on climate-related indicators; CMAP pilots; and structures to ensure evenhandedness in policy advice through the review process and ensure effective coordination with key partners.
  - Additional spending on **digital money** ($3.5 million) will focus on building the foundations for engaging members, including on analytic and legal frameworks for central bank digital currencies and, at a multilateral level, on impact on the international monetary system. How-to notes will frame the Fund's approach and policy advice and country engagement through CD and surveillance piloted on a targeted basis.
  - New spending on **macrofinancial surveillance** ($3.5 million) will deepen the quality of macrofinancial analysis. Fungible economists with macrofinancial expertise will be recruited into MCM for onboarding and support to country teams. In parallel, MCM staff will rotate to area departments to support mainstreaming. Another key deliverable will be expanding the toolkit for macrofinancial analysis (e.g., Growth-at-Risk) and how-to notes to assist country teams.
- Additional resources for **FCS** ($5.3 million) will support increased field presence (resident representative in Papua New Guinea, 10 local economists, 3 LTXs, and $1 million to cover administrative costs of RCDCs serving FCS members). Augmentation resources will also support HQ-based integration of CD and surveillance by country teams, strengthen the centralized policy and analytical support function to guide the implementation of the FCS strategy, and support development of an FCS-focused internal training curriculum.
- On **inclusion/gender** ($1.4 million), limited incremental resources will help develop stronger internal and external coordination to further leverage existing resources on inequality. A guidance note for gender will be complemented by work on models and toolkits for country teams, including a new gender-related data hub. Staff will also develop an internal training course to support mainstreaming. The Board will discuss the gender strategy in June 2022.

Table 8. Budget Augmentation: from Strategy to FY23

	Augmentation Framework				**Budget Proposal**	
	FY23-25		FY23		FY23	
	million dollars	percent of total	million dollars	percent of total	million dollars	percent of total
Total	**72.8**	**...**	**21.8**	**...**	**21.8**	**...**
Climate	26.6	36.6	8.0	36.7	8.0	36.9
Digital Money	14.2	19.5	3.6	16.3	3.5	16.0
Macrofinancial	8.7	11.9	3.9	17.9	3.5	16.2
FCS	21.3	29.2	5.3	24.4	5.3	24.3
Inclusion/Gender	2.0	2.7	1.0	4.6	1.4	6.5

Sources: Strategy teams, departments, and OBP staff calculations.

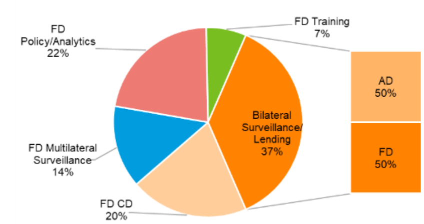
Box 4. Augmentation—FY23 Key Deliverables

FY23 work program. The focus is on foundational work and attracting talent, while ramping up direct country support. With limited resources in the first year, direct country support will require clear prioritization based on the degree of macrocriticality, likely external spillovers, and authorities' willingness and capacity to implement.

Climate change

- 15-20 Article IVs will have in-depth climate coverage. About 5 will discuss mitigation policies for large emitters. The remainder will cover adaptation and/or transition management, including for fossil fuel exporters. Coverage will balance the type of climate related challenges, regions, and income levels.
- 2 FSAPs will have an in-depth climate component, covering physical or transition risks, based on stress testing to inform supervision and regulation, complemented by an assessment of how supervisory frameworks integrate climate risks.
- The 2022 Surveillance Guidance Note will define the expected coverage of mitigation, adaptation, and transition management.

Climate Change: FY23 Proposed Allocation



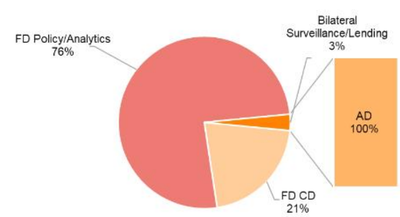
Source: Climate change strategy

- A review of the Climate Macroeconomic Assessment Program will be followed by 2 further country pilots.
- CD in about 10 countries will focus on climate work, including Public Investment Management Assessments, e.g., in Chad, Ecuador, St. Vincent, and the Maldives. Workshops will cover supervision and regulation of climate risks, including a joint IMF/WB/FRB event. CD will also cover ESG bonds and debt management issues.
- Staff is developing models/toolkits for multilateral and bilateral applications to analyze the macroeconomic, sectoral, trade and competitiveness effects of climate change and mitigation policies. Internal training clinics and a climate change bootcamp will follow up on the compulsory climate 101 course.
- FAD, MCM, and SPR will have dedicated organizational units on climate to coordinate work internally as well as leverage collaboration with external partners. Other departments are also considering similar structures.

Digital money

- About 5 Article IVs will have an in-depth coverage CBDC benefits and risks, policy implications (financial stability, financial integrity, cross-border payments, capital flows and currency substitution), and the regulation of privately issued digital forms of money. The focus is on countries with potentially large spillovers and where digital money can become systemic.
- 3-4 FSAPs will have a deep dive on financial stability risks from digital money adoption. Issues include displacement of commercial bank funding, volatility in capital flows and systemic liquidity, payment systems and other financial market infrastructures stability, financial integrity, AML/CFT, regulatory perimeter, and governance of financial institutions.

Digital Money: FY23 Proposed Allocation



Source: Digital money strategy

- 10 additional countries will receive CD on CBDC (design choices, pilot design, policy implications). These will be complemented by regional workshops (in each major geographical area) and training courses out of RCDCs.
- Staff will participate in 4 international working groups with the Financial Stability Board, Committee for Payments and Market Infrastructures, and Bank for International Settlements on the G20 Roadmap to enhance cross border payments.
- Analytical work will focus on CBDC best practices, banking sector disintermediation, monetary policy transmission, monetary operations, cyber security, crypto asset regulation, and capital flow management.

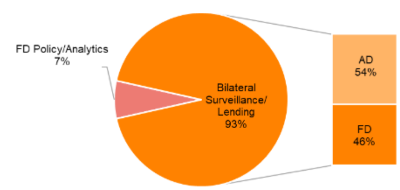
Box 4. Augmentation—FY23 Key Deliverables (concluded)

- Analytical work will also contribute to CD handbook chapters and internal training courses will be developed to mainstream digital money issues.
- A cross-departmental coordination group has been set up, with a secretariat in MCM. The secretariat will establish guidelines to cooperate with partner institutions.

Macrofinancial surveillance

- The Surveillance Guidance Note will upgrade guidance on the integration of macrofinancial analysis in Article IVs.
- SPR and MCM will conduct in-reach to help disseminate and familiarize desks with tools and models for macrofinancial analysis, as well as the updated guidance.
- The additional staffing aims to eliminate gaps in the depth and integration of macrofinancial analysis (found in about 60 Article IVs at the time of the CSR), particularly in the areas of systemic risk analysis and macroprudential policy advice. Area Departments will work with MCM and SPR to close this gap during the augmentation period, with periodic reporting to the Board by MCM and SPR on progress.

Macrofinancial Surveillance: FY23 Proposed Allocation

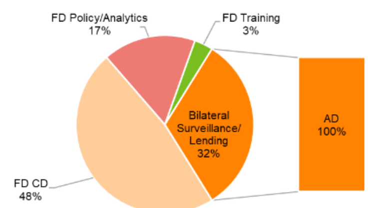


Source: CSR Review and FSAP Review

Fragile and conflict affected states

- Staff will strengthen CD-surveillance integration and prepare about 10 additional Country Engagement Strategies: six in AFR, 1 in APD (Solomon Islands), and 4 in MCD (Iraq, Libya, Somalia, Yemen).
- One additional resident representative will be placed in Papua New Guinea.
- 10 additional local economists (4 in AFR, 4 in MCD, and 2 in APD) will support program work (e.g., Lebanon), cover new priority areas (e.g., climate change in Iraq), coordinate the scaling up of CD, and strengthen on-the-ground partnerships (e.g., Yemen). Fund's field presence will be further supported through additional resources to RCDCs serving FCS countries in AFR, APD, and MCD.
- 3 additional FCS resident advisors in METAC and the AFRITACs will focus on payment systems, government finance statistics, and a fiscal workstream. More extensive CD delivery in 10-12 additional countries anticipated.

FCS: FY23 Proposed Allocation



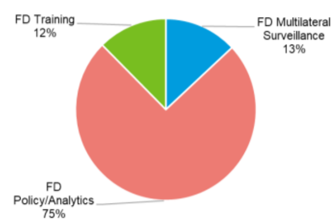
Source: FCS strategy

- A comprehensive learning curriculum will be delivered to enhance the skills and expertise of Fund staff engaged in fragile and conflict-affected states.

Inclusion/gender

- A central unit will coordinate inclusion and gender work, strengthen analytics, and enhance internal training.
- The gender strategy will be discussed by the Board in June, followed by a guidance note on integration in country work.
- Staff will develop models/tools and a new gender data hub to support country teams analyze the impact of shocks and macroeconomic policies on gender outcomes. The gender data hub will bring together macro-relevant gender data, drawing from existing sources and surveys.

Inclusion and Gender: FY23 Proposed Allocation



Source: Inclusion and gender draft strategy

- External training on gender was launched in January (ATI) and February (SARTTAC). An internal IMF clinic on gender equality and macroeconomics will be launched in FY23.
- Leveraging the guidance note, new tools/models and data hub, gender issues are expected to be covered in about 11 country reports in FY23.

20. Other needs. With the emergence of new COVID-19 variants and associated economic disruptions, significant temporary budget resources will continue to focus on the Fund's response to the crisis. Other priorities in FY23 include investments in stabilization of the Workday platform and HR service delivery model, as well as continued implementation of CCBR-linked reforms; enhancements to the Fund's Dispute Resolution System and broader response to the 2021 Diversity and Inclusion survey, developing and implementing the RST and related operations; and continued implementation of the hybrid work model. As noted, the Fund will also remain agile to respond to changing needs in an uncertain environment.

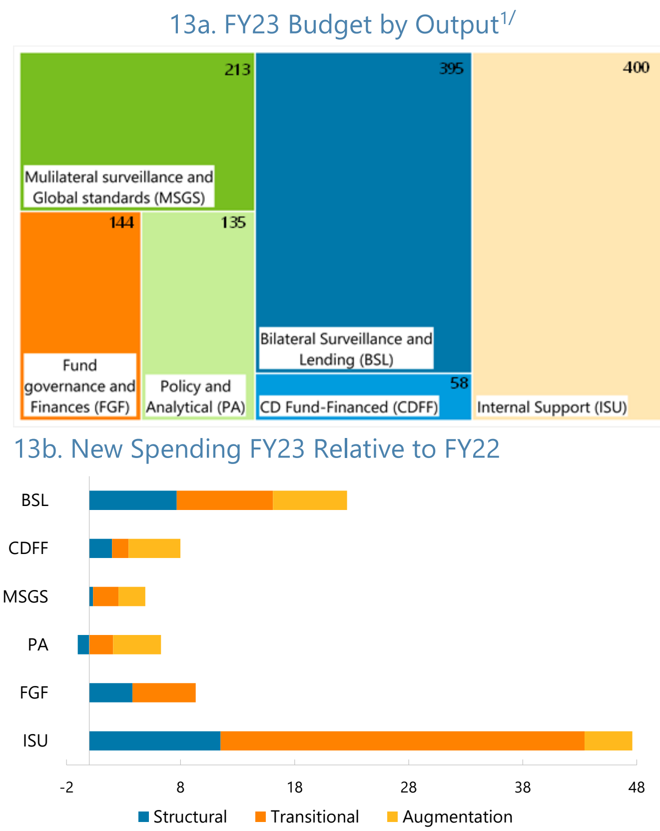
C. Budget by Output

21. Agile and focused response. The overall FY23 budget will enable the Fund to help members protect the vulnerable, durably exit the crisis, and deliver a transformative recovery (Figure 13).

- **Country operations**. Bilateral surveillance and lending ($395 million) represent an increase of $23 million, including $6.5 million from augmentation resources to allow tailored engagement in line with members' diverse needs. CD ($58 million) represents an increase of $8 million, including $4.5 million from augmentation (Box 5). In addition, the FY23 budget includes a proposal to increase the limit on external funding, with these resources to be used to support enhanced CD related to the Fund's structural transformation agenda (Box 6). Finally, further flexibility to support members through an updated framework for externally funded CD to introduce a carryforward mechanism is proposed.

