



IMF Annual Report 2022

CRISIS UPON CRISIS



2020

2021

2022

The pandemic was a crisis like no other. Two years later, the recovery has been hampered by further crisis upon crisis.

We live in a more shock-prone world. The development of vaccines and unprecedented monetary, fiscal, and financial support, including the IMF's historic general special drawing right (SDR) allocation of about \$650 billion, made a global recovery possible. But Russia's invasion of Ukraine upended it, severely setting back global economic prospects.

Economic risks have risen sharply as a result. Geopolitical and social tensions have escalated as poverty and inequality have increased. Inflation in many countries has risen sharply, fueled by a combination of surging energy, food, and commodity prices, labor shortages, and supply disruptions. Public and private debt has reached new highs. With more limited fiscal space, countries will face increasingly difficult policy trade-offs as they tackle rising inflation, heightened macro-financial risks, and slowing growth. Emerging market and developing economies with large foreign currency borrowing and external financing needs will also need to prepare for possible turbulence in financial markets as the monetary policy stance in advanced economies tightens.

Even as policymakers focus on cushioning the impact of the war in Ukraine and the pandemic, the world is also facing sweeping forces of longer-term change, including those from the effects of climate change and the digital revolution. The impacts of these forces will inevitably play out in the balance of payments of individual countries, making structural reforms and improvements to policy frameworks all the more important for building resilience and achieving long-term, inclusive growth.

Today's economic challenges—from the pandemic and spillovers of war to climate change and digitalization—reveal economic and geopolitical fault lines in the global economic and financial system. With many countries likely to need financial assistance, it has become ever more critical to maintain a reliable global financial safety net with the IMF at its center. To better support its members during these difficult times, the IMF is revisiting its policy advice, lending activities, and capacity building, including through the establishment of the Resilience and Sustainability Trust in April 2022.



Message from the Managing Director

Dear Reader,

The global economy is facing its biggest test since World War II.

Over the past year, the ongoing pandemic has continued to exact an enormous health and socioeconomic toll, affecting lives and livelihoods everywhere. In the midst of the nascent recovery, the world is facing a second, unprecedented shock: Russia's invasion of Ukraine. Millions of refugees have fled the fighting. Millions more remain internally displaced.

The economic consequences continue to reverberate. Soaring food and energy prices and broader inflation are hitting the most vulnerable the hardest—just as high debt and tightening global financial conditions make it even more difficult for governments to support them. In addition, there is a sharply increased risk of the world fragmenting into geopolitical and economic blocs that could reverse decades of gains in living standards. And there is no pause button on the climate crisis while we deal with these other crises.

The IMF is working to help our members address these challenges and keep moving forward on an increasingly difficult road to recovery.

Last year, our membership approved a historic \$650 billion allocation of the IMF's Special Drawing Rights to strengthen countries' reserves, helping to provide much-needed liquidity support to countries worldwide.

Building on this achievement, we began the process of reforming our financing support, starting with efforts to boost the size of our concessional lending for low-income countries. This year, our members also agreed to launch the Resilience and Sustainability Trust—our first facility providing long-term affordable financing—to help our more vulnerable members build resilience against climate shocks and future pandemics.

Since the start of the pandemic, the IMF has approved \$258 billion in new financing to 93 countries. We are now extending that support to those most heavily affected by the latest set of shocks.

This *Annual Report* emphasizes the work of the IMF's Executive Board, whose guidance and oversight are essential. It also highlights the real-time advice, capacity development, and support the Fund has provided to our members.

Working together is the only way we can successfully address the challenges we face. Our member countries can count on us to nurture collective action for a strong and inclusive economy.



KRISTALINA GEORGIEVA
MANAGING DIRECTOR
SEPTEMBER 2022

About the IMF

The International Monetary Fund (IMF) is an organization of 190 countries working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world. The IMF's primary mission is to ensure the stability of the international monetary system: the system of exchange rates and international payments that enables countries and their citizens to transact with one another. All IMF member countries are represented on its Executive Board, which discusses the national, regional, and global consequences of each member's economic policies and approves IMF financing to help member countries address temporary balance of payments problems, as well as overseeing the IMF's capacity development efforts. This *Annual Report* covers the activities of the Executive Board, IMF management, and the IMF staff during the financial year (FY) May 1, 2021, through April 30, 2022, unless noted otherwise. The contents reflect the views and policy discussions of the IMF Executive Board, which has actively participated in the preparation of this *Annual Report*.

The IMF's financial year is May 1 through April 30.

The analysis and policy considerations expressed in this publication are those of the IMF Executive Directors. The IMF's unit of account is the special drawing right (SDR); conversions of IMF financial data to US dollars are approximate and provided for convenience. On April 29, 2022, the SDR/US dollar exchange rate was US\$1 = SDR 0.743880, and the US dollar/SDR exchange rate was SDR 1 = US\$1.34430. The year-earlier rates (April 30, 2021) were US\$1 = SDR 0.696385 and SDR 1 = US\$1.43599. "Billion" means a thousand million; "trillion" means a thousand billion; minor discrepancies between constituent figures and totals are due to rounding. As used in this *Annual Report*, the term "country" does not in all cases refer to a territorial entity that is a state as understood by international law and practice. As used here, the term also covers some territorial entities that are not states but for which statistical data are maintained on a separate and independent basis. The boundaries, colors, denominations, and any other information shown on any maps do not imply on the part of the IMF any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.

On April 29, 2022, the SDR/US dollar exchange rate was
US\$1 = SDR 0.743880

the US dollar/SDR exchange rate was
SDR 1 = US\$1.34430

The IMF's three main roles

Economic surveillance

Provide member countries with advice on adopting policies to achieve macroeconomic stability, accelerate economic growth, and alleviate poverty

Lending

Make financing available to member countries to help address balance of payments problems, including foreign exchange shortages that occur when external payments exceed foreign exchange earnings

Capacity development

Deliver capacity development (including technical assistance and training), when requested, to help member countries strengthen their economic institutions to design and implement sound economic policies

The IMF's headquarters is in Washington, DC, and its offices around the world aim to promote its global reach and maintain close ties with its members. For more information on the IMF and its member countries, visit www.imf.org.

Acronyms and Abbreviations

AML/CFT	anti-money laundering/combating the financing of terrorism
BBA	bilateral borrowing agreement
CCRT	Catastrophe Containment and Relief Trust
CD	capacity development
CMAP	Climate Macroeconomic Assessment Program
COVID-19	disease caused by the coronavirus
DMF	Debt Management Facility
DSSI	Debt Service Suspension Initiative
ECF	Extended Credit Facility
EFF	Extended Fund Facility
EMDEs	emerging market and developing economies
FCL	Flexible Credit Line
FSAP	Financial Sector Assessment Program
FSSF	Financial Sector Stability Fund
FY	financial year
G20	Group of Twenty
GDP	gross domestic product
GNI	gross national income
GRA	General Resources Account
HIPC	Heavily Indebted Poor Countries
IDA	International Development Association
ICD	Institute for Capacity Development
IEO	Independent Evaluation Office
IMF	International Monetary Fund
MNRW	Managing Natural Resource Wealth
NAB	New Arrangements to Borrow
PFTAC	Pacific Financial Technical Assistance Center
PIMA	Public Investment Management Assessment
PLL	Precautionary and Liquidity Line
PRGT	Poverty Reduction and Growth Trust
PRS	Poverty Reduction Strategy
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
RSF	Resilience and Sustainability Facility
RST	Resilience and Sustainability Trust
SBA	Stand-By Arrangement
SCF	Standby Credit Facility
SDR	special drawing right
SLL	Short-Term Liquidity Line
UCT	upper credit tranche
UN	United Nations



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Part One

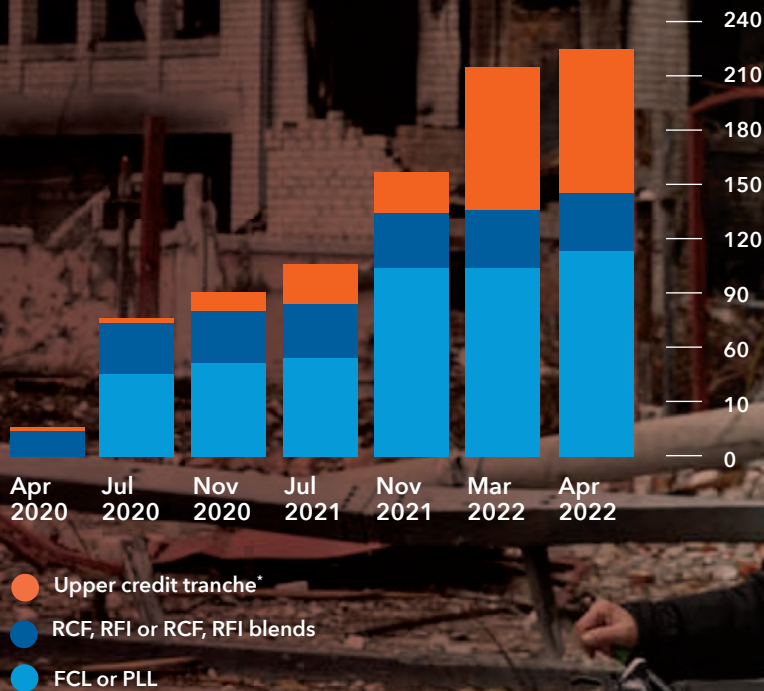
IN FOCUS

Figure 1.1

IMF Financial Support

(cumulative, billions of US dollars)

IMF lending has provided countries much-needed liquidity support.



