



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.

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International Monetary Fund
Washington, D.C.



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](#).



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.

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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
CDFE	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