Figure 13. Fund-Financed FY23 Budget by Output

Millions of FY22 US Dollars)



Source: OBP, Staff estimates. [1/]FY22 based on ACES; FY23 adds budgeted changes.

- **Policy and analytics** ($135 million) represent an increase of $5.3 million, including $4.2 million in augmentation resources.

  - **Fund policies.** Key policy reviews include the Framework for Engagement on Governance and of precautionary lending instruments, focusing on the Flexible Credit Line, Precautionary and Liquidity Line, and Short-term Liquidity Line. Staff will initiate the five-yearly CD Strategy Review. Debt policy will center on continuing the work on Debt Transparency and on Sovereign Debt Restructuring. Work will continue on the creation of the RST. A Review of the Fund's role on Trade Policy will help guide the Fund's operational work on trade policy.
  - On the **analytical** front, a stock taking exercise of the interplay between capital flows, capital flow management measures and financial crises will help inform the operationalization of the Integrated Policy Framework (IPF). Other relevant analytical work will cover Fiscal Rules and Medium-term Fiscal Frameworks, and Central Bank Balance Sheet at Risk.

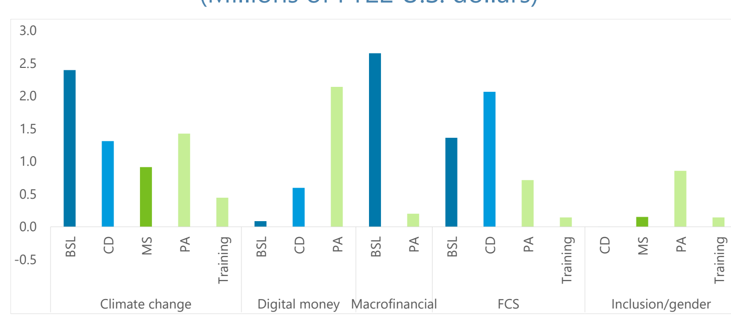
- **Fund governance and finances** ($144 million including an $9.3 million increase). The focus will be on concluding the 16th General Review of Quotas. Other work will include IEO evaluations on the IMF Engagement with Small States, CD, and the IMF's Early Response to the COVID-19 crisis. On Fund finances, work will focus on developing and launching the RST, and mobilizing resources to increase the lending capacity of the PRGT. Reviews will include the Method of Valuation of the SDR, Safeguards Assessments, and the Fund's Strategy on Overdue Financial Obligations.

- **Internal support** ($400 million, with a $47.6 million increase, including $4.2 million from augmentation resources). Additional resources, including $31.9 million in transitional resources, will support work to address challenges related to needs for stabilization of 1HR and the new HRD service delivery model, review of the dispute resolution system, the new Office of Transformation Management and HR, IT, and facilities-related augmentation implementation. It will also support ongoing implementation of the hybrid model and the METAC relocation. Resources will enhance the cyber security posture, as well as enterprise infrastructure services and platforms. Resources will address demands emanating from the Board Steering Group on Institutional Safeguards. Comprises also resources at the center, including for promotions and rewards allocated during the course of the year.

22. Augmentation by Output. Augmentation resources are expected to support deliverables across output areas (Figure 14). As noted, the split of resources by workstream reflect the foundational work in FY23, with heavy investment in policy and analytics. Direct country support will also begin to ramp up, albeit at differing paces. Internal training to support mainstreaming is resourced across all areas.

Figure 14. FY23 Augmentation by Output and Issue Area[1/]

(Millions of FY22 U.S. dollars)



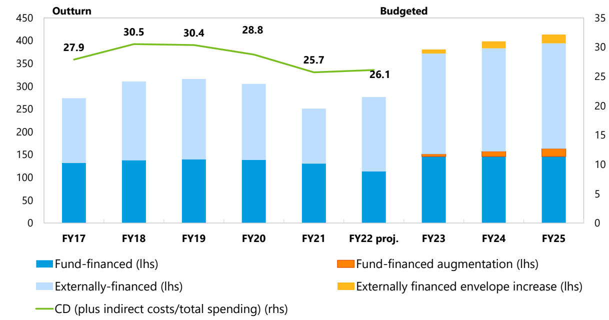
Source: OBP [1/]Excludes overhead. Global standard/cooperation included in "Policy/Analytics." Note BSL=Bilateral surveillance and lending: MS=Multilateral surveillance; PA = Policy and analytics.

Box 5. CD Delivery Composition and Evolution[1/]

FY22. Overall CD activity is projected to reach $277 million, with volumes now above pre-crisis levels. Fund-financed CD, however, is projected to fall by $17 million to $114 million, reflecting other demands and crisis-related interruption in some delivery. Transitional issues related to revised CD time-reporting also likely were relevant, with current work to mitigate these impacts. Externally funded CD is projected to rise to $163 million, in line with expectations, but, as projected, about 20 percent below budget space driven by continued constraints on travel and spending on short-term experts.

Spending on CD, FY17-25

(Millions of FY22 U.S. Dollars, in Percent (RHS))



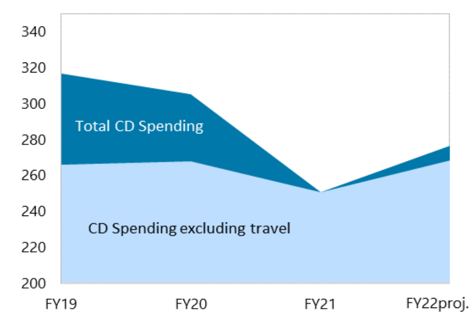
Sources: ICD, OBP, ACES. Note: Fund-financed and externally financed spending, excluding support and governance (indirect costs).

FY23. In the proposed CD budget:

- Budgeted Fund-financed CD will increase by $11 million (8 percent). Some $5 million in FY23 and about $17 million through FY25 comes from the budget augmentation.
- The envelope for externally funded CD will increase by $9 million (4 percent) and $19 million through FY25 (9 percent) for expanded CD supporting the structural transformation agenda. This represents the first real increase since FY19 (Box 6)
- Fund-financed CD will remain about 40 percent of total CD. Total CD (including indirect costs) is expected to return to about 30 percent of Fund outputs.

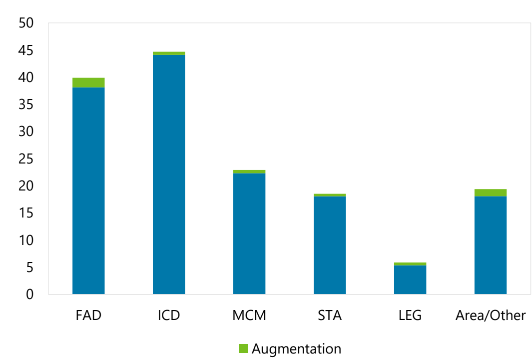
Impact of Travel on CD Spending

(Millions of FY22 U.S. Dollars)



FY23 Fund-Financed CD Budget

(Millions of FY22 U.S. Dollars)



Ongoing recovery. CD spending is expected to rebound after the resumption of travel, albeit with continued downside risk. As such, the planning assumption for FY23 IMF02 spending is $180 million versus a $230 million envelope.

Composition. All regions will see increases in CD. The greater field presence associated with the FCS strategy will benefit AFR, APD, and MCD; increased delivery on climate change will focus mainly in APD and WHD; and the return to travel has a larger impact on APD. On workstream composition, core areas will continue dominating delivery. However, the shares of CD on macroeconomic statistics and macroeconomic frameworks, public financial management, and revenue mobilization will recover from crisis-related disruptions. Over the medium-term climate, digital money, governance, and FCS would grow with the augmentation and the increase in the IMF02 envelope.

Carryforward. A carryforward for externally financed expenditure will be introduced in FY23 to reduce incentives for hurried end-year spending and support management of multi-year undertakings, sharing features with the IMF01 carryforward. Details are set out in Annex III.

[1/]Prepared by OBP and ICD.

Box 6. Change in the Aggregate Envelope for Externally Funded CD[1/]

Background. Since FY19, following about a decade of double-digit real growth, the envelope for external funded spending has been held flat on a real basis. The strategy reflected a number of considerations: the need to modernize and harmonize CD processes and systems in light of the rapid growth; the benefits of a constraint to reinforce prioritization; considerations related to the balance among Fund outputs and between Fund-financed and externally financed CD; the need to control associated costs to IMF01, and the implicit financing risks associated with external financing. In the interim period, significant progress has been made in strengthening supporting policies, processes, and systems.

Proposal. A deviation from this strategy is proposed during FY23-25, providing for an increase in the aggregate envelope by 9 percent overall ($19 million) and 4 percent in FY23 ($9 million), with a return to the stable path in FY26. The proposal recognizes the benefit of additional space in areas covered by the Fund's structural transformation agenda, as outlined in the issue specific strategies. Also critical to this proposal is the expectation that existing CD spending in traditional priority areas will recover quickly with the return to travel, making it difficult to accommodate these new needs within the existing space. The increase will imply incremental costs to the fund-financed budget related to overhead and administration.

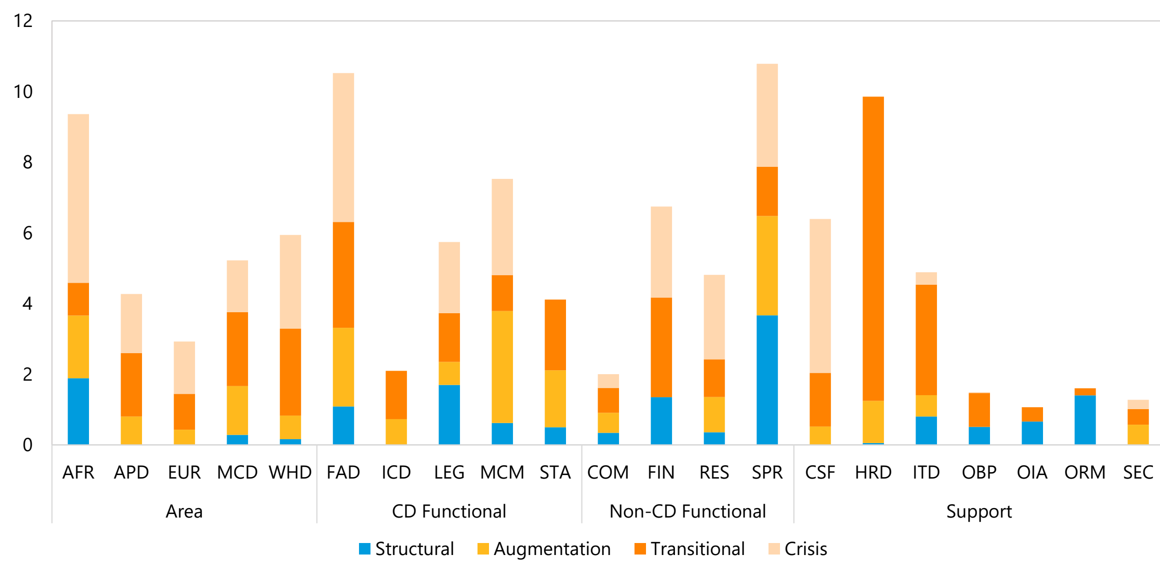
The proposal complements the increase in CD financed by the IMF01 augmentation supporting maintenance of the balance of CD spending with other Fund outputs.

[1/]Prepared by ICD.

D. Department Budget Allocations

23. Breakdown by department. (Figures 15, 16 and Tables 9, 10):

Figure 15. FY23 New Budget Allocations by Department
(Millions of FY22 U.S. dollars)



Source: OBP. Note: Blue bar represents structural increases from baseline budget.