Sources: IMF, Finance Department; and IMF, Strategy, Policy and Review Department.

Note: As of April 30, 2022. FCL = Flexible Credit Line; PLL = Precautionary and Liquidity Line; RCF = Rapid Credit Facility; RFI = Rapid Financing Instrument.

* Indicates both new programs and augmentation of existing programs.

COVID-19 AND THE WAR IN UKRAINE

The war in Ukraine has dealt a major blow to the global economy.

The economic fallout from Russia's invasion of Ukraine is another massive setback to the global economy. The toll on Ukraine is immense, but the impact stretches far beyond Ukraine's borders.

The severity of disruptions in commodity markets and to supply chains will weigh heavily on macro-financial stability and growth, adding to an already-complicated policy environment for countries still recovering from the COVID-19 pandemic.

Inflation, which had already been rising in many countries as a result of supply-demand imbalances and policy support during the pandemic, is likely to remain higher for longer. Financial conditions have also tightened significantly, putting pressure on a wide range of emerging market and developing economies—through higher borrowing costs and the risk of capital outflows.

The war in Ukraine may contribute to the dangerous divergence between advanced and emerging market and developing economies. More broadly, it risks fragmenting the global economy into geopolitical blocs with distinct technology standards, cross-border payment systems, and reserve currencies. Such a tectonic shift represents the most serious challenge to the rules-based system that has governed international and economic relations for the last 75 years, jeopardizing the gains made over the past several decades.

STEPPING UP

In response, the IMF has provided vital financing, real-time advice, capacity development, and support to its members.

\$1.4 billion in emergency financing to Ukraine was approved in FY 2022, and—at the request of several IMF member countries—a special account was established that will provide donors with a secure vehicle for directing further financial assistance to Ukraine. Support for Ukraine's heavily affected neighbors and member countries experiencing fragility or conflict is also underway.

IMF lending and a historic \$650 billion allocation of SDRs helped provide much-needed liquidity to countries worldwide, many of which have limited fiscal space after the pandemic. More than \$219 billion in loans to 92 countries has been approved since the onset of the pandemic. To facilitate access to emergency financing, increases to the cumulative access limits for the IMF's emergency financing instruments were extended through the end of June 2023 (for details see Table 2.2).

As of April 2022, only

7%

of people in low-income
developing countries
had been fully vaccinated,
compared with

73%

in advanced economies.

One hundred twenty-six Article IV consultations, six Financial System Stability Assessments, and nearly 2,900 virtual technical visits were conducted during FY 2022. About 60 percent of the IMF's technical assistance during the financial year was provided to fragile and conflict-affected states, low-income countries, and small states.

GLOBAL PARTNERSHIPS

In June 2021, the IMF joined forces with the World Bank, World Health Organization, and World Trade Organization to accelerate access to COVID-19 vaccines, therapeutics, and diagnostics. Led by the heads of the institutions, a task force was created to mobilize support and funding for a \$50 billion proposal by the IMF staff to end the COVID pandemic. A global target was set to vaccinate at least 40 percent of the population in all countries by the end of 2021 and 70 percent by mid-2022.

To meet the target, the task force called on Group of Twenty (G20) countries to share more vaccine doses with low- and middle-income countries; provide financing, including grants and concessional financing; and remove all barriers to exports of inputs for finished vaccines, diagnostics, and therapeutics.

A global database (www.Covid19GlobalTracker.org) and country-by-country data dashboards were set up to track and monitor progress toward targets and improve transparency. Access to essential tools for fighting COVID-19, nevertheless, remains very

uneven. As of April 2022, only 7 percent of people in low-income developing countries had been fully vaccinated, compared with 73 percent in advanced economies. There are similar gaps in access to oxygen, treatments, and personal protective equipment.

Equipping developing economies to fight the pandemic and prepare for future health care needs is in everyone's interest: no one is safe until everyone is safe. An updated plan shows that a modest \$15 billion in grants in

2022 and \$10 billion annually thereafter could greatly strengthen global health systems.

More recently, the IMF, World Bank, UN World Food Program, and World Trade Organization have called for urgent, coordinated action on food security and have appealed to countries to avoid restricting food or fertilizer exports.

In collaboration with partners, the IMF continues to champion global cooperation and multilateralism.

GOVERNANCE REFORM

Progress toward governance reform and a timely and successful conclusion of the 16th General Review of Quotas are crucial for ensuring a strong, quota-based, and adequately resourced IMF. The review is expected to build on the 2010 agreement, including efforts to protect quotas and voting shares of the IMF's poorest members. The current formula for determining quotas, which was approved in 2008 and has been used as a guide, will also be reviewed.

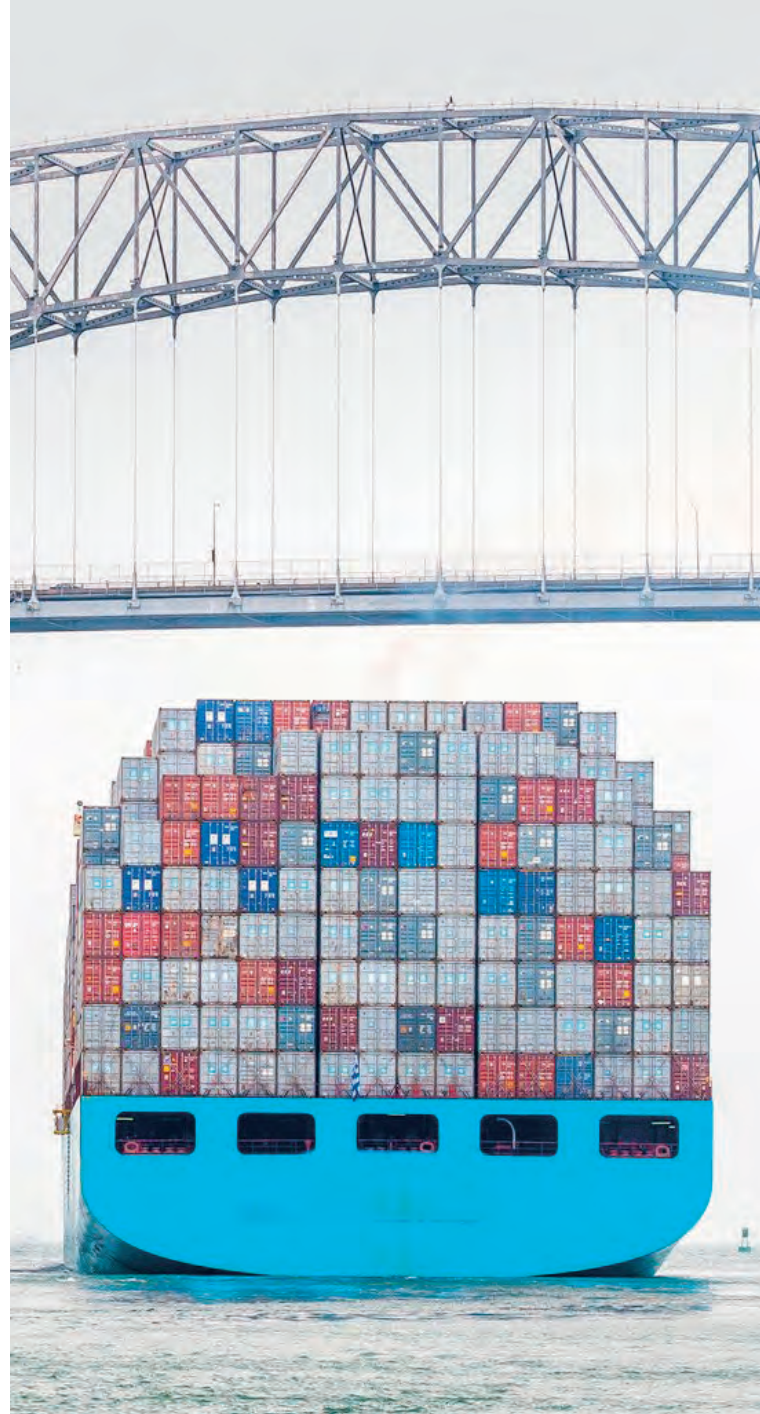
A MORE EQUITABLE RECOVERY

Low-income countries have less scope to respond. The IMF is stepping up to help countries most in need.

On August 2, 2021, the IMF's Board of Governors approved a general allocation of SDRs equivalent to \$650 billion—the largest in IMF history. The newly created SDRs were distributed to all 190 members in proportion to their IMF quota shares, providing a substantial liquidity boost to countries. About \$275 billion went to emerging market and developing economies, and low-income countries received about \$21 billion.

This allocation helped boost reserves and improve global market confidence, supported market access for emerging market and developing economies, and freed up resources for much-needed health and recovery efforts. Low-income countries are using up to 40 percent of their SDRs on essential spending.