- **Area departments** ($28 million increase, including $5.1 million from augmentation). **AFR** will focus on program work as members transition to medium-term financing arrangements that seek to contain debt vulnerabilities and redouble the focus on FCS. **APD** will link its work program to Indonesia's 2022 and India's 2023 G20 Presidency to enhance traction and provide policy advice on debt, green growth and CBDCs. **EUR** will reorient emergency financing operations towards analysis of debt vulnerabilities and refocus its work on private sector support measures to the analysis of macro-financial linkages and rising inequality. **MCD** will calibrate policy advice to manage difficult tradeoffs, providing financial support and linking its analytical agenda to the 2023 Annual Meetings in Morocco. MCD will also receive transitional resources for exceptional costs related to the relocation of IMF offices and METAC-related facilities. **WHD** will provide focused surveillance and financial support to members hard-hit by the crisis or vulnerable to shifts in global financing conditions.

- **Non-CD functional departments** ($24 million including $4.4 million from augmentation). **FIN** will focus on setting up the new RST once approved; securing adequate resources for the PRGT/CCRT; facilitating progress toward the 16th Quota Review, and completing the Review of the Method of the SDR valuation, all in cooperation with LEG and SPR. **RES** will leverage resources to continue assessing the impact of the pandemic on the global economy, develop climate modules for multilateral and bilateral surveillance models, and reinforce the External Sector Report team—recently upgraded to flagship status. **SPR** will concentrate on strengthening risk-based surveillance with enhanced toolkits, providing financial assistance, including through developing and implementing the RST, and addressing elevated debt levels across the membership. **COM** will center the Fund's messaging on crisis-response (including pandemic plan, SDR channeling, and LICs support), the transformational agenda, and the Spring and Annual Meetings.

- **CD departments** ($30 million including $8.4 million from augmentation). **FAD** will provide advice to address the uneven recovery, re-invigorate the growth momentum, and manage fiscal risks amidst elevated debt levels, with particular attention to LIDCs and FCS. **ICD** will incorporate new priorities through expanding its internal economics training, its multi-country external training, including the online curriculum, and its country-tailored macroeconomic frameworks and forecasting TA, including to FCS. **LEG** will focus on supporting the transition to UCT programs and the RST implementation, debt, governance, IT Security and data privacy, as well as digital money. **MCM** will work on digital money, the IPF, capital flow management, monetary policy frameworks to help support the recovery, non-bank financial intermediaries, and financial sector policies related to climate change. **STA** will increase methodological work to prepare the next generation of statistical manuals, support Fund surveillance and lending, and target CD towards climate, digital money, FCS, and inclusion/gender.

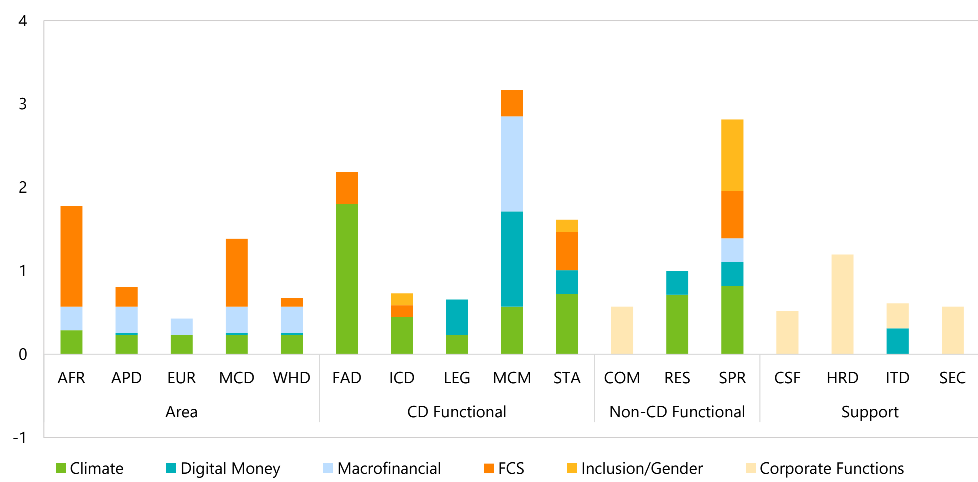
- **Support departments** ($27 million including $2.9 million from augmentation). **CSF** will concentrate on unwinding the pandemic response, driving the Fund's transition to the hybrid work model, and incorporating lessons for service delivery in the new normal, while maintaining staff safety and advancing creative and language services support for policy and country work.

ITD will focus on driving the implementation of the modernization projects, stabilizing ITD's new operating model, optimizing the Managed Service Providers ecosystem, and supporting the IT component of the Fund's hybrid work model. **HRD** will receive significant temporary resources as it works to adapt implementation of the 1HR project and stabilize the HR delivery model, as well as broader resources to support the Fund's growth in the augmentation areas and manage changes from the shift to a hybrid work model. **SEC** will support completion of complex policy reviews and modernization efforts, implementation of the budget augmentation, and strengthening of internal governance and institutional safeguards. The recently announced Office of Transformation Management (TRM) began stand-up activities on March 1st, 2022. TRM staffing will consist of existing personnel in KMU and OIC, staff transferred from ITD, mainly for the new corporate program management function, and a small number of newly recruited staff. Adjustments will be accordingly made to ITD's budget, and a separate budget will be created for TRM through resources currently at the IMF center.

- **Augmentation resources** have been allocated to departments based on their assigned roles in the strategies and recognizing that FY23 is a foundational year (Figure 16). Resources for bilateral surveillance and lending are allocated to area and functional departments, with experts from functional departments supporting country teams for Article IV consultations and program engagements. Funds to AFR and MCD will mainly focus on FCS, while resources to FAD and MCM reflect their roles in climate, digital money, and macrofinancial surveillance. The augmentation resources for support departments will strengthen recruiting and onboarding of new staff.

Figure 16. FY23 Augmentation Allocation by Department and Issue Area

(Millions of FY22 U.S. dollars)



Source: OBP

Table 9. Budget Adjustments by Department, FY22–23

(Millions of FY22 U.S. dollars, unless otherwise noted)

	FY22 Budget			FY23 Proposed Adjustments					
Departments	Structural Budget	Transitional	Crisis	New Structural Spending	Structural Savings	Net Structural Needs	of which Augm.	Net Temporary Needs	of which Crisis
Area	**318.3**	**10.1**	**15.6**	**14.7**	**7.3**	**7.4**	**5.1**	**20.3**	**12.0**
AFR	96.5	1.8	5.8	3.7	-	3.7	1.8	5.7	4.8
APD	46.4	1.5	2.2	2.7	1.9	0.8	0.8	3.5	1.7
EUR	69.1	1.0	1.9	1.8	1.4	0.4	0.4	2.5	1.5
MCD 1/	55.4	2.1	2.0	4.2	2.5	1.7	1.4	3.6	1.5
WHD	51.1	3.6	3.7	2.4	1.6	0.8	0.7	5.1	2.7
Functional Non-CD	**172.8**	**3.8**	**14.6**	**19.0**	**8.9**	**10.1**	**4.4**	**14.2**	**8.3**
COM	39.4	0.5	0.8	2.3	1.4	0.9	0.6	1.1	0.4
FIN	37.3	0.9	4.6	2.8	1.5	1.4	-	5.4	2.6
RES	36.9	0.8	3.5	2.8	1.4	1.4	1.0	3.5	2.4
SPR	59.2	1.6	5.7	11.1	4.6	6.5	2.8	4.3	2.9
Functional CD	**275.3**	**8.3**	**12.8**	**28.2**	**15.9**	**12.3**	**8.4**	**17.7**	**9.0**
FAD	61.4	4.1	6.1	4.5	1.2	3.3	2.2	7.2	4.2
ICD 2/	39.9	1.2	-	3.2	2.4	0.7	0.7	1.4	-
LEG	29.9	0.6	2.9	7.0	4.6	2.4	0.7	3.4	2.0
MCM	91.7	1.3	3.9	6.6	2.8	3.8	3.2	3.7	2.7
STA	52.5	1.1	-	7.1	4.9	2.1	1.6	2.0	-
Support	**297.5**	**6.2**	**9.1**	**12.6**	**6.2**	**6.3**	**2.9**	**20.3**	**5.0**
CSF	105.0	1.1	5.0	4.4	3.8	0.5	0.5	5.9	4.4
HRD	41.2	3.5	0.9	2.9	1.6	1.2	1.2	8.6	-
ITD	112.6	0.9	1.3	1.4	-	1.4	0.6	3.5	0.4
OBP	5.3	0.7	0.3	0.8	0.3	0.5	-	1.0	0.0
OIA	5.2	-	0.4	0.7	-	0.7	-	0.4	-
ORM	3.4	-	0.5	1.9	0.5	1.4	-	0.2	-
SEC	24.8	-	0.8	0.6	-	0.6	0.6	0.7	0.3
Small Offices	**24.0**	**1.1**	**-**	**3.3**	**1.5**	**1.9**	**-**	**1.8**	**-**
Center	**42.2**	**12.9**	**7.1**	**9.1**	**1.0**	**8.1**	**1.0**	**12.1**	**0.5**
Other (OED/IEO)	**83.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
OED	76.4	-	-	-	-	-	-	-	-
IEO	6.8	-	-	-	-	-	-	-	-
Total	**1,213.5**	**42.4**	**59.3**	**86.9**	**40.9**	**46.0**	**21.8**	**86.4**	**34.8**
Central savings and Other 3/				**2.7**	**27.0**	**(24.3)**		**(86.4)**	
Grand Total	**1,213.5**			**89.6**	**67.9**	**21.8**	**21.8**	**-**	

Sources: OBP estimates and department submissions. 1/ MCD includes exceptional one-off resources for relocation of METAC. 2/ICD includes related regional training centers (formerly in small offices). 3/Includes: Accounting change related to CD management fees, Covid-related travel impact, allocated carryforward and OED underspend above carryforward limit, SRP reform, travel budget nominal savings, unutilized FY22 CCE-related funds, and net space from salary dynamics.

Table 10. FTE Changes by Department, FY22–23

	FY22 Budget			FY23 Proposed Adjustments					
Departments	Structural FTEs	Transitional FTEs	Crisis FTEs	New Structural FTEs	Structural Reductions	Net Structural Needs	of which Augm.	Net Temporary Needs	of which Crisis
Area	**780.6**	**19.6**	**46.0**	**36.1**	**21.1**	**15.0**	**12.0**	**51.2**	**34.0**
AFR	226.9	3.0	18.0	5.0	-	5.0	3.0	17.0	14.0
APD	113.2	3.0	7.0	8.1	5.6	2.5	2.5	8.0	5.0
EUR	172.4	3.0	5.0	5.5	4.0	1.5	1.5	7.0	4.0
MCD	135.5	4.0	6.0	10.5	6.5	4.0	3.0	6.0	4.0
WHD	132.5	6.6	10.0	7.0	5.0	2.0	2.0	13.2	7.0
Functional Non-CD	**501.6**	**10.9**	**45.0**	**65.0**	**31.0**	**34.0**	**15.0**	**45.0**	**25.0**
COM	90.0	1.0	1.0	7.0	4.0	3.0	2.0	3.0	-
FIN	126.5	2.0	14.0	10.0	6.0	4.0	-	19.0	9.0
RES	111.5	3.0	11.0	9.5	5.0	4.5	3.5	9.5	7.0
SPR	173.6	4.9	19.0	38.5	16.0	22.5	9.5	13.5	9.0
Functional CD	**733.8**	**13.6**	**38.0**	**70.6**	**46.5**	**24.1**	**20.1**	**41.1**	**28.0**
FAD	161.5	2.0	18.0	7.0	-	7.0	5.0	15.5	15.0
ICD 1/	127.4	3.3	-	9.5	5.8	3.8	1.5	4.0	-
LEG	83.2	1.0	8.0	22.3	16.0	6.3	2.3	9.2	5.0
MCM	227.9	4.9	12.0	20.5	9.5	11.0	9.0	11.0	8.0
STA	133.8	2.3	-	11.3	15.3	(4.0)	2.3	1.4	-
Support	**533.0**	**9.3**	**6.0**	**23.0**	**4.0**	**19.0**	**7.0**	**21.0**	**1.0**
CSF	162.2	1.0	-	2.0	1.0	1.0	1.0	2.0	-
HRD	110.0	7.3	-	4.0	1.0	3.0	3.0	13.0	-
ITD	153.1	-	-	1.0	-	1.0	1.0	1.0	-
OBP	15.7	1.0	1.0	3.0	1.0	2.0	-	2.0	-
OIA	16.0	-	-	3.0	-	3.0	-	-	-
ORM	10.0	-	2.0	8.0	1.0	7.0	-	-	-
SEC	66.0	-	3.0	2.0	-	2.0	2.0	3.0	1.0
Small Offices	**60.5**	**2.0**	**-**	**10.0**	**3.0**	**7.0**	**-**	**4.0**	**-**
Center	**23.3**	**1.3**	**-**	**-**	**-**	**-**	**-**	**4.0**	**-**
Other (OED/IEO)	**255.4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
OED	240.4	-	-	-	-	-	-	-	-
IEO	15.0	-	-	-	-	-	-	-	-
Total (excl. donor financed)	**2,888.0**	**56.7**	**135.0**	**204.7**	**105.6**	**99.1**	**54.1**	**166.3**	**88.0**

Sources: OBP estimates and department submissions.[1/]ICD includes regional training centers (formerly in small offices).

SECTION V. CAPITAL BUDGET

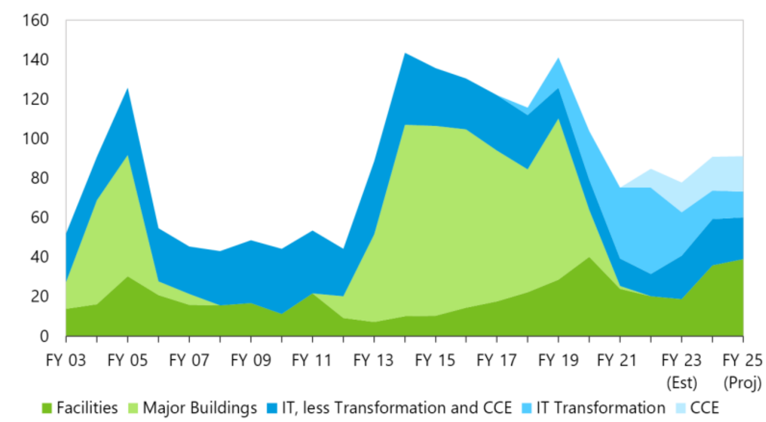
A. FY22 Capital Spending

24. Capital and cloud spending in FY22 is estimated at \$84.1 million, including \$74.6 million in direct capital spending and \$9.5 million in cloud-related licenses. This compares to an FY21 outturn of \$77.5 million.

- **Facilities.** FY22 facilities spending is estimated at $20.4 million compared to $26.0 million in FY21. Expenditures are focused on building-lifecycle updates and hybrid work needs(including enhanced audio-visual capabilities), office reconfiguration to accommodate staff growth, and piloting of collaboration workspaces. Closeout activities on the HQ1 Renewal project are nearing completion, with the remaining $15 million budget (including $12.9 million in reserves) projected to be returned in early FY23. An estimated $54 million in unspent funding from previous years is projected to be available in FY23 and is largely allocated to ongoing projects for HQ1 building systems, tenant renovations, conference room acoustics improvements, and audio-visual equipment replacements. Approximately $8 million in funding will expire under the three-year appropriation rules, largely due to the pause in office furniture replacements, which will resume when hybrid work needs are better known.

Figure 17. Capital Spending, FY03–25[1/]

(Millions of U.S. Dollars)



Sources: ITD, CSF, and OBP

[1/] FY23 Estimated. FY24-25 Projected

Table 11. Capital Expenditures, FY21–22[1/]

(Millions of U.S. dollars)

	Spending FY 21	Spending FY 22 (Est.)	FY 22 Avail.
Total Capital + Cloud	**77.5**	**84.1**	**185.9**
IT Cloud Capital Equivalent	-	9.5	9.5
Total Capital	**77.5**	**74.6**	**176.4**
Facilities	26.0	20.4	83.1
Information Technology	50.0	55.0	78.6
HQ1 Renewal	1.5	-0.8	14.7

Sources: OBP, CSF, ITD. [1/]Approved capital funds available for 3 years, except HQ1 Renewal, available until April 2025.

- **IT.** The IT capital outturn is projected at $55 million (on par with FY21). Approximately $23 million in unused funding allocated to ongoing projects is expected to be available in FY23.
  - **Transformation projects.** Despite challenges posed by the pandemic, the third release of CDMAP went live in November 2021 and initial progress in other key programs, including iData, document management (DM), and introduction of the Teams collaboration tool. The 1HR project has confronted implementation challenges, with a remediation plan currently being finalized. This plan will set out work to stabilize and close-out early project releases as well as steps to reassess the design and timing for the remaining program scope.
  - **Capital Cloud Equivalent (CCE)**. Cloud license spending in FY22 is expected to be $9.5 million, on par with estimates. OBP and ITD have established budgetary procedures for CCE operations, following approval by the Board in April last year (Box 7).

25. Strengthening Capital Governance. Drawing on lessons from early experience, work is underway to strengthen the implementation of the Capital Investment Framework approved by the Board in FY21. Management recently announced the formation of TRM, which will consolidate critical functions (project management, change management and knowledge management) and build organizational capacity to support IT-intensive capital investments. This function will also benefit from OIA advisory work and be supported by a cross-departmental working group (comprising the PMO, ITD, OBP, ORM, OIC, OIA, and CSF) tasked with identifying and supporting the institutionalization of robust and consistent governance and project management practices for IT-intensive capital projects. As part of this effort, a review is underway of governance and program management procedures. In parallel, ITD is working on stabilizing its transition to the new Managed Services Provider (MSP) model. The newly formed TRM and ITD will continue to strengthen the timeliness and depth of reporting to the Board on the progress of large transformation programs, working closely with program teams.

Box 7. Implementation of the Cloud Capital Equivalent (CCE)

CCE Adoption. The Fund's migration from a "purchase/build and maintain" software model to a model based on cloud-hosted platforms with subscription costs would have, all else equal, reduced capital spending and increased administrative spending. Responding to this change in the IT model, the Board approved an OIA-endorsed change in the budgetary treatment of these expenses by establishing the CCE envelope in April 2021. The CCE reduced pressures on the administrative budget and is bringing greater transparency to institutional cloud license costs in the context of the Fund's overall capital investments.

Implementation. During the first year of implementation, OBP and ITD have updated systems to enable the use of, and reporting on, CCE budget and expenses. Procedures were established for the CCE, specifying eligible expenses, roles and responsibilities, and the detailed steps for CCE budget formulation, execution, and monitoring, consistent with recommendations by the OIA. A series of change management activities were conducted to socialize the new procedures within the affected departments. OBP and ITD are closely monitoring early experience and will update related processes and procedures, as relevant.

B. FY23 Capital Spending

26. Proposed budget. The proposed FY23 capital envelope (including CCE) is $78 million, relative to $79 million in FY22 (Table 12). The envelope provides space for initial investments supporting hybrid work and staff growth, critical lifecycle investments, and priority projects related to security and ongoing transformation work. The proposal reflects evolving uncertainties on the facilities side until experience is gained under the hybrid work model. Within the envelope, scaled down investment in new IT-intensive transformation projects allows for a period of stabilization, focused on managing delivery capacity and the ongoing work to strengthen the governance framework and the reorganization within ITD.

- **Facilities.** Staff proposes a facilities budget of $18.9 million, about $5 million lower than FY22 and $20 million below last year's FY23 estimate. The reduction is attributed to a shift in the Fund's work model and practices since the pandemic, which has prompted a reconsideration of investments in buildings and related systems to ensure that they remain appropriate. As such, a large share of the facilities capital request is for lifecycle replacements and repairs

($12.7 million), audiovisual updates and critical HQ1 building systems replacements. The proposal includes $4 million in new investments for workplace redesign and HQ space optimization, to accommodate staff growth and hybrid work needs.

- **IT.** The proposed IT capital budget (including CCE) is $59 million, compared to about $56 million in FY22. This reflects an increase in the cost of cloud subscriptions $15 million, which is partially offset by a slight reduction in IT capital investments $44 million. IT capital investments cover important lifecycle replacements, a scaled down transformation envelope focused on completing ongoing modernization projects, and targeted investments in information security and key business systems.

Table 12. Medium-Term Capital Budget, FY22–25

(Millions of U.S. Dollars)

	FY 22	FY 23	FY 23	FY 24	FY 25
	Approved	Projected in FY 22-24 MTB	Proposed	Indicative	
Total (Capital + Cloud)	**79.0**	**92.3**	**77.9**	**90.9**	**91.3**
Total (Capital)	**69.5**	**80.8**	**62.9**	**73.9**	**73.3**
Building Facilities	**23.5**	**39.1**	**18.9**	**36.0**	**39.3**
of which:					
Lifecycle replacements and repairs	12.2	26.8	12.7	29.2	30.2
HQ1/HQ2/Concordia	4.7	21.9	6.5	23.8	24.7
Audio-visual	7.5	4.8	6.2	5.4	5.5
New Investments	5.1	5.1	4.1	2.5	2.5
Vehicles	2.0	2.1	2.1	2.1	2.2
Information Technology	**46.0**	**41.7**	**44.0**	**38.0**	**34.0**
Capital Investments	46.0	41.7	44.0	38.0	34.0
of which:					
Key Modernization Projects (and pre-reqs) ~~1/~~	30.7	21.9	22.0	14.5	13.0
New Investments	9.2	12.5	13.0	15.0	13.0
Of which : Information Security	3.1	4.2	3.0	5.3	3.0
Infrastructure end-of-life	6.1	7.3	9.0	8.5	8.0
Cloud Capital Equivalent	**9.5**	**11.5**	**15.0**	**17.0**	**18.0**

Sources: OBP, CSF, and ITD.

- **Lifecycle replacements and IT infrastructure** total $9.0 million for FY23. In addition to funding upgrades of the remote office infrastructure, network equipment, servers and storage capacity, the business continuity center will be transitioned to the cloud, and a portion of the Fund's computers will be replaced.

- **Pre-requisite projects** total $2.3 million for FY23. This covers completion of the Identity and Access Management (IAM) project and implementation of the second and final phase of the Corporate Data Warehouse (CDW).

- **Transformation projects** ($19.7 million): With CDMAP close to completion, the focus during FY23 will be on advancing ongoing transformation programs. A modernization update report will be provided to the Board shortly with a related briefing by TRM and ITD planned for after the Spring Meetings.

- **1HR**: Work to stabilize and close out the original 1HR project will be completed in early FY23, focused on stabilization of early releases based on revised deliverables. An associated update to the CBA will be presented to the Board. At the same time, a revised plan to take forward remaining objectives is being developed, reflecting past lessons and with an independent validation. A Board update is planned for Q1 FY23.

Table 13. Estimated Capital Needs for Key Modernization Projects

(Millions of U.S. dollars)

		FY 22			FY 23
	Total Estimated Project	Approved through FY22	Estimated outturn	Remaining approved budget	Additional Projected Needs
Key Modernization + Prerequisites	**166.9**	**147.5**	**128.9**	**18.6**	**22.0**
Key Modernization	**146.9**	**129.7**	**113.4**	**16.3**	**19.7**
1HR	69.6	69.6	56.5	13.1	0.0
CDMAP	19.1	19.1	19.1	0.0	0.0
Knowledge Management	27.2	21.6	21.5	0.1	5.6
iData	23.5	11.0	10.4	0.6	5.0
Collaboration	0.2	0.2	0.2	0.0	
Intranet	7.3	3.3	0.8	2.5	3.0
Customer Relationship Management		0.2	0.2	0.0	
Document Workflow and Review 1/		4.7	4.7	0.0	5.1
Modernization- unallocated					1.0
Prerequisites projects	**20.0**	**17.8**	**15.5**	**2.3**	**2.3**
Azure	0.8	0.8	0.8	0.0	0.0
Corp Data Warehouse	9.6	7.2	7.2	0.0	1.2
DMX Modernization	1.6	1.6	1.6	0.0	0.0
IAM Replacement	6.2	5.1	5.1	0.0	1.1
Ent Int Platform	1.9	1.9	1.9	0.0	0.0

Source: ITD; Project Management Office.

1/ Includes initial, high-level vision, scoping, and design work of the IDW that cannot be allocated to the respective sub-projects.