Between when the SDR allocation was made effective and the end of April 2022, members converted about SDR 14.1 billion (equivalent to \$19 billion) into freely usable currency through voluntary

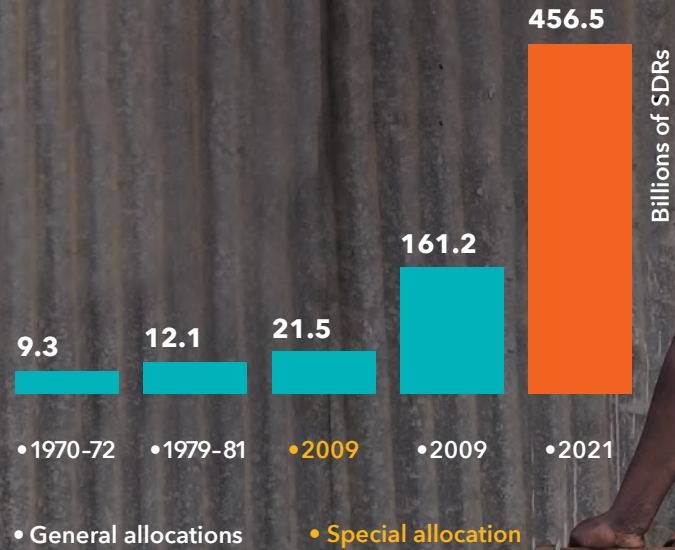


Panama

Figure 1.2

Largest SDR Allocation in IMF History

New SDR allocation of \$650 billion, of which about \$275 billion went to emerging market and developing economies.



Sources: IMF, Finance Department; and IMF, Strategy, Policy and Review Department.

Members have converted

SDR
14.1
billion

(around \$19 billion)
into freely usable currency
through voluntary trading
arrangements.

trading arrangements. Of this figure, SDR sales by low-income countries accounted for about \$4.5 billion.

Options are also available for countries with strong external positions to voluntarily channel their SDR allocation to poorer and more vulnerable countries, through either the IMF's trust for concessional lending to low-income countries, the Poverty Reduction and Growth Trust (PRGT), or the newly established Resilience and Sustainability Trust (RST; see Table 2.4).

The RST will complement the IMF's existing lending toolkit by providing affordable longer-term financing under a Resilience and Sustainability Facility (RSF) arrangement to support countries as they tackle structural challenges that pose significant macroeconomic risks. These will initially include climate change and pandemic preparedness.

Compared with the General Resources Account (GRA) and the PRGT, the RST will provide significantly longer financing terms—with a 10½-year grace period and 20-year maturity—and a tiered interest rate structure providing the most concessionality to the poorest countries. About three-quarters of the IMF's membership (143 countries) are eligible for RST financing. This includes all low-income countries eligible to receive PRGT financing, vulnerable small states, and lower-middle-income countries.

SUPPORT FOR VULNERABLE COUNTRIES

The overlapping global crises of war, pandemic, and inflation are hitting the poorest countries hardest. Low-income developing countries experienced significant declines in per capita income during the pandemic. Now they are facing a sudden surge in energy, fertilizer, and food prices exacerbated by the war in

Ukraine. This is contributing to an increase in poverty and inequality, widening the divergence between advanced and emerging market and developing economies. While aggregate output for advanced economies is expected to return to its pre-pandemic trend by 2025, employment and economic activity in emerging markets and low-income developing countries are unlikely to recover in the medium term. This suggests some permanent scarring.

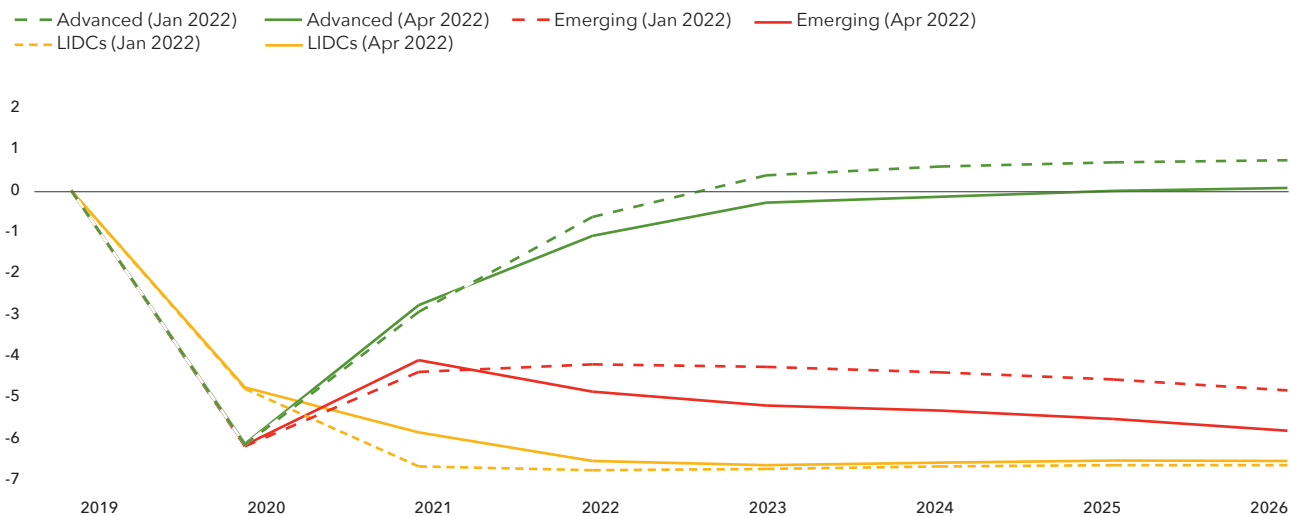
To better support low-income countries, reforms to the IMF's concessional lending facilities were introduced in July 2021. Limits on annual access to concessional financing increased by 45 percent, fully aligning them with those in the GRA, and hard caps on cumulative limits were eliminated altogether for the poorest countries, provided they meet the requirements for obtaining above-normal access. Cumulative limits for emergency financing instruments were also raised in December 2021. These reforms will make more concessional financing

Figure 1.3

Persistent Scarring

(percent deviation from January 2020 *World Economic Outlook* forecasted level)

Employment and economic activity in emerging markets and low-income developing countries is unlikely to recover in the medium term.



Sources: IMF, *World Economic Outlook*; and IMF staff calculations.
LIDCs = Low-Income Developing Countries.

available to countries with strong policies and large balance of payments needs.

The IMF's Executive Board also approved an associated two-stage fundraising strategy to support the PRGT's long-term sustainability, involving new contributions for subsidy and loan resources, facilitated by the channeling of SDRs. These reforms to the PRGT will ensure that the IMF has the capacity to respond flexibly to low-income countries' needs over the medium term while continuing to provide concessional loans at zero interest rates.

Lending is expected to be provided through multiyear lending arrangements—a shift from 2020, when countries largely tapped the IMF's emergency financing facilities.

A new framework to support fragile and conflict-affected states has been put in place, following approval in March 2022. The impact of the

COVID-19 crisis and of the spillovers from the war in Ukraine have put these countries at significant risk of falling even further behind the rest of the world, given their long-term structural challenges, such as weak institutional capacity, governance challenges, limited resources, and struggles with environmental degradation or active conflict. About one-fifth of IMF members are classified as fragile and conflict-affected states.

The new framework includes rolling out country engagement strategies across fragile and conflict-affected states to better tailor IMF engagement, inform program design and conditionality, and support a stronger dialogue with country authorities and partners; an expanded IMF field presence to further support capacity development; and enhanced partnerships with other international financial institutions and donors, including the World Bank.



How the SDR Allocation Has Helped Member Countries

The IMF has published a tracker on member countries' use of special drawing right (SDR) allocations, drawing from staff reports published after the implementation of the general allocation. The tracker's goal is to promote transparency and accountability about how countries are putting these resources to use.

Some countries have used or plan to use their allocations to support health and vaccine-related spending, to finance their overall budget deficits, or to retire expensive debt.

Here are some examples of how countries are putting their allocations to use:



Ecuador: The allocation went directly to the 2021 government budget and was used to cover financing shortfalls. A new budget code is being used to monitor how the SDR proceeds are spent.



Guinea-Bissau: The allocation helped close the country's external financing gap and was used to service external non-concessional debt.



Moldova: Given the country's large financing needs, the authorities used the allocation for budgetary financing. Special legislation was drafted and approved by Parliament to ensure consistency with the government's legal framework.



Senegal: The authorities spent about half of the SDR allocation on the health sector, domestic vaccine production, and cash transfers and to pay down unmet debt obligations. The other half is expected to be used to cover financing needs and financial transactions.

A high-angle, long-exposure photograph of a bustling outdoor market in Uganda. The scene is filled with people, many of whom are blurred due to motion, creating a sense of constant activity. Stalls and tables are set up throughout the market, displaying a variety of goods, including colorful fabrics, clothing, and household items. In the background, there are signs for businesses like 'ELECTRIC REPAIR' and 'Kikubo Lane'. The overall atmosphere is one of a vibrant, busy community hub.

Public debt now
represents close to

40%

of the global total—
the most in almost
six decades.

DEBT DYNAMICS

Debt vulnerabilities are rising, with potential costs and risks to debtors, creditors, and, more broadly, global stability and prosperity.

The war in Ukraine is adding to the strain on public finances even as countries are still reeling from the pandemic. Extraordinary policy support during the pandemic stabilized financial markets and gradually eased liquidity and credit conditions around the world, contributing to the recovery. But deficits increased and debt accumulated much faster than during previous

recessions, including the global financial crisis.

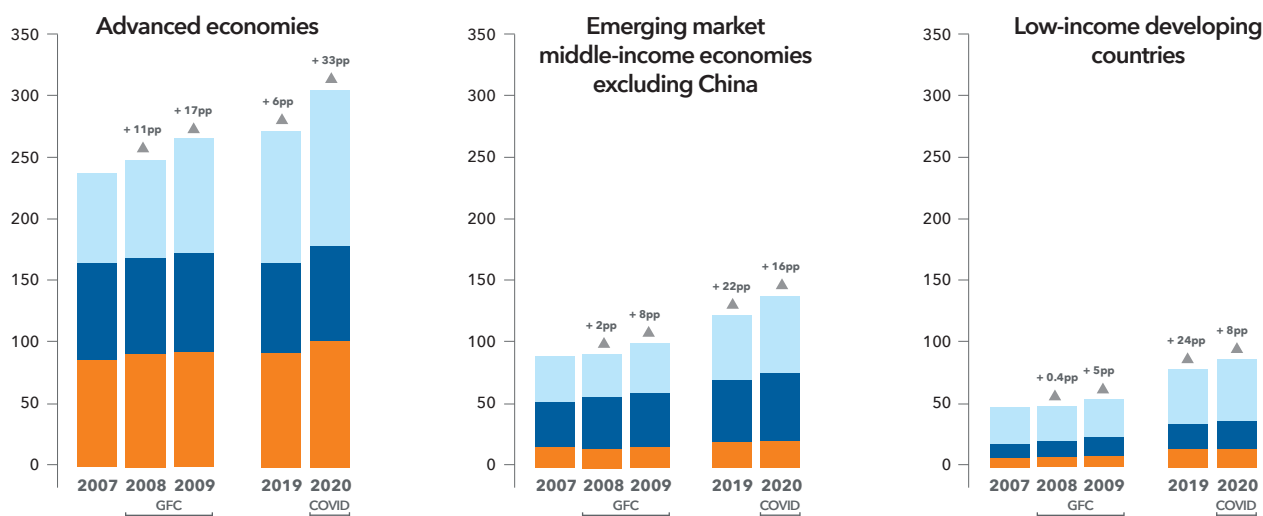
According to the IMF’s Global Debt Database (Figure 1.4), overall borrowing jumped by 28 percentage points to 256 percent of GDP in 2020. Government borrowing accounted for about half of this increase, with the remainder from nonfinancial corporations and households. Public debt now represents close to 40 percent of the global total—the most in almost six decades.

Figure 1.4
Record Debt

(percent of GDP)

● Nonfinancial corporations ● Household debt ● Public debt

Global debt is rising rapidly. Debt restructurings are likely to become more frequent.



Sources: IMF, Global Debt Database; IMF, *World Economic Outlook*; and IMF staff calculations.

Note: Public debt refers to the largest category of debt available (nonfinancial public sector, general government, and central government, in decreasing order). Private debt includes only loans and securities. All income and regional groups follow the *World Economic Outlook's* methodology. Total debt (as a percentage of GDP) is close but not exactly equal to the sum of the components of public and private debt. This is because of the difference in country coverage for the corresponding variables, which causes the corresponding country weights to differ. Here, household debt is used as the residual. Total debt for the world in 2020 is estimated at 256 percent; advanced economies at 300 percent; the United States at 298 percent and advanced economies excluding the United States at 301 percent; emerging market economies excluding China at 137 percent and low-income developing countries at 87 percent of GDP.

GFC = Global Financial Crisis; pp = percentage points.

The IMF provided debt relief totaling

SDR 690 million

(around \$927 million)
to its poorest members.

Governments are now struggling with rising import prices and debt bills in a highly uncertain environment of elevated inflation and a slowdown in growth. As monetary policy tightens to curb inflation, sovereign borrowing costs will rise, narrowing the scope for government spending and increasing debt vulnerabilities, especially in emerging market and developing economies. To complicate matters, the extent of liabilities and their terms are not fully known in many cases.

To address the problem of unsustainable debt, the G20 and the Paris Club reached an agreement in November 2020 on a Common Framework for Debt Treatments beyond the earlier Debt Service Suspension Initiative (DSSI), which aims to deal with insolvency and protracted liquidity problems in eligible countries by providing debt relief consistent with the debtor's spending needs and capacity to pay.

The Common Framework is off to a slow start: not a single country has achieved restructuring to date. The nature of the delays is varied and traces both to creditors and debtors, but urgent action is needed by all relevant stakeholders to ensure that the framework delivers. This includes clarifying steps and timelines on the framework process, early engagement with all stakeholders, more clarity on how comparability of treatment of private sector creditors will be implemented, and expansion of the framework to other non-DSSI-eligible heavily indebted countries.

A standstill on debt service payments during negotiation under the framework would provide relief to debtors under stress and provide incentives for faster agreement. Jointly with the World Bank, the IMF will continue to support implementation of the framework.

More broadly, governments must adopt medium-term policy frameworks that balance short-

term needs and investments with medium-term fiscal sustainability. Reforms to improve debt transparency and strengthen debt management policies and frameworks are essential to reduce risks. To support low-income countries and emerging market and developing economies in this effort, the IMF and World Bank have, since 2018, been addressing rising debt vulnerabilities through a multipronged approach. Work launched under the multipronged umbrella to enhance debt transparency continues, including by strengthening debt management capacity, applying accurate debt analysis tools, and improving policies. The IMF continues to work with partners to strengthen the debt resolution architecture.

For low-income countries, reforms to the IMF's debt limits policy, which went into effect in June 2021, give those countries more flexibility to manage their debt while incorporating safeguards to preserve or restore debt sustainability. The debt limits policy is an important tool for addressing debt vulnerabilities and a useful reference framework for lending decisions by other creditors.

DEBT RELIEF

Debt relief by official creditors was made available through the G20 DSSI, which the IMF, together with the World Bank, helped support. The initiative took effect in May 2020 and delivered \$12.9 billion in debt relief to 48 countries before it expired in December 2021.

In parallel, the IMF provided debt service relief on its own lending under its Catastrophe Containment and Relief Trust (CCRT) to its poorest members. The IMF Executive Board approved the fifth and final tranche of this relief in December 2021, and the relief effort expired in April 2022, bringing total debt relief close to SDR 690 million (about \$927 million; see Table 2.3). Eighteen IMF members and the European Union helped finance this support, with grant pledges of about SDR 609 million (\$819 million).

With the end of debt relief, and interest rates set to increase, borrowing costs could rise significantly, placing pressure on national budgets and making

it increasingly difficult for low-income countries to service their debt. About 60 percent of low-income developing countries are already at high risk of or in debt distress. The economic shocks from the war in Ukraine only add to their challenges. Continued support from the international community will be critical for these countries.

Sudan, meanwhile, has taken the necessary steps to begin receiving debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. It is the 38th country to reach this milestone, known as the HIPC decision point. Once it reaches the HIPC completion point, Sudan’s external public debt will be reduced by more than \$50 billion in net present value terms, representing more than 90 percent of its total external debt. The normalization of Sudan’s relations with the international community has enabled it to obtain access to additional financial resources, setting the country on a path to achieve more inclusive growth.

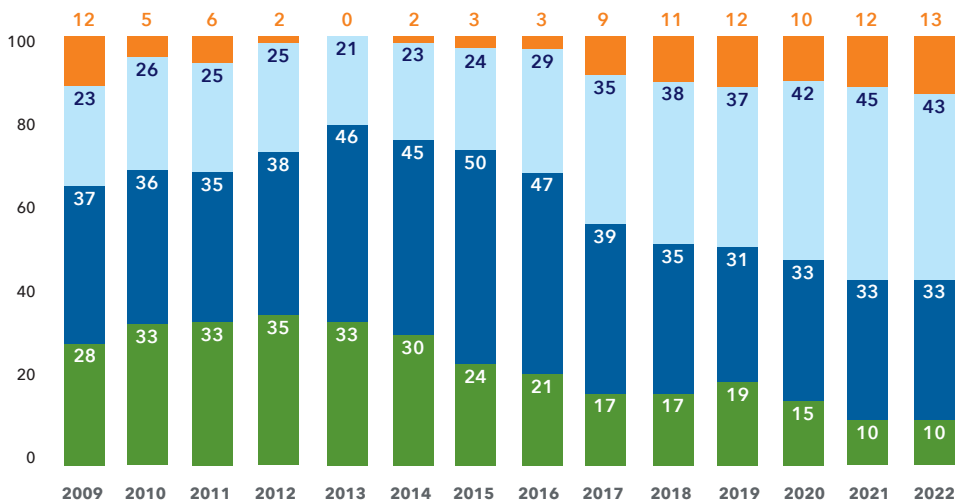
Figure 1.5

Rising Debt Risks in Low-Income Countries

(percent of DSSI countries with LIC DSAs)

● Low ● Moderate ● High ● In debt distress

The proportion of countries in debt distress, or at high risk of debt distress, has doubled to 60 percent from 2015 levels.