- **iData:** The project aims to mitigate operational risks stemming from the Fund's aging economic data management platform. Responding to some initial schedule challenges, the program team finalized an updated statement of work with the vendor to reflect a software first framework, which allows for faster and more agile development. With the first development phase successfully completed and phase 2 expected to be completed on schedule in April 2022, subsequent development phases will span FY23 and FY24.

- **DM:** The program provides a framework and system for storing and sharing knowledge, thereby enabling staff to draw lessons from the Fund's rich cross-country experience and subject-matter expertise. Release 1 has been successfully deployed in November 2021 and implementation of Release 2 and 3 is expected by May 2022 and September 2022 respectively. Final program completion is scheduled for early 2023.

- **iDW-related Modules:** The iDW modules aim to improve productivity and collaboration by replacing existing fragmented content, information silos, and obsolete technology.

  - Microsoft Teams has been launched. Migration from Box to OneDrive is expected to be completed by end-FY22.

  - The implementation phase of the Intranet project was reset to February 2022 following a three month pause to allow time to put in place key personnel. The selected implementation vendor has been onboarded and is validating user requirements and developing the functional design and technical architecture.

  - Scoping activities are continuing on a document workflow module, with implementation likely to commence in FY23. Initial planning also ongoing for a corporate Customer Relationship Management (CRM) tool and to support digitization of analytic tools. Timelines for these projects are being reassessed as part of a broader portfolio review.

- **New Investments** total $13.0 million in FY23, including $3.0 million in information security investments.

- **CCE.** In FY23, cloud subscriptions are projected to increase to $15 million, reflecting the continued transition of Fund systems to the cloud as part of the recent modernization. The introduction of the CCE has helped bring visibility and transparency to the rising cloud costs. ITD and OBP will continue to work on managing the sustainability of overall cloud costs through a more deliberate cloud strategy, consolidation, and license cost optimization.

27. **Medium-term:** In the FY23-25 period, planning and design work will be completed for the HQ2 building and systems lifecycle update, a project that has been anticipated as part of the long-term facilities plan. The project will incorporate the experience of the hybrid work model and smart building technologies in designing a facility that meets future business needs, transforms the workplace experience, ensures accessibility, and reduces environmental impact. Medium-term IT capital projects will be informed by the IT product roadmaps, taking into consideration delivery capacity and stabilization of the ITD delivery model. The establishment of TRM also will support strengthening of the governance and support framework IT-intensive capital projects. Pipeline projects span areas such as financial systems, budget modernization, economic data projects, and travel.

SECTION VI. RISKS

28. **Sustained risks.** While risk mitigation activities embedded in the budget, along with the recent approval of a budget augmentation framework, will help reduce budget risks, significant residual risk remains due to external drivers that can only be partly addressed through ex ante risk management.

- **Core country activity.** Large uncertainties remain on the duration of the pandemic amidst successive waves potential impact on the recovery, and the ensuing demand for Fund services and thus pressures on staff. Recent inflation developments in major markets also contribute to risks. The war in Ukraine likewise gives rise to large uncertainties over the need for support from countries impacted by the humanitarian, economic, and financial consequences. Projections by departments during the FY23 budget formulation process are for baseline program work to remain elevated around more complex UCT programs, not yet incorporating the impact of the war in Ukraine. An increase in program requests above what has been reflected in projections, also due to RST-related operations, would warrant reallocation of resources towards priority needs. Key mitigation measures in this area include periodic risk updates on scenarios of program activity, continued incorporation of risk considerations into budget planning, and a risk-based resource allocation.

- **Travel uncertainty.** In the event of a faster receding pandemic, widely lifted travel restrictions could create pressures for a rapid resumption of in-person missions above current projections. The budget allocates resources to ramp up travel in line with the expected improvements in the health situation. Developments in terms of cost of travel will also require close monitoring. In case of demand for travel exceeding budgeted amounts, departments would carefully prioritize travel needs. An interdepartmental working group will review travel budgets, including to consider lessons from the pandemic experience with remote engagements.

- **Implementation of strategies supported by the augmentation.** Key risks are significant delays in acquiring and onboarding requisite skillsets and demand from countries for support rising faster than the Fund's capacity to respond that could impact implementation and ramp-up of deliverables. Actions to mitigate these risks include a multipronged human resources strategy and dovetailing with the unwinding of crisis positions, ensuring optimal deployment of talent. Strategy teams will work with departments to ensure that cross-departmental work is well-coordinated, in particular across the thematic units that will be established. Area departments rely on the timely availability of and support by functional departments, where expertise is clustered. A balanced resource allocation between area and functional departments is expected to reduce dependencies, and a transparent governance and accountability measures around functional department's support to country teams is expected to bring predictability.

- **Hybrid work model.** Operational risks of the new hybrid model are linked to challenges of working from home, the persistent risks of high work pressures, constrained office space, and ensuring that the resumption under a "new normal" hybrid workplace is efficient and effective. Risk mitigation actions include a phased approach to hybrid work with flexibility, empowerment, training that combines best aspects of in-person and virtual work. Adoption of new technology to improve the virtual meetings experience, along with a standard IT package for work at home will also help support the hybrid environment.

- **CD fundraising.** The risk of a shortfall in fundraising for externally financed CD over the medium term remains elevated given competing demands for donor resources in the wake of the pandemic. Risk mitigating actions include diversifying donor support, focusing on fundraising where member demand is highest and/or is expected to grow (climate, gender, digitalization, FCS), bringing more flexibility to resources, and reducing funding pressures by extending phases. Shifting some administrative costs for RCDC focused on FCS to the Fund's budget should also reduce funding risk and free donor resources for direct CD delivery where availability of funding is higher.

- **Information security.** The risk of a large-scale cyberattack, including in the context of the new hybrid model, remains a significant operational risk identified by departments. Mitigation actions have focused on modernizing the Fund's technology infrastructure. Continued efforts are also underway to promote awareness of the Fund's information security policies and strengthen staff vigilance to risks under the new hybrid work model, including through mandatory cybersecurity training.

- **Modernization.** Impact of delays and cost overruns in the implementation of transformational modernization programs reduces the scope for reallocation and could reduce envisaged savings. Key risk mitigation actions include the step up in the governance framework with continued close support from the OIA. A TRM-led cross departmental effort is also underway to strengthen governance, oversight, and project management for IT-intensive modernization programs.

- **Budgeting in a period of inflation uncertainty.** Greater inflation uncertainty and sharp near-term shifts in projections also complicates budget management. As underlying prices related to core fund expenditure categories evolve, OBP will need to carefully manage related risks. These issues will be explored in more detail in the FY22 budget outturn report.

SECTION VII. SUMMARY PROPOSAL FOR FY23

29. Proposal. Within the total administrative appropriations, separate appropriations and expenditure ceilings are proposed for the Offices of the Executive Directors (OED), the Independent Evaluation Office (IEO), and other administrative expenditure in the Fund (Table 14). The capital budget is made up of three components: building facilities, information technology, and IT cloud capital equivalent.

Table 14. Proposed Appropriations, FY23
(Millions of U.S. dollars, unless otherwise noted)

	General	OED	IEO	Total
Net administrative budget	1,207.3	80.1	7.2	1,294.6
Receipts 1/	269.4	1.5	0.0	270.9
FY22 Fund-financed carryforward (upper limit) 2/	79.1	13.6	0.3	93.0
Other transitional resources 3/	9.5	…	…	9.5
Total gross expenditures (limit)	1,565.3	95.2	7.5	1,668.0
Capital budget				77.9
Building facilities				18.9
Information Technology				44.0
Cloud				15.0
Memorandum items:				
Net administrative budget in mil. of FY22 U.S. dollars	1,152.0	76.4	6.8	1,235.3
Fund-financed carryforward, upper limit (in percent) 4/	7.0		5.0	n.a.
Externally-financed carryforward, upper limit (in percent)	3.0			

Source: OBP.[1/]Includes $230m in externally financed envelope and $6.3m in externally financed carryforward. [2/]Actual carryforward 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. The precise amount will be determined when end-year financial books are closed. [3/]Other transitional resources indicate available resources from OED/IEO excess underspend above their carryforward limits. No excess underspend is envisaged from IEO for FY23. [4/]The proposal reflects a proposed decrease in the general carryforward limit from 8 to 7 percent. For OED, the carryforward limit is the greater of the sum of 20 percent of the approved budget for each office and two REG2 FTEs. For IEO, this reflects the proposed decrease in the carryforward limit from 8 to 5 percent.

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 1. Administrative Budget for FY23.

A. Appropriations for net administrative expenditures for Financial Year 2023, including US$23 million of the first tranche of the augmentation resources, are approved in the total amount of US$1,294.6 million: (a) up to US$80.1 million may be used for the administrative expenditures of the Offices of Executive Directors, (b) up to US$7.2 million may be used for the administrative expenditures of the Independent Evaluation Office, and (c) up to US$1,207.3 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 2022 that have not been spent by April 30, 2022 are authorized to be carried forward and used for administrative expenditures in Financial Year 2023 in a total amount of up to US$93 million, with sub limits of (a) US$13.6 million for the Offices of Executive Directors, (b) US$0.3 million for the Independent Evaluation Office, and (c) US$79.1 million for the other administrative expenditures of the Fund.

C. A limit on gross administrative expenditures in Financial Year 2023, including US$9 million of the first tranche of the real increase in space for externally funded CD linked to expanded work on the structural transformation agenda and externally funded carryforward, is approved in the total amount of US$1,668.0 million, with sub limits of (a) US$95.2 million for the administrative expenditures of the Offices of Executive Directors, (b) US$7.5 million for the administrative expenditures of the Independent Evaluation Office, and (c) US$1,565.3 million for the other administrative expenditures of the Fund.

D. The appropriations for "other administrative expenditures of the Fund" and the "limit on gross administrative expenditures" for FY 23 set out in paragraphs A and C above will be increased by the amount of (i) the OED excess underspend above the individual office carryforward limits and underspend from OED central resources from FY22; and (ii) the IEO underspend above the carryforward limit, as determined in the FY 22 year-end closure of the Fund's financial books.

Decision 2. Capital Budget Appropriations for Financial Year 2023

Appropriations for capital projects underway or beginning in Financial Year 2023 are approved in the total amount of US$77.9 million and are applied to the following project categories:

(i) Building Facilities: US$18.9 million

(ii) Information Technology: US$44 million

(iii) IT Cloud Capital Equivalent: US$15 million

Decision 3. Carryforward mechanism for externally funded expenditures

A new carryforward mechanism for externally funded CD expenditures shall be adopted as set out in paragraphs 1-6 of Annex III of EBAP/22/14, 04/01/22.

Annex I. Projected FY22 Outturn[1/]

Table 1. Net Administrative Budget: Estimated Outturn, FY21–22

(Millions of U.S. dollars)

	FY 21		FY 22					
	Budget	Outturn	Budget			Projected Outturn		
	Total	Total	Fund-financed	Donor-financed	Total	Fund-financed	Donor-financed	Total
Gross expenditures	**1,429**	**1,268**	**1,249**	**210**	**1,460**	**1,204**	**163**	**1,367**
Personnel	1,055	1,049	938	137	1,074	985	122	1,107
Travel	133	16	81	53	134	18	7	25
Buildings and other expenses	230	203	218	21	239	201	34	235
Contingency 1/	11	...	12	...	12	...	...	...
Receipts	**-243**	**-142**	**-36**	**-210**	**-246**	**-26**	**-163**	**-189**
Net expenditures	**1,186**	**1,126**	**1,214**	**0**	**1,214**	**1,178**	**0**	**1,178**

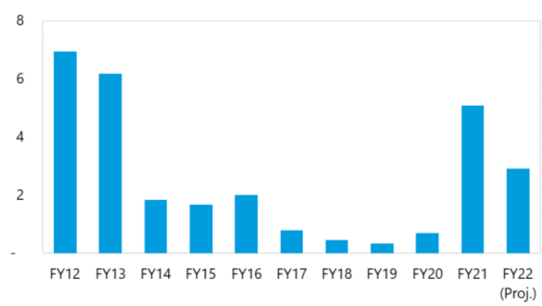
Sources: Office of Budget and Planning and PeopleSoft Financials.
[1/] Includes contingencies for general net admin budget.