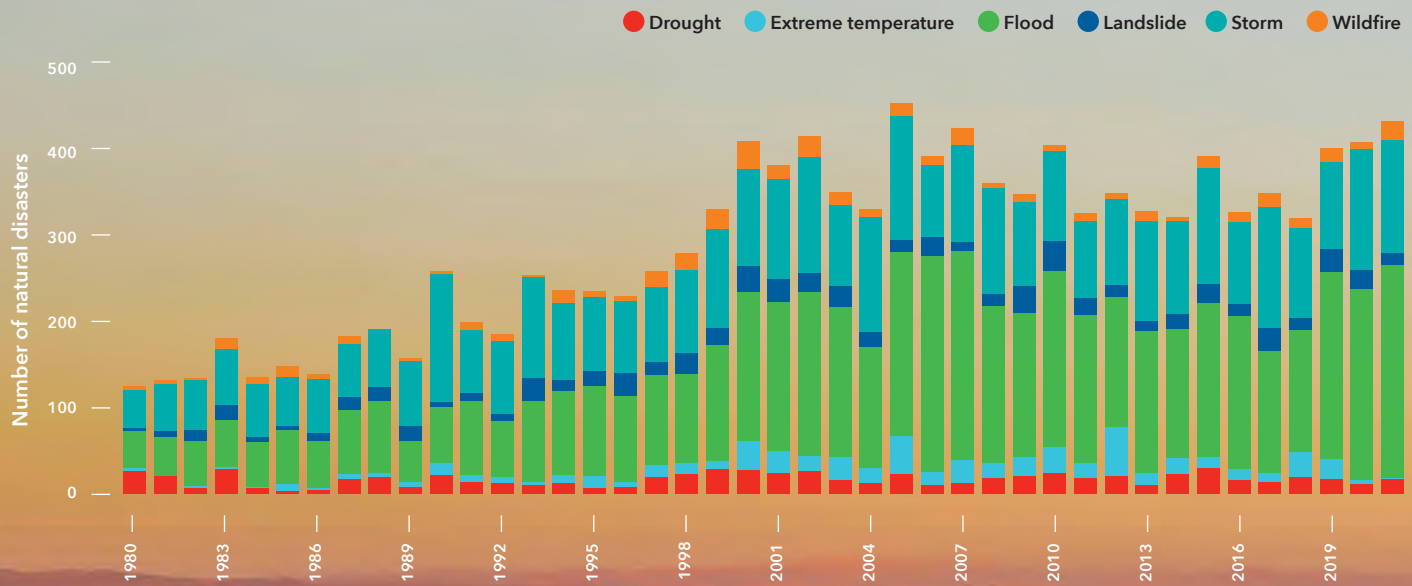
Source: LIC DSA database.

Note: As of March 31, 2022. DSSI = Debt service suspension initiative; LIC = Low-income countries; DSAs = Debt sustainability analyses.

Figure 1.6

Frequency of Natural Disasters

Climate change has caused a surge in natural disasters.



Source: EM-DAT, CRED / UCLouvain, Brussels, Belgium.

CLIMATE CHANGE, DIGITALIZATION, AND INCLUSION

Major structural transformations are underway. Policymakers should seize the opportunities.

Even as countries battle crises on multiple fronts, it is crucial not to overlook the longer-term challenge of improving their resilience to shocks and achieving sustainable and inclusive growth. If these long-term challenges are not addressed in a timely manner, there can be significant economic consequences, with the potential for future balance of payments problems.

TACKLING CLIMATE CHANGE

Climate change imposes large economic and social costs, in part by contributing to a higher frequency and intensity of natural disasters, affecting macroeconomic and financial stability. For the IMF to live up to its mandate, it needs to assist its members in managing these challenges by rapidly scaling up and more systematically covering climate-related issues through its lending as well as its analytical, surveillance, and capacity development work.

The Executive Board approved a strategy to help members address climate-change-related policy challenges in July 2021. As part of the IMF's surveillance, mitigation and adaptation policies and strategies for managing the transition to a low-carbon economy—especially for countries heavily dependent on fossil fuel production—are now regularly covered during Article IV consultations. In the past year, climate issues featured in about 30 country assessments, including those for Barbados, Canada, China, Fiji,

In FY 2022, climate featured in assessments of about 30 countries, including Barbados, Canada, China, Fiji, Germany, Malawi, Mexico, the United Kingdom, and the United States.

Germany, Malawi, Mexico, the United Kingdom, and the United States.

In an effort to integrate in-depth climate-related risk assessments into the Fund's work, the IMF's Financial Sector Assessment Program (FSAP) now incorporates climate risk analysis, including stress testing where relevant. Climate risk analysis has been completed in regard to Colombia, Norway, the Philippines, South Africa, and the United Kingdom. Assessment of supervisory frameworks will also start evaluating climate risks.

Work is also underway to scale up climate-related capacity development. For example, to help governments improve the effectiveness of public investment in low-carbon and climate-resilient infrastructure, a new climate module has been added to the current Public Investment Management Assessment (PIMA) framework. The "Climate-PIMA" has been tested in more than 15 countries. A new IMF climate diagnostic tool, the Climate Macroeconomic Assessment Program, has been developed and piloted in two countries. The tool is intended to assess the macro-fiscal risks of climate shocks and stresses, the preparedness of climate-vulnerable countries, and the implications of mitigation and adaptation policies. A "green public financial management" framework was released in August 2021 and showcased in several regional trainings, helping governments integrate

climate into public financial management practices.

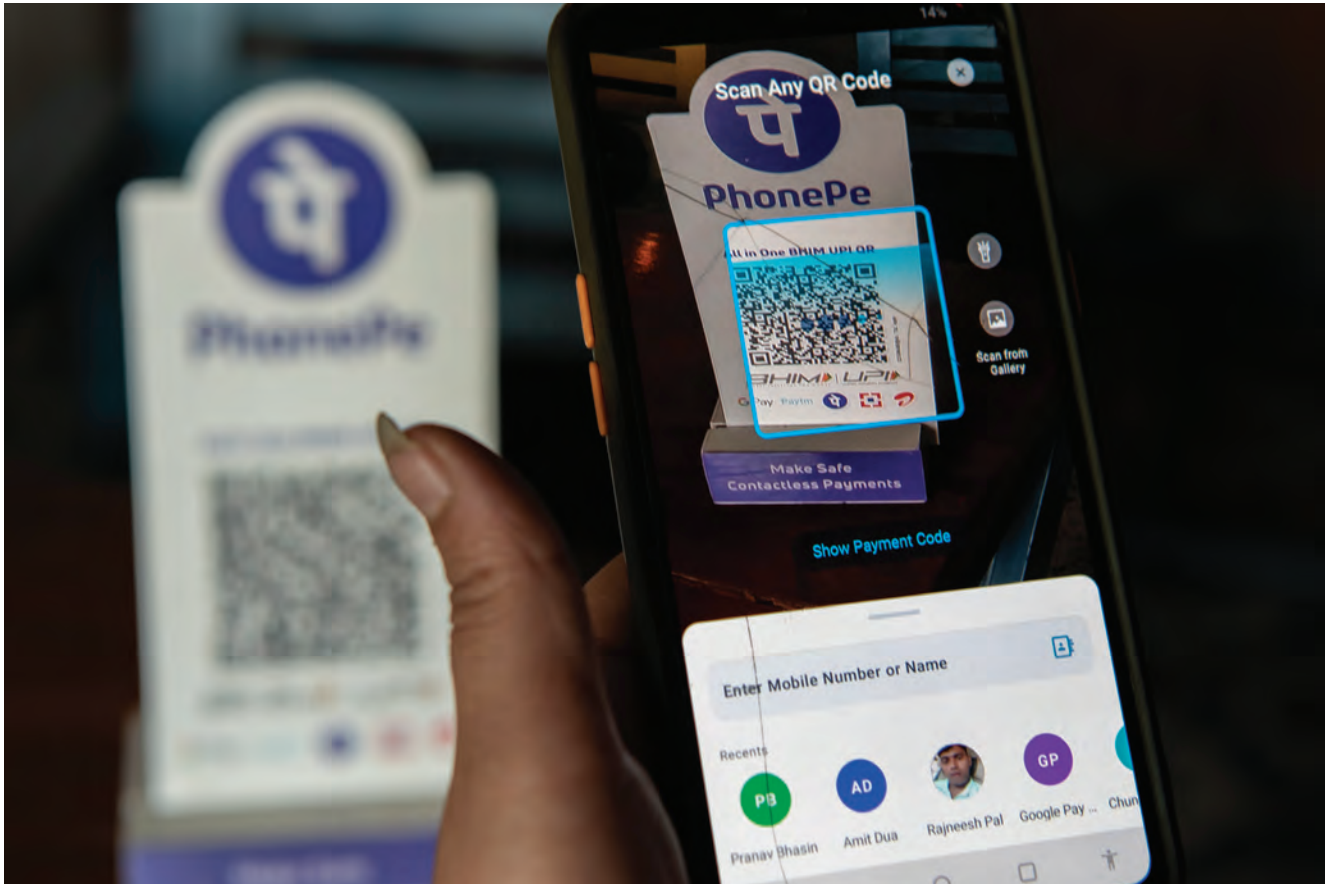
To improve data and disclosure to more effectively price and manage climate risks, in 2021 the IMF launched the Climate Change Indicators Dashboard, which has since been further updated. The

dashboard builds on collaboration with other international organizations and includes a range of distinctive indicators that demonstrate the impact of economic activity on climate change, making it a one-stop shop for relevant climate-change-related macroeconomic data. These indicators have been grouped into five categories: Economic Activity, Cross-Border, Financial and Risk, Government Policy, and Climate Change Data.

IMF staff members also cohost the Secretariat of the Coalition of Finance Ministers for Climate Action, as well as the Financial Stability Board's working group on climate risks, data, and vulnerabilities. The institution collaborates with international organizations such as the Bank for International Settlements; Network for Greening the Financial System, where IMF staff members cochair the "bridging the data gaps" workstream; Organisation for Economic Co-operation and Development; United Nations; and World Bank.

DIGITALIZATION

Digital forms of money are diverse and evolving rapidly. The opportunities are immense, but the challenges to



India

policy-makers are also stark, complex, and widespread. The most far-reaching implications are to the stability of the international monetary system. Digital money must be designed and regulated so that member countries reap the potential benefits, including greater financial inclusion and more efficient payments across borders. Achieving these goals requires managing risks related to capital flow volatility and loss of control over monetary policy. International cooperation will be key to mitigating cross-border spillovers.

The IMF has a mandate to help ensure that widespread adoption of new forms of digital money fosters domestic economic and financial stability, as well as the stability of the international monetary system, and is engaging regularly with authorities to evaluate country-specific policies, identify policy options and trade-offs, and provide capacity development.

To do so, the IMF is deepening its expertise and collaborating closely with the Bank for International

Settlements, Financial Stability Board, World Bank, and other international working groups and standard-setting bodies.

As part of the IMF's surveillance, the broad domestic effects of digital money adoption are also being covered in an increasing number of countries. For example, the recent Article IV consultation on The Bahamas included an analysis of the introduction of the "Sand Dollar" (the digital version of the Bahamian dollar). Analysis of risks related to digital financial services will also be included in FSAP reports, as was done recently for Korea, Singapore, and Switzerland. Assessment tools are being upgraded to incorporate new sources of risks, as well as guidance and recommendations issued by international standard-setting bodies.

Digitalization and mobile money are also rapidly transforming fiscal operations and policies through GovTech, an area of increasing IMF support to members. During the pandemic, governments accelerated digital delivery of key government services. Revenue administrations are increasingly using e-tax filing and e-payment systems and digital technologies to improve compliance management, helping to reduce tax evasion and boost revenue mobilization. Digital technologies are also improving the efficiency and effectiveness

The Fund continues to deliver hands-on capacity development, particularly on gender budgeting, and has started a new collaboration with the Gates Foundation to strengthen analysis and advice on gender policies and institutions.

of public financial management systems and processes, including budget preparation and execution, cash and debt management, e-procurement, financial reporting and audits, and administration of social programs. In many countries, digitalization is also enabling improvements in governance and fiscal transparency, allowing citizens and other stakeholders to have easy access to information on government

revenues and spending and reducing opportunities for corruption.

INCLUSIVE GROWTH AND GENDER

Inequalities within and across countries widened during the pandemic. Spillovers from the war in Ukraine, including the threat of fragmentation, are likely to amplify these inequalities, potentially rolling back years of progress.

The pandemic has also deepened long-standing gender gaps, which has macro-critical implications. IMF research has consistently underscored the benefits of addressing extreme inequality, including greater productivity and financial stability.

The IMF finalized a strategy in July 2022 to better integrate work on gender in its analysis and advice. The Fund continues to deliver hands-on capacity development, particularly on gender budgeting, and has started a new collaboration with the Gates



Côte d'Ivoire

Foundation to strengthen analysis and advice on gender policies and institutions. As part of the Platform for Collaboration on Tax—a joint initiative with the Organisation for Economic Co-operation and Development, United Nations, and World Bank—the IMF is also considering the role of taxation in achieving gender equality.

In addition to the analytical work underway on income and wealth inequality, the IMF continues to implement its strategy for engagement on social spending. The IMF's COVID-19 Crisis

Capacity Development Initiative is helping low-income countries and emerging market and developing economies address inequalities, including by improving tax policies and leveraging digitalization to create safety nets and accelerate cash transfers.

A study is also underway on epidemics, gender, and human capital, drawing lessons from previous health crises. The analysis will quantify the impact of health crises on school completion rates in low-income countries, particularly for girls.



Part Two

WHAT WE DO

The IMF works to achieve sustainable growth and prosperity for all of its 190 member countries through:

ECONOMIC SURVEILLANCE

126
country health checks

The IMF monitors the international monetary system as well as the economic and financial policies of its member countries. As part of this monitoring, known as surveillance, which takes place both at the global level and in individual countries, the IMF highlights possible risks to stability and advises on policy adjustments to address these risks. Country surveillance culminates in regular (usually annual) consultations with individual member countries, known as Article IV consultations. For members with systemically important financial sectors, the IMF also conducts regular in-depth analysis of the countries' financial sectors under the FSAP.

LENDING

\$113
billion to
23 countries,
including
\$9 billion to
14 low-income
countries, for
a total of **\$219**
billion to **92**
countries since
the start of the
pandemic

The IMF provides financing to member countries experiencing actual, potential, or prospective balance of payments problems to help them rebuild their international reserves and restore conditions for strong economic growth, while correcting underlying problems. The IMF also provides fast-disbursing emergency financing with limited conditionality—and greatly expanded such financing following the onset of the COVID-19 pandemic.

CAPACITY DEVELOPMENT

\$242
million for hands-on technical advice, policy-oriented training, and peer learning

The IMF works with countries to strengthen their economic institutions by providing technical assistance and training on critical economic issues. This work helps countries strengthen their economies and create more jobs. The IMF shares its knowledge with government institutions such as finance ministries, central banks, statistical agencies, financial supervisory agencies, and revenue administrations through hands-on advice, training, and peer-to-peer learning. IMF capacity development is delivered in person and remotely by long-term in-country resident advisors or by advisors at regional capacity development centers, during short-term visits by IMF staff members and experts, and through classroom training and free online courses.





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ECONOMIC SURVEILLANCE

Through “surveillance,” the IMF monitors the international monetary system and global economic developments and engages in annual health checks of the economic and financial policies of its 190 member countries. In addition, the IMF highlights possible stability risks to its member countries and advises their governments on potential policy adjustments, enabling the international monetary system to achieve its goal of facilitating the exchange of goods, services, and capital among countries, thereby sustaining sound economic growth. The IMF gives country-specific advice through “bilateral surveillance” and provides analysis of the international monetary system and global and regional economic developments through “multilateral surveillance.” In practice, these two aspects of surveillance inform each other, ensuring a more comprehensive, consistent analysis of “spillovers”: how one country’s policies affect other countries.

In this era of unprecedented economic uncertainty, timely and tailored surveillance remains vital to share lessons and provide members with well-calibrated policy advice.

Kyrgyz Republic

BILATERAL SURVEILLANCE

Article IV consultations consist of a two-way policy dialogue between the IMF and country authorities and cover a range of important issues: fiscal, financial, foreign exchange, monetary, and structural. In FY 2022, the IMF conducted 126 Article IV consultations and 11 financial system stability assessments under the FSAP.

Following the recent Comprehensive Surveillance Review and the review of the FSAP, the IMF is continuing to refine its bilateral surveillance activities, including by strengthening systemic risk analysis, better anchoring macroprudential policy advice, improving the Fund's forecasting and monitoring frameworks, and furthering the work on data provision and standards. Guidance on medium-term fiscal frameworks is also being strengthened.

MULTILATERAL SURVEILLANCE

As part of its multilateral surveillance, the IMF issues biannual reports and updates on the latest global economic developments: the *World Economic Outlook*, the *Global Financial Stability Report*, and the *Fiscal Monitor*. In-depth analyses of selected and highly topical issues are included in these publications as thematic chapters. Interim updates on global economic conditions are issued when warranted. In addition, as part of an ongoing effort to provide a rigorous and candid assessment of global excess imbalances and their causes, the *External Sector Report* is published annually.

Reports on the outlooks for regions are also published. These cover regional policy developments and challenges and provide country-specific data and analysis.

Article IV consultations and financial system stability assessments under the FSAP also discuss issues related to multilateral surveillance, where relevant.

INSTITUTIONAL VIEW ON CAPITAL FLOWS

The Institutional View on the Liberalization and Management of Capital Flows was updated in FY 2022 to consider appropriate preemptive use of capital flow management measures and macroprudential measures, even when there is no surge in capital inflows, to address certain financial stability risks. This change builds on the Integrated Policy Framework, an IMF research effort to build a systematic framework to analyze policy options and trade-offs in response to shocks, given country-specific characteristics.

Another relevant update gives special treatment to some categories of capital flow management measures. These include certain macroprudential measures imposed in line with the Basel Framework, tax measures based on certain international cooperation standards to prevent or diminish the avoidance or evasion of taxes, measures implemented in line with the international standard to combat money laundering and financing of terrorism, and measures introduced for national or international security reasons.

Like other IMF policies, the Institutional View will continue to be informed by advances in research and experiences with its implementation, as well as by developments in the global economy.