Box 1. FY22 Budget Developments

Structural budget utilization is expected to improve over FY21, reflecting increased hiring and rising support costs.

Net Underspend, FY12–22

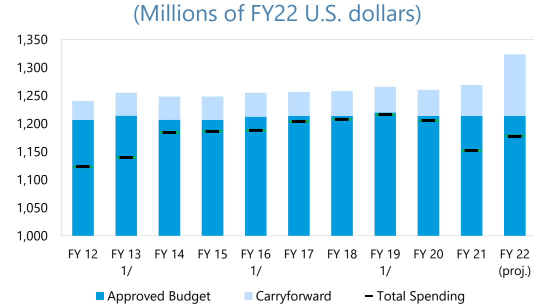
(In percent, relative to Fund-Financed approved budget)



At the same time, continued underspend reflects Covid-related delays in return to travel and building occupancy.

Budget and Carryforward, FY12–22

(Millions of FY22 U.S. dollars)

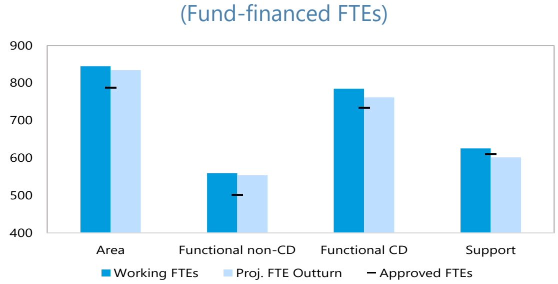


Note: Excludes additional contributions to RSBIA in FY12-13, FY16-17
[1/] Includes travel to Annual Meetings abroad.

Projected FTE usage is expected to remain within the overall budget allocation, including temporary positions.

Budgeted Staff Positions vs Projected Outturn, FY22

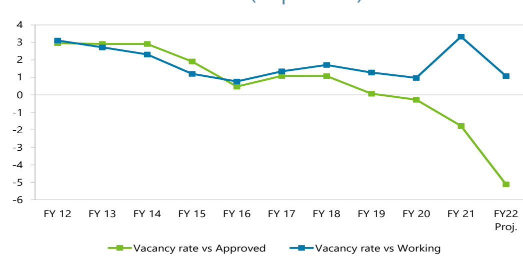
(Fund-financed FTEs)



Negative structural vacancy rates highlight the significant crisis hiring using temporary resources.

Structural Vacancy Rates, FY12-FY22

(In percent)



[1]Prepared by OBP.

Box 1. FY22 Budget Developments, (concluded)

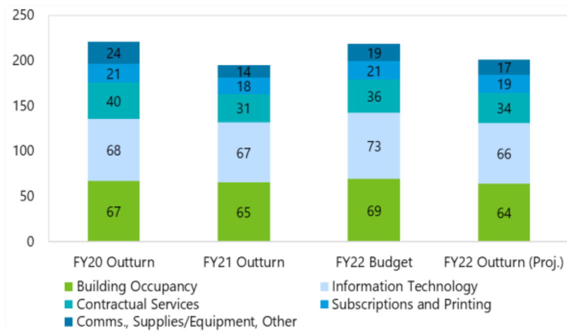
Travel spending is expected to be well below the pre-crisis level in FY19, reflecting protracted travel restrictions.

Total Spending, FY19, FY21, FY22
(Millions of FY22 U.S. dollars)

	FY19	FY21	FY22	
	Outturn	Outturn	Approved Budget	Forecast
Business Travel	127	2	123	14
Settlement Travel	8	6	10	10
Miscellaneous Travel	1	8	1	2
Total Travel	**137**	**16**	**134**	**25**

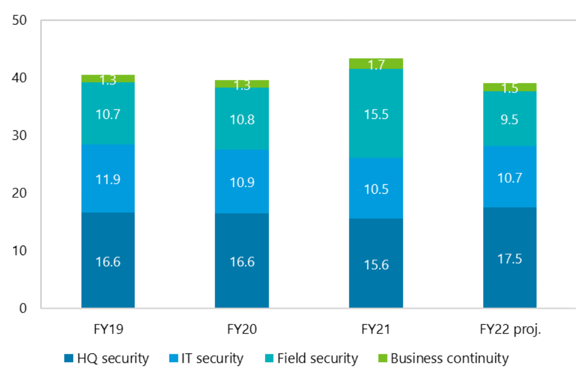
Building occupancy remains below pre-pandemic levels, despite some pick up with early implementation of the hybrid work model. Accounting changes related to CCE reflected in IT spending.

Fund-Financed Building and Other, FY20–22
(Millions of FY22 U.S. dollars)



Security spending is projected to return to pre-pandemic levels reflecting reduced field security needs.

Administrative Security Spending, FY19-22
(Millions of FY22 U.S. dollars)



Source: Departmental submission and OBP staff calculations.

Receipts are expected to improve relative to FY21 as externally-funded CD recovers.

Receipts, FY21-22
(Millions of FY22 U.S. dollars)

	FY 21	FY 22	
	Outturn	**Budget**	**Proj. outturn**
Total	**141.7**	**246.0**	**189.0**
Externally financed CD (direct cost only)	118.4	210.4	163.0
General receipts	23.3	35.6	26.0
Of which:			
Administrative and TFMF 1/	8.3	14.7	11.4
Publications income	0.1	2.7	0.2
Fund-sponsored sharing agreements 2/	2.9	4.1	2.3
HQ2 lease 3/	0.6	1.4	1.0
Concordia	0.5	3.9	2.2
Parking	0.1	3.5	0.0
Corporate, Travel and P-cards	0.0	0.5	0.0
Memorandum Item:			
CD Outturn assumed for planning			165.0

[1/] Trust fund management fee of 7 percent.
[2/] Reimbursements principally from the World Bank.
[3/] Includes Credit Union and retail tenants.

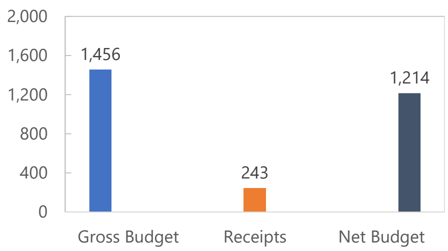
Annex II. Concepts/Overview of the Budget Process

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

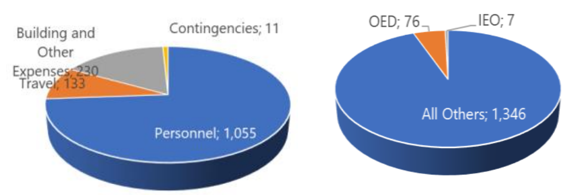
E.g., FY23 = May 1, 2022 to April 30, 2023

***Administrative budget*:**

FY22 Administrative Budget
(In Millions of US Dollars)



Gross Spending Composition, FY22
(Millions of US Dollars, including donor financed CD)



Gross (total spending envelope)
- (minus)
Receipts (donor funding + revenue)
= (equals)
Net (spending that needs funding)

Total Available Resources = **Net** + **Carryforward**

***Carryforward*:**

The right to spend budget allocations beyond the period for which budgetary authority is normally granted (12 months). Carryforward (CF) limits are set for the IEO, OED, and at the general level for other administrative expenses. The general CF limit has varied over time, rising to 6 percent following the GFC and reverting to 3 percent in FY12. The Board approved an increase in the general CF limit from 3 to 5 percent in 2020 and then to 8 percent in 2021 and IEO's CF limit from 5 to 8 percent for the following three years in response to COVID-related travel restrictions and emerging crisis needs.

The OED CF limit for each office is set at a maximum of 20 percent of the approved budget or the dollar equivalent of two Advisor FTE positions. The OED central carryforward was discontinued effective FY21 in line with the streamlining of OED central budget accounts.

The CF is the minimum of the underspend in the current year or CF limit of the current year's approved net administrative budget. Specifically:

$$\mathbf{CF_t = min\ (U_t,\ \mathit{x}\ B_t)}$$

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} = carryforward from previous FY

E_t = net expenditures in current FY

x = ratio limit of CF

Global external deflator:

Starting in FY21, the global external deflator is based on U.S. CPI data underlying the published January WEO update. The current deflator is based on the January 2022 WEO Update data. Calculation of the global external deflator uses the January quarterly data.

- For the current fiscal year: US CPI for the first three-quarters and projected US CPI for the last quarter.
- For the next fiscal year: Quarterly US CPI projections for the corresponding period.

Capital budget:

Used to finance investments in IT and building improvements and repairs. Given the long-term nature of these projects, capital budgets are available for a period of three years, after which time unspent appropriations lapse. Project in the capital budget cover acquisition of building or IT equipment; construction, major renovation or repairs; major IT software development or infrastructure projects.

Cloud Capital Equivalent (CCE).

A sub-category within the capital budget for cloud subscription costs, as per the budgetary treatment approved by the Board in April 2021. The CCE was introduced in response to the Fund's migration from a "purchase/build and maintain" software model to a model based on cloud-hosted platforms with subscription costs, which would have, all else equal, reduced capital spending and increased administrative spending.

Budget process. The starting point for the annual budget exercise is the membership's priorities as expressed in the Managing Director's Global Policy Agenda, the IMFC Communiqué, and the Board Work Program. The budget translates these priorities into reallocations across departments and outputs. The Board also reviews the income and expenditure position, staff compensation, and the capital budget. The Committee on Capacity Building (CCB) and a Board briefing on CD priorities enable strong links between CD and the budget process.

Annex III. Proposed Policy for Externally Funded Carryforward[1]

1. **The IMF02 carryforward policy will share key features of the IMF01 policy** (Table 1). Most importantly, any IMF02 carryforward will not become part of the budget baseline, departmental or Fund-wide, to ensure firm control of the Fund's overall budgetary envelope.

2. **The IMF02 carryforward will differentiate between staff costs and other administrative costs.** Underruns related to staff (Group 1 in the Fund's budget structure) can be carried forward will remain in the central allocation managed by ICD. Recognizing the interaction between Fund and external spending on Group 1, ICD and OBP will coordinate on calculating this carry-forward. Those in other expense categories (Group 2-5, and for CD, typically expert contracts and travel) will remain with departments and will be fungible (within some constraints).

3. **Planning of spending associated with the carryforward will be integrated into the CD planning process**. Departments will formulate their medium-term workplan taking into account a projected level of carryforward in addition to their structural budget. At the beginning of the new fiscal year, carryforward resources will be allocated based on: a) confirmation of departmental allocations of underspend of non-staff budgets and b) allocation to a central pool of staff-related underspend that is eligible for carryforward. This process will be led by ICD, guided by the decisions of the Committee for Capacity Building. Departments would make any final adjustments to workplans following this process.

4. **Spending associated with the carryforward will be constrained by parameters of available external funding**. The proposed carryforward would not create new financing needs, nor would it change the purpose for which partners have provided resources to the Fund. The carryforward would increase, at the margin, the amount of money the Fund is authorized to spend within a given year utilizing the resources provided by donors and would not change the terms and conditions of specific funding agreements. Consultations on workplans with partners would continue through existing mechanisms.

5. **The Fund-wide IMF02 carryforward will be limited to a fixed proportion of the overall IMF02 budget.** At the end of each fiscal year, the difference between actual overall IMF02 expenditure and the IMF02 budget, up to a set percentage of the IMF02 budget, would be allowed to be carried forward and spent during future fiscal year. Limiting the size of the carryforward is warranted to avoid volatility in budget allocations. The limit will be set by the Board and is proposed to be 3 percent for FY23.

6. **ICD will report on the IMF02 carryforward annually.** As with the IMF01 carryforward, the Medium-Term Budget paper will present an estimate of carryforward from the current fiscal year and seek approval in the formal decision, with the actual carryforward based on final end-year outturn up to the limit. The final outturn for the previous fiscal year and the actual amount carried

[1] Prepared by ICD

forward for IMF02 into the new fiscal year will be presented in the Budget Outturn paper. The use of carryforward budget resources would not affect the presentation of expenses in the Fund's audited financial statements. The estimated cost of implementing a carryforward policy is expected to be minimal and will be absorbed by the existing ICD and OBP budgets.