POLICY ADVICE

The IMF Executive Board discusses all aspects of the IMF's work, from Article IV consultations to policy issues relevant to the global economy. The Board carries out its work largely on the basis of policy papers prepared by the IMF staff. In FY 2022, the IMF published 72 of these policy papers externally. For a comprehensive list of IMF policy papers issued in FY 2022, please visit the *Annual Report* website at www.imf.org/AR2022.

LENDING

IMF financing helps member countries tackle balance of payments problems, stabilize their economies, and restore sustainable economic growth. It can also be made available in response to natural disasters or pandemics. The IMF further provides precautionary financing to countries with sound policies that may have some remaining vulnerabilities to help prevent and insure against future crises, and it continues to enhance the tools available for crisis prevention. Finally, through the RST, which was established during FY 2022 and is expected to become operational by the end of 2022, the IMF will provide affordable long-term financing to help countries build resilience to external shocks and ensure sustainable growth, contributing to their long-term balance of payments stability. Unlike development banks, the IMF does not lend for specific projects.

In broad terms, IMF lending falls into two categories: loans at interest rates determined by an average of those prevailing among the world's main currencies and loans to low-income countries on concessional terms. Concessional loans currently bear no interest. The RST will be a third lending category and encompass a tiered interest rate structure differentiated across country groups.





From the outset, the IMF has responded to the COVID-19 pandemic with unprecedented speed and magnitude, through emergency financing, program lending, and debt relief to its poorest members.¹

In FY 2022, the IMF further boosted global liquidity and resilience through the largest-ever SDR allocation—equivalent to \$650 billion—and provided further debt service relief to its poorest and most vulnerable members hit by catastrophic natural disasters or public health disasters via the CCRT.

As global growth recovered during 2021, demand for IMF financing gradually shifted from emergency financing triggered by urgent, pandemic-related balance of payments needs to upper-credit-tranche (UCT)-quality arrangements, including to deal with scarring from the pandemic. Growth is expected to slow during 2022, largely as a consequence of COVID-19 variants and the war in Ukraine, which have led to new lending requests, including for emergency financing.

During FY 2022, the Executive Board modified the lending toolkit, including unwinding some of the temporary measures taken in response to the pandemic.² In July 2021, the IMF's Executive Board approved an increase in both the annual and the cumulative access limits on concessional lending through the PRGT to fully align them with those in the GRA.³ In December 2021, the Executive Board let lapse, as planned, the temporary increase in the annual

¹Including pre-pandemic commitments, as of April 30, 2022, total undisbursed lending commitments and credit outstanding under the GRA were about SDR 195.6 billion; the corresponding total under the PRGT was about SDR 18.7 billion.

²The application of existing high-access procedures for RCF requests remained suspended through April 6, 2021. High-access procedures require an informal Executive Board session based on a short staff note that includes discussion of program strength, capacity to repay, and debt vulnerabilities. The high-access procedures are normally triggered when (1) a request for IMF financing brings a member country's total access to more than 180 percent of its quota over a 36-month period or (2) total outstanding credit to a member country from the PRGT exceeds or is projected to exceed 225 percent of its quota. In March 2021, these high-access thresholds were temporarily increased to 240 percent of quota for the "flow trigger" and 300 percent for the "stock trigger" until FY 2025.

³The annual access limit under the PRGT had previously been increased temporarily to 145 percent of quota, and this temporary increase was made permanent in July 2021.

access limit for the GRA that triggers application of the exceptional access framework. At the same time, the Executive Board approved 18-month extensions (through the end of June 2023) of the temporary increases to the cumulative access limits under its emergency financing instruments, the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI), in order to ensure that member countries have continued access to the IMF's emergency financing should urgent balance of payments needs arise when a UCT-quality arrangement is unnecessary or infeasible (see Tables 2.1 and 2.2).

In March and July 2021, enhanced safeguards were endorsed in recognition of the need for stronger protection to mitigate risks associated with higher IMF lending. These apply to requests for new PRGT arrangements or augmentations above certain access thresholds and for countries at high risk of or in debt distress. Similar safeguards will also apply to RST lending.

In March 2022, the Board approved a new comprehensive strategy to strengthen IMF support to fragile and conflict-affected states, which as noted earlier constitute approximately one-fifth of the IMF's membership. Fragility and conflict are often exacerbated by climate change, by food insecurity, by gender inequality, and recently by the economic repercussions of COVID-19 and the spillovers from the war in Ukraine. The strategy advocates a long-term Country Engagement Strategy for each country based on policy advice carefully tailored to factor in the specific drivers of fragility, economic and social dynamics, and constraints to reform in each country, coupled with stronger coordination with other partners and donors. For example, to enhance



Ukraine

cooperation and improve tailoring and prioritization of policy advice and capacity development, the IMF will adopt the World Bank criteria and methodology for defining fragile and conflict-affected states, harmonizing both organizations' lists of countries considered to be in this category.

BETWEEN MAY 1, 2021, AND APRIL 30, 2022, THE IMF'S FINANCIAL ASSISTANCE FOCUSED ON THE FOLLOWING AREAS:

1. Emergency financing under the RFI and RCF:

The IMF received, and the Executive Board approved, requests for emergency financing from five countries (about \$2.4 billion, of which \$1 billion was disbursed to three low-income countries) (see Tables 2.1 and 2.2).

2. Building on existing lending arrangements:

The IMF also augmented existing arrangements to accommodate urgent new financing needs in the context of ongoing policy dialogue. The Executive Board approved augmentation of arrangements with two members.

3. New lending arrangements, including

precautionary arrangements: The Executive Board approved 17 new nonprecautionary IMF arrangements with 14 countries. These included a large arrangement with Argentina, which was approved in March 2022. In addition, two precautionary arrangements—two Flexible Credit Lines—were made available to members.

4. Debt service relief: The CCRT allows the IMF to provide grants to pay debt service owed to the IMF for eligible low-income member countries that are hit by catastrophic natural disasters or battling public health disasters. The CCRT was enhanced in March 2020 and was subsequently used to provide grants for debt

service relief to the IMF's poorest members affected by the COVID-19 pandemic. In total, 31 eligible countries have received debt service relief of close to SDR 690 million in five tranches, the final two of which were approved by the Executive Board in FY 2022: October 6, 2021, and December 15, 2021 (see Table 2.3).⁴

5. Debt relief under the HIPC Initiative: On March 25, 2020, following Somalia's clearance of its arrears to the IMF, the Executive Board determined that Somalia qualified for debt relief under the enhanced HIPC Initiative⁵ and that Somalia had reached its HIPC Initiative decision point. By the end of April 2022, the Executive Board had approved two interim assistance payments to Somalia for a total of SDR 1.791 million to cover its financial obligations falling due during the periods March 25, 2020–March 24, 2021, and March 25, 2021–March 24, 2022. As mentioned in Part 1, on June 29, 2021, following Sudan's clearance of its arrears to the IMF, the World Bank, and the African Development Bank, the Executive Boards of the IMF and the World Bank determined that Sudan qualified for debt relief assistance under the enhanced HIPC Initiative and had reached its decision point under the initiative. On the same date, the Executive Board approved an interim assistance payment to Sudan of SDR 0.524 million to cover its financial obligations falling due between June 29, 2021, and June 28, 2022.

⁴ One tranche was approved in FY 2020 (April 13, 2020), and an additional two tranches were approved in FY 2021 (October 2, 2020, and April 1, 2021).

⁵ The HIPC Initiative was launched in 1996 by the IMF and the World Bank, with the aim of ensuring that no poor country faces a debt burden it cannot manage. The initiative involves a two-step process through which countries must meet certain criteria, commit to poverty reduction through policy changes, and demonstrate a good track record over time. The IMF and the World Bank provide interim debt relief in the initial stage (HIPC decision point) and, when a country meets its commitments, full debt relief is provided, which is the second stage (HIPC completion point).

FINANCIAL ASSISTANCE APPROVED IN FY 2022

LENDING MAP

As of April 30, 2022 (in millions of special drawing rights, M SDR)

SDR/USD Exchange Rate

ON APRIL 29, 2022: SDR 1 = US\$ 1.34430

282 M SDR
ASIA AND PACIFIC

1,406 M SDR
EUROPE

1,877 M SDR
MIDDLE EAST AND
CENTRAL ASIA

4,865 M SDR
SUB-SAHARAN
AFRICA

75,351 M SDR
WESTERN
HEMISPHERE

Key

ECF - EXTENDED CREDIT FACILITY

EFF - EXTENDED FUND FACILITY

FCL - FLEXIBLE CREDIT LINE

RCF - RAPID CREDIT FACILITY

RFI - RAPID FINANCING INSTRUMENT

SBA - STAND-BY ARRANGEMENT

SCF - STANDBY CREDIT FACILITY

AUG - AUGMENTATION

Source: IMF, Finance Department.