Table 1. Comparison of Key Features of IMF01 and IMF02 Carryforward Policy

Feature	IMF01	IMF02	Comparison
Purpose of the carryforward (CF)	Allow unspent resources in IMF01, up to a limit, to be carried forward to the next financial year.	Allow unspent resources in IMF02, up to a limit, to be carried forward to the next financial year.	Similar
Limit	Set annually. 7 percent in FY23 on an exceptional basis. Has varied by historic level of 3 percent.	3 percent for FY23.	Same for steady state
Calculation	Central CF: Underspending in Group I.[1/] Department's CF: Underspending in Groups II-VI of its budget less any Group 1 overspend.	Central CF: Underspending in Group I.[1/] Department's CF: Underspending in Groups II-VI of its budget. Group 1 overspend can lead to an adjustment of this amount for non-staff expenditures.	Broadly similar
Allocation of central CF among departments	Fund temporary needs in departments, including temporary FTEs.	Fund temporary needs for reprioritization in workstreams or departments, to absorb unexpected demand shocks.	Broadly similar
Fungibility rule	Consistent with temporary resource needs approved in the budget paper, no constraints on the use of central CF across expenditure group. Full fungibility of department's CF across expenditures in Groups II-IV.	No constraints on the use of central CF across expenditure group. Full fungibility of department's CF across expenditures in Groups II-IV.	Same
Deflator	CF will not be adjusted by the deflator or be part of the base when moving from one year to the next.	CF will not be adjusted by the deflator or be part of the base when moving from one year to the next.	Same

[1/] Group I—personnel costs for staff. Group II—costs of HQ-based experts, and Long- and Short-Term Experts in the field, Group III—costs of various contractual employees and overtime expenditure, Group IV—discretionary departmental expenditures such as Travel and Seminar etc. Group V—costs allocated to specific department for Fund-wide services (e.g., publication, facilities costs), Group VI—covers revenues (including Trust Management Fee from external partners).

Annex IV. Statistical Tables

Table 1. Administrative Budget, FY17–22
(Millions of U.S. dollars)

	FY 17		FY 18		FY 19		FY 20		FY 21		FY 22	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Personnel	934	922	969	962	1,009	995	1,025	1,028	1,055	1,049	1,074	1,107
Travel	123	*115*	126	121	135	126	134	97	133	16	134	25
Buildings and other expenditures	205	218	209	226	215	224	224	225	230	203	239	235
Contingency 1/	11	0	11	0	12	0	14	0	11	0	12	0
Total Gross Expenditures	**1,273**	**1,255**	**1,315**	**1,309**	**1,371**	**1,346**	**1,397**	**1,350**	**1,429**	**1,268**	**1,460**	**1,367**
Less: Receipts	200	189	211	211	236	214	239	199	243	142	246	189
Total Net Expenditures	**1,072**	**1,066**	**1,104**	**1,099**	**1,135**	**1,131**	**1,158**	**1,150**	**1,186**	**1,126**	**1,214**	**1,178**

Source: OBP.
1/Represents the contingencies for staff, OED and IEO.

Table 2. Gross Administrative Expenditures: Travel, FY17–22

(Millions of U.S. dollars)

	FY 17		FY 18		FY 19 1/		FY 20		FY 21		FY 22	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Expenditures	**123**	**115**	**126**	**121**	**135**	**126**	**134**	**97**	**133**	**16**	**134**	**25**
Business travel	98	88	99	92	111	99	107	72	103	1	103	13
Transportation	98	49	99	52	111	56	102	41	98	1	91	10
Per diem	…	39	…	40	…	43	6	31	5	0	12	3
Seminars & other	14	15	15	18	14	18	16	14	19	1	20	1
Other travel	12	11	12	11	10	10	10	10	10	14	11	11

Source: OBP.

1/Includes travel to the Annual Meetings in Bali ($6 million in FY19).

Table 3. Gross Administrative Expenditures: Buildings and Other Expenses, FY17–22

(Millions of U.S. dollars)

	FY 17		FY 18		FY 19		FY 20		FY 21		FY 22	
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Proj. Outturn
Buildings and other expenses	**205**	**218**	**209**	**226**	**215**	**224**	**224**	**225**	**230**	**203**	**239**	**235**
Building occupancy	59	65	63	68	67	69	70	69	73	68	77	64
Information technology	61	65	65	69	69	66	72	67	73	67	75	66
Subscriptions and printing	19	21	21	22	20	21	14	20	21	18	21	19
Communications	7	8	8	8	8	8	8	8	8	7	8	7
Supplies and equipment	6	6	4	7	4	6	4	5	4	2	4	4
Miscellaneous 1/	52	53	50	52	46	55	57	56	52	41	54	74

Source: OBP.

1/Excludes contingency. 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 FY17–22

(Millions of U.S. dollars)

	FY 17		**FY 18**		**FY 19**		**FY 20**		**FY 21**		**FY 22**	
	Budget	**Outturn**	**Budget**	**Outturn**	**Budget**	**Outturn**	**Budget**	**Outturn**	**Budget**	**Outturn**	**Budget**	**Proj. Outturn**
Receipts	**200**	**189**	**211**	**211**	**236**	**214**	**239**	**199**	**243**	**142**	**246**	**189**
Externally-financed	160	153	172	174	196	178	200	168	206	118	210	163
General receipts 1/	40	35	39	37	40	36	39	31	37	23	36	26

Source: OBP.

1/Includes Trust Fund Management Fees.

Table 5a. Fund-Financed Gross Administrative Spending Estimates by Output (indirect costs allocated), FY20–22[1/]

	Millions of FY 22 U.S. dollars				Percent of total			
			FY 22				FY 22	
	FY 20	FY 21	Est. Resources	Proj. Outturn	FY 20	FY 21	Est. Resources	Proj. Outturn
Total	**1,238**	**1,196**	**1,249**	**1,204**	**100.0**	**100.0**	**100.0**	**100.0**
Multilateral surveillance	**271**	**283**	**329**	**313**	**21.9**	**23.7**	**26.3**	**26.0**
Global economic analysis	**128**	**130**	**141**	**134**	**10.3**	**10.8**	**11.3**	**11.1**
WEO	20	20	20	19	1.6	1.6	1.6	1.6
GFSR	15	16	16	15	1.2	1.4	1.3	1.2
General research	40	40	46	44	3.2	3.4	3.7	3.6
General outreach	53	53	59	56	4.3	4.5	4.7	4.7
Support and Inputs to Multilateral Forums and Consultations	**24**	**22**	**25**	**24**	**1.9**	**1.8**	**2.0**	**2.0**
Multilateral consultations	5	4	4	4	0.4	0.3	0.4	0.4
Support and Inputs to multilateral forums	19	18	21	20	1.5	1.5	1.7	1.6
Tools to prevent and resolve systemic crises	**75**	**85**	**115**	**109**	**6.1**	**7.2**	**9.2**	**9.1**
Analysis of vulnerabilities and imbalances	24	28	25	24	2.0	2.3	2.0	2.0
Other cross cutting analysis	45	50	58	56	3.7	4.2	4.7	4.6
Fiscal Monitor	6	7	7	6	0.5	0.6	0.5	0.5
CD Analytics and Development	0	0	25	24	-	-	2.0	2.0
Regional approaches to economic stability	**45**	**46**	**48**	**46**	**3.6**	**3.9**	**3.8**	**3.8**
REOs	21	20	20	19	1.7	1.7	1.6	1.6
Surveillance of regional bodies	7	8	7	7	0.6	0.7	0.6	0.6
Other regional projects	17	18	21	19	1.4	1.5	1.6	1.6
Oversight of global systems	**154**	**157**	**196**	**185**	**12.4**	**13.2**	**15.7**	**15.3**
Development of international financial architecture	**56**	**51**	**51**	**48**	**4.5**	**4.3**	**4.0**	**3.9**
Work with FSB and other international bodies	7	7	8	8	0.6	0.6	0.7	0.7
Other work on monetary, financial, and capital markets issues	49	44	42	40	3.9	3.6	3.4	3.3
Data transparency	**38**	**40**	**46**	**43**	**3.1**	**3.4**	**3.7**	**3.6**
Statistical information/data	28	30	33	31	2.3	2.5	2.6	2.6
Statistical manuals	2	5	6	6	0.2	0.4	0.5	0.5
Statistical methodologies	7	5	7	6	0.6	0.4	0.5	0.5
The role of the Fund	**60**	**66**	**100**	**94**	**4.8**	**5.5**	**8.0**	**7.8**
Development and review of Fund policies and facilities excl. PRGT	25	28	31	30	2.0	2.4	2.5	2.5
Development and review of Fund policies and facilities - PRGT	15	14	17	16	1.2	1.2	1.4	1.3
Development and review of Fund policies and facilities - GRA	9	11	10	9	0.7	0.9	0.8	0.8
Quota and voice	6	5	7	7	0.5	0.5	0.6	0.6
SDR issues	4	7	17	16	0.3	0.6	1.4	1.3
CD strategy, governance, and oversight	0	0	17	16	-	-	1.4	1.3
Bilateral surveillance	**327**	**259**	**288**	**314**	**26.5**	**21.7**	**23.1**	**26.0**
Assessment of economic policies and risks	**290**	**237**	**255**	**277**	**23.4**	**19.8**	**20.4**	**23.0**
Article IV consultations	214	160	186	203	17.3	13.4	14.9	16.9
Other bilateral surveillance	75	77	68	74	6.1	6.4	5.5	6.2
Financial soundness evaluations - FSAPs/OFCs	**31**	**16**	**27**	**29**	**2.5**	**1.4**	**2.2**	**2.4**
Standards and Codes evaluations	**7**	**6**	**6**	**7**	**0.5**	**0.5**	**0.5**	**0.6**
Lending (incl. non-financial instruments)	**211**	**240**	**242**	**219**	**17.0**	**20.1**	**19.4**	**18.2**
Arrangements supported by Fund resources	**171**	**211**	**206**	**186**	**13.8**	**17.6**	**16.5**	**15.5**
Programs and precautionary arrangements supported by general	95	115	116	105	7.7	9.6	9.3	8.7
Programs supported by PRGT resources	76	96	90	82	6.1	8.0	7.2	6.8
Non-financial instruments and debt relief	**39**	**30**	**36**	**33**	**3.2**	**2.5**	**2.9**	**2.7**
Capacity development	**241**	**224**	**174**	**154**	**19.5**	**18.7**	**13.9**	**12.8**
CD Delivery	241	224	174	154	19.5	18.7	13.9	12.8
Miscellaneous 2/	**33**	**32**	**20**	**20**	**2.7**	**2.7**	**1.6**	**1.7**

Sources: OBP, Analytic Costing and Estimation System (ACES). Staff estimations.

[1/]Support and governance costs are allocated to outputs. FY22 numbers reflect the split of CD output codes to Direct Delivery, A&D, policy work, and M&A, as well as the CCE account treatment. [2/]The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTF allocation represents mapping of direct departmental costs to IMF governance.

Table 5b. Total Gross Administrative Spending Estimates by Output (indirect costs allocated), FY20–22[1/]

	Millions of FY 22 U.S. dollars				Percent of total			
			FY 22				FY 22	
	FY 20	FY 21	Est. Resources	Proj. Outturn	FY 20	FY 21	Est. Resources	Proj. Outturn
Total	**1,414**	**1,297**	**1,460**	**1,367**	**100.0**	**100.0**	**100.0**	**100.0**
Multilateral surveillance	**271**	**283**	**349**	**328**	**19.2**	**21.8**	**23.9**	**24.0**
Global economic analysis	**128**	**130**	**141**	**134**	**9.0**	**10.0**	**9.6**	**9.8**
WEO	20	20	20	19	1.4	1.5	1.4	1.4
GFSR	15	16	16	15	1.0	1.3	1.1	1.1
General research	40	40	46	44	2.8	3.1	3.2	3.2
General outreach	53	53	59	56	3.8	4.1	4.1	4.1
Support and Inputs to Multilateral Forums and Consultations	**24**	**22**	**25**	**24**	**1.7**	**1.7**	**1.7**	**1.8**
Multilateral consultations	5	4	4	4	0.3	0.3	0.3	0.3
Support and Inputs to multilateral forums	19	18	21	20	1.3	1.4	1.4	1.4
Tools to prevent and resolve systemic crises	**75**	**85**	**135**	**125**	**5.3**	**6.6**	**9.3**	**9.1**
Analysis of vulnerabilities and imbalances	24	28	25	24	1.7	2.2	1.7	1.7
Other cross cutting analysis	45	50	58	56	3.2	3.9	4.0	4.1
Fiscal Monitor	6	7	7	6	0.4	0.5	0.4	0.5
CD Analytics and Development	0	0	45	39	-	-	3.1	2.9
Regional approaches to economic stability	**45**	**46**	**48**	**46**	**3.2**	**3.6**	**3.3**	**3.3**
REOs	21	20	20	19	1.5	1.5	1.4	1.4
Surveillance of regional bodies	7	8	7	7	0.5	0.6	0.5	0.5
Other regional projects	17	18	21	19	1.2	1.4	1.4	1.4
Oversight of global systems	**154**	**157**	**197**	**185**	**10.9**	**12.1**	**13.5**	**13.6**
Development of international financial architecture	**56**	**51**	**51**	**48**	**3.9**	**3.9**	**3.5**	**3.5**
Work with FSB and other international bodies	7	7	8	8	0.5	0.6	0.6	0.6
Other work on monetary, financial, and capital markets issues	49	44	42	40	3.5	3.4	2.9	2.9
Data transparency	**38**	**40**	**46**	**43**	**2.7**	**3.1**	**3.1**	**3.2**
Statistical information/data	28	30	33	31	2.0	2.3	2.3	2.3
Statistical manuals	2	5	6	6	0.2	0.4	0.4	0.4
Statistical methodologies	7	5	7	6	0.5	0.4	0.4	0.5
The role of the Fund	**60**	**66**	**101**	**95**	**4.3**	**5.1**	**6.9**	**6.9**
Development and review of Fund policies and facilities excl. PRGT and GRA	26	28	31	30	1.8	2.2	2.2	2.2
Development and review of Fund policies and facilities - PRGT	15	14	17	16	1.1	1.1	1.2	1.2
Development and review of Fund policies and facilities - GRA	9	11	10	9	0.6	0.9	0.7	0.7
Quota and voice	6	5	7	7	0.4	0.4	0.5	0.5
SDR issues	4	7	17	16	0.3	0.5	1.2	1.2
CD strategy, governance, and oversight	0	0	18	17	-	-	1.3	1.3
Bilateral surveillance	**328**	**259**	**288**	**314**	**23.2**	**20.0**	**19.7**	**22.9**
Assessment of economic policies and risks	**290**	**237**	**255**	**277**	**20.5**	**18.3**	**17.4**	**20.3**
Article IV consultations	214	160	186	203	15.2	12.4	12.8	14.8
Other bilateral surveillance	75	77	68	74	5.3	5.9	4.7	5.4
Financial soundness evaluations - FSAPs/OFCs	**31**	**16**	**27**	**29**	**2.2**	**1.3**	**1.8**	**2.2**
Standards and Codes evaluations	**7**	**6**	**6**	**7**	**0.5**	**0.4**	**0.4**	**0.5**
Lending (incl. non-financial instruments)	**211**	**240**	**242**	**219**	**14.9**	**18.5**	**16.6**	**16.0**
Arrangements supported by Fund resources	**171**	**211**	**206**	**186**	**12.1**	**16.2**	**14.1**	**13.6**
Programs and precautionary arrangements supported by general resources	95	115	116	105	6.8	8.9	7.9	7.7
Programs supported by PRGT resources	76	96	90	82	5.4	7.4	6.2	6.0
Non-financial instruments and debt relief	**39**	**30**	**36**	**33**	**2.8**	**2.3**	**2.5**	**2.4**
Capacity development	**411**	**338**	**355**	**293**	**29.0**	**26.0**	**24.3**	**21.4**
CD Delivery	411	338	355	293	29.0	26.0	24.3	21.4
Miscellaneous 2/	**39**	**20**	**28**	**28**	**2.8**	**1.5**	**1.9**	**2.1**

Sources: OBP, Analytic Costing and Estimation System (ACES). Staff estimations.

[1/]Support and governance costs are allocated to outputs. FY22 numbers reflect the split of CD output codes to Direct Delivery, A&D, policy work, and M&A, as well as the CCE account treatment. [2/]The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTF allocation represents mapping of direct departmental costs to IMF governance.

Table 5c. Fund-Financed Gross Administrative Spending Estimates by Output (direct costs), FY20–22[1/]

	Millions of FY 22 U.S. dollars				Percent of Direct			
			FY 22				FY 22	
	FY 20	FY 21	Est. Resources	Proj. Outturn	FY 20	FY 21	Est. Resources	Proj. Outturn
Direct	**1,238**	**1,196**	**1,249**	**1,204**	**100.0**	**100.0**	**100.0**	**100.0**
Multilateral surveillance	**180**	**187**	**214**	**204**	**14.6**	**15.7**	**17.1**	**17.0**
Global economic analysis	**89**	**90**	**98**	**94**	**7.2**	**7.5**	**7.9**	**7.8**
WEO	12	12	13	12	1.0	1.0	1.0	1.0
GFSR	9	11	10	10	0.8	0.9	0.8	0.8
General research	25	25	30	29	2.0	2.1	2.4	2.4
General outreach	41	41	45	43	3.4	3.4	3.6	3.6
Support and Inputs to Multilateral Forums and Consultations	**15**	**14**	**16**	**15**	**1.2**	**1.2**	**1.3**	**1.3**
Multilateral consultations	3	2	3	3	0.2	0.2	0.2	0.2
Support and Inputs to multilateral forums	12	11	13	12	1.0	1.0	1.0	1.0
Tools to prevent and resolve systemic crises	**47**	**54**	**68**	**65**	**3.8**	**4.5**	**5.5**	**5.4**
Analysis of vulnerabilities and imbalances	15	18	16	15	1.2	1.5	1.2	1.2
Other cross cutting analysis	29	32	38	36	2.3	2.7	3.0	3.0
Fiscal Monitor	4	4	4	4	0.3	0.4	0.3	0.3
CD Analytics and Development	0	0	11	10	-	-	0.9	0.8
Regional approaches to economic stability	**29**	**30**	**32**	**30**	**2.4**	**2.5**	**2.5**	**2.5**
REOs	13	13	13	13	1.1	1.1	1.1	1.1
Surveillance of regional bodies	5	5	5	5	0.4	0.4	0.4	0.4
Other regional projects	11	12	14	13	0.9	1.0	1.1	1.1
Oversight of global systems	**99**	**100**	**122**	**119**	**8.0**	**8.4**	**9.8**	**9.9**
Development of international financial architecture	**36**	**33**	**31**	**30**	**2.9**	**2.8**	**2.5**	**2.5**
Work with FSB and other international bodies	5	5	6	6	0.4	0.4	0.5	0.5
Other work on monetary, financial, and capital markets issues	32	28	26	25	2.5	2.4	2.1	2.1
Data transparency	**24**	**25**	**30**	**29**	**2.0**	**2.1**	**2.4**	**2.4**
Statistical information/data	18	19	21	20	1.5	1.5	1.7	1.7
Statistical manuals	1	4	4	4	0.1	0.3	0.3	0.3
Statistical methodologies	5	3	4	4	0.4	0.3	0.3	0.3
The role of the Fund	**39**	**42**	**61**	**59**	**3.1**	**3.5**	**4.9**	**4.9**
Development and review of Fund policies and facilities excl. PRGT and GRA	16	17	19	19	1.3	1.4	1.6	1.6
Development and review of Fund policies and facilities - PRGT	10	9	10	10	0.8	0.7	0.8	0.8
Development and review of Fund policies and facilities - GRA	6	7	6	6	0.5	0.6	0.5	0.5
Quota and voice	4	4	5	5	0.3	0.3	0.4	0.4
SDR issues	3	5	11	11	0.2	0.4	0.9	0.9
CD strategy, governance, and oversight	0	0	10	9	-	-	0.8	0.8
Bilateral surveillance	**220**	**165**	**173**	**204**	**17.8**	**13.8**	**13.9**	**16.9**
Assessment of economic policies and risks	**185**	**151**	**153**	**181**	**14.9**	**12.7**	**12.3**	**15.0**
Article IV consultations	137	103	113	133	11.0	8.6	9.0	11.0
Other bilateral surveillance	48	49	41	48	3.9	4.1	3.3	4.0
Financial soundness evaluations - FSAPs/OFCs	**31**	**10**	**16**	**19**	**2.5**	**0.9**	**1.3**	**1.5**
Standards and Codes evaluations	**4**	**3**	**4**	**5**	**0.3**	**0.3**	**0.3**	**0.4**
Lending (incl. non-financial instruments)	**138**	**155**	**165**	**145**	**11.1**	**13.0**	**13.2**	**12.1**
Arrangements supported by Fund resources	**112**	**136**	**140**	**123**	**9.0**	**11.4**	**11.2**	**10.2**
Programs and precautionary arrangements supported by general resources	63	74	77	68	5.1	6.2	6.2	5.6
Programs supported by PRGT resources	49	62	63	55	3.9	5.2	5.0	4.6
Capacity development	**145**	**134**	**62**	**50**	**11.8**	**11.2**	**4.9**	**4.1**
CD Delivery	145	134	62	50	11.8	11.2	4.9	4.1
Support and Governance	**433**	**423**	**493**	**462**	**35.0**	**35.3**	**39.4**	**38.4**
Miscellaneous 2/	**22**	**32**	**20**	**20**	**1.8**	**2.7**	**1.6**	**1.7**

Sources: OBP, Analytic Costing and Estimation System (ACES). Staff estimations.

[1/]Support and governance costs are shown as a separate item, as well as the CCE account treatment. FY22 numbers reflect the split of CD output codes to Direct Delivery, A&D, policy work, and M&A. [2/]The "Miscellaneous" classification includes expenditures that currently cannot be properly allocated to specific outputs within the ACES model. Difference to FTF allocation represents mapping of direct departmental costs to IMF governance.

Table 6. Capital Expenditures, FY16–22

(Millions of U.S. dollars)

	Formula Key	Facilities	Information Technology	IT Cloud Capital Equivalent	HQ1 Renewal		Total Capital
FY 16							
New appropriations	(16)	14.4	27.7		132.0	3/	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)	82.8	54.1		120.6		257.5
Expenditures	(33)	28.7	30.9		81.6		141.2
Lapsed funds 1/	(34)	5.9	0.0		0.0		5.9
Remaining funds	(35) = (27)-(28)-(29)	48.1	23.2		39.0		110.4
FY 20							
New appropriations	(36)	40.8	45.0		0.0		85.8
Total funds available	(37)= (35)+(36)	88.9	68.2		39.0		196.2
Expenditures	(38)	41.8	42.2		22.8		106.8
Lapsed funds 1/	(39)	1.8	0.0		0.0		1.8
Remaining funds	(40) = (38)-(39)	45.4	26.0		16.2		87.6
FY 21							
New appropriations	(41)	42.4	56.3		0.0		98.7
Total funds available	(42)= (40)+(41)	87.8	82.3		16.2		186.3
Expenditures	(43)	25.7	49.7		1.5		76.9
Lapsed funds 1/	(44)	2.5	0.0		0.0		2.5
Remaining funds	(45) = (42)-(43)-(44)	59.6	32.6		14.7		106.9
FY 22							
New appropriations	(46)	23.5	46.0	9.5	0.0		79.0
Total funds available	(47)= (45)+(46)	83.1	78.6	9.5	14.7		185.9
Expenditures (Est.)	(48)	20.4	55.0	9.5	-0.8	4/	84.1
Lapsed funds 1/	(49)	8.3	0.0		0.0		8.3
Remaining funds (Est.) 2/	(50) = (47)-(48)-(49)	54.4	23.6	0.0	15.5		93.5

Sources: OBP, CSF, ITD. [1/]Figures reflect funds that were not spent within the three-year appropriation period. [2/]Figures reflect the unspent amount of the budget appropriation in the period concerned. Those funds can be used for authorized projects in the remaining period(s). [3/]Additional appropriations were approved for the HQ1 Renewal Program during FY16. [4/]Reflects project closeout accounting adjustments, mainly the return of contractor retainage that was not utilized