ASIA AND PACIFIC

NEPAL

ECF 282.4 M SDR

EUROPE

MOLDOVA

ECF 133.3 M SDR

EFF 266.7 M SDR

UKRAINE

RFI 1,005.9 M SDR

MIDDLE EAST AND CENTRAL ASIA

JORDAN

AUG OF EFF 144.1 M SDR

SUDAN

ECF 1,733.1 M SDR

SUB-SAHARAN AFRICA

BURUNDI

RCF 53.9 M SDR

CAMEROON

ECF 161 M SDR

EFF 322 M SDR

CHAD

ECF 392.6 M SDR

DEMOCRATIC REPUBLIC OF THE CONGO

ECF 1,066 M SDR

REPUBLIC OF CONGO

ECF 324 M SDR

EQUATORIAL GUINEA

RFI 47.3 M SDR

GABON

EFF 388.8 M SDR

NIGER

ECF 197.4 M SDR

SENEGAL

SBA 302 M SDR

SCF 151 M SDR

SEYCHELLES

EFF 74 M SDR

TANZANIA

RCF 132.6 M SDR

RCF 265.2 M SDR

RFI 265.2 M SDR

UGANDA

ECF 722 M SDR

WESTERN HEMISPHERE

ARGENTINA

EFF 31,914 M SDR

COLOMBIA

FCL 7,155.7 M SDR

HONDURAS

AUG OF SBA 99.9 M SDR

AUG OF SCF 50 M SDR

MEXICO

FCL 35,650.8 M SDR

ST. VINCENT AND THE GRENADINES

RCF 8.2 M SDR

SURINAME

EFF 472.8 M SDR



Table 2.1

Financial Terms under IMF General Resources Account Credit

This table shows the IMF's major nonconcessional lending facilities. Stand-By Arrangements have long been the institution's core lending instrument. In the wake of the global financial crisis, the IMF strengthened its lending toolkit. A major aim was to enhance crisis prevention instruments through the creation of the Flexible Credit Line and the Precautionary and Liquidity Line. In addition, the Rapid Financing Instrument (RFI), which can be used in a wide range of circumstances, was created to replace the IMF's existing emergency assistance policy. The IMF also established the Short-Term Liquidity Line in 2020 to provide a backstop to members with very strong policies and fundamentals.

Credit Facility (year adopted) ¹	Purpose	Conditions	Phasing and monitoring
Stand-By Arrangement (SBA) (1952)	Short- to medium-term assistance for countries with short-term balance of payments difficulties	Adopt policies that provide confidence that the member's balance of payments difficulties will be resolved within a reasonable period	Generally quarterly purchases (disbursements) contingent on observance of performance criteria and other conditions
Extended Fund Facility (EFF) (1974) (Extended Arrangements)	Medium-term (longer than SBA) assistance to support members' structural reforms to address long-term balance of payments difficulties	At approval, adopt up to a four-year program, with a structural agenda and an annual detailed statement of policies for the subsequent 12 months	Quarterly or semiannual purchases (disbursements) contingent on observance of performance criteria and other conditions
Flexible Credit Line (FCL) (2009)	Flexible instrument in the credit tranches to address all balance of payments needs, potential or actual	Very strong ex ante macroeconomic fundamentals, economic policy framework, and policy track record	Approved access available up front throughout the arrangement period; two-year FCL arrangements are subject to a midterm review after one year
Precautionary and Liquidity Line (PLL) (2011)	Instrument in the credit tranches to address all balance of payments needs, potential or actual	Sound policy frameworks, external position, and market access, including financial sector soundness	Large front-loaded access, subject to semiannual reviews (for one- to two-year PLL)
Short-Term Liquidity Line (SLL) (2020)	Liquidity backstop in case of potential external shocks that generate moderate balance of payments needs	Very strong ex ante macroeconomic fundamentals, economic policy framework, and policy track record	Approved access available up front throughout the period of the arrangement and can be reconstituted through repurchase; number of successor SLLs unrestricted as long as member continues to meet qualification criteria
Rapid Financing Instrument (RFI) (2011)	Rapid financial assistance to all member countries facing an urgent balance of payments need	Efforts to solve balance of payments difficulties (may include prior actions)	Outright purchases without the need for full-fledged program or reviews

Source: IMF, Finance Department.

¹ The IMF's lending through the General Resources Account (GRA) is financed primarily from the capital subscribed by member countries; each country is assigned a quota that represents its financial commitment. A member provides a portion of its quota in special drawing rights (SDRs) or the currency of another member acceptable to the IMF and the remainder in its own currency. An IMF loan is disbursed or drawn by the borrower's purchase of foreign currency assets from the IMF with its own currency. Repayment of the loan is achieved by the borrower's repurchase of its currency from the IMF with foreign currency.

² The rate of charge on funds disbursed from the GRA is set at a margin (currently 100 basis points) over the weekly SDR interest rate. The rate of charge is applied to the daily balance of all outstanding GRA drawings during each IMF financial quarter. In addition, a one-time service charge of 0.5 percent is levied on each drawing of IMF resources in the GRA, other than reserve tranche drawings. An up-front commitment fee (15 basis points on committed amounts of up to 115 percent of quota, 30 basis points for amounts in excess of 115 percent and up to 575 percent of quota, and 60 basis points for

Following the onset of the pandemic and as part of its COVID-19 response, the IMF temporarily increased the annual and cumulative access limits under its emergency financing instrument (the RFI) and the annual access limit to the IMF’s General Resources Account, which triggers application of the exceptional access framework. In December 2021, the IMF’s Executive Board approved 18-month extensions (through the end of June 2023) of the temporary increases to the cumulative access limits under the RFI’s regular and large natural disaster windows and allowed all other access limits that had been temporarily increased to return to their pre-pandemic levels beginning January 1, 2022, as scheduled.

Access limits ¹	Charges ²	Repayment schedule (years)	Installments
Annual: 145 percent of quota; because of the COVID-19 shock, this limit was temporarily increased to 245 percent of quota through the end of 2021 Cumulative: 435 percent of quota	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 36 months) ³	3¼-5	Quarterly
Annual: 145 percent of quota; because of the COVID-19 shock, this limit was temporarily increased to 245 percent of quota through the end of 2021 Cumulative: 435 percent of quota	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 51 months) ³	4½-10	Semiannual
No preset limit	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 36 months) ³	3¼-5	Quarterly
125 percent of quota (250 percent of quota in exceptional circumstances) for six months; 250 percent of quota available on approval of one- to two-year arrangements; total of 500 percent of quota after 12 months of satisfactory progress	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 36 months) ³	3¼-5	Quarterly
Up to 145 percent of quota; revolving access for a period of 12 months	Rate of charge plus surcharge (200 basis points on credit outstanding above 187.5 percent of quota); SLL credit does not count toward time-based surcharges	Repurchase(s) due no later than 12 months after the purchase; repurchases reconstitute access up to the level approved	
Annual: 50 percent of quota (80 percent for large natural disasters); temporarily increased to 100 percent (130 percent for large natural disasters) through the end of 2021 Cumulative: 100 percent of quota (133.33 percent for large natural disasters); temporarily increased to 150 percent (183.33 percent for large natural disasters) through the end of June 2023 ³	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 36 months) ⁴	3¼-5	Quarterly

amounts in excess of 575 percent of quota) applies to the amount available for purchase under arrangements (SBAs, EFFs, PLLs, and FCLs) that may be drawn during each (annual) period; this fee is refunded on a proportionate basis as subsequent drawings are made under the arrangement. For SLL arrangements, the service charge is 21 basis points, and a nonrefundable commitment fee of 8 basis points is payable upon approval of an SLL arrangement.

³ In June 2021 the annual and cumulative access limits for large natural disasters were temporarily increased (through the end of 2021) to 130 percent of quota and 183.33 percent of quota, respectively. In December 2021, the Executive Board allowed the annual access limits to revert to their pre-pandemic levels but extended the temporary increases of the cumulative access limits for the RFI by 18 months through the end of June 2023.

⁴ Surcharges were introduced in November 2000. A new system of surcharges took effect August 1, 2009, and was updated February 17, 2016, with some limited grandfathering for existing arrangements.

Table 2.2

Concessional Lending Facilities

Three concessional lending facilities for low-income developing countries are now available.

	Extended Credit Facility (ECF)	Standby Credit Facility (SCF)	Rapid Credit Facility (RCF)
Objective	Help low-income countries achieve and maintain a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth		
Purpose	Address protracted balance of payments problems	Resolve short-term balance of payments needs	Provide financing to meet urgent balance of payments needs
Eligibility	Countries eligible for assistance under the Poverty Reduction and Growth Trust (PRGT)		
Qualification	Protracted balance of payments problem; actual financing need over the course of the arrangement, though not necessarily when lending is approved or disbursed	Potential (precautionary use) or actual short-term balance of payments need at the time of approval; actual need required for each disbursement	Urgent balance of payments needs when upper-credit-tranche (UCT) program is either not feasible or not needed ¹
Poverty Reduction and Growth Strategy	IMF-supported program should be aligned with country-owned poverty reduction and growth objectives and should aim to support policies that safeguard social and other priority spending		
	Submission of Poverty Reduction Strategy (PRS) document	Submission of PRS document required if original duration of SCF arrangement exceeds two years	Submission of PRS document not required
Conditionality	UCT quality; flexibility on adjustment path and timing	UCT quality; aim to resolve balance of payments need in the short term	No ex post conditionality; track record used to qualify for repeat use (except under the exogenous shock window and the large natural disasters window)
Financing Terms²	Interest rate: Currently 0 Repayment terms: 5½-10 years	Interest rate: Currently 0 Repayment terms: 4-8 years Availability fee: 0.15 percent on available but undrawn amounts under precautionary arrangement	Interest rate: 0 Repayment terms: 5½-10 years
Blending Requirements with General Resources Account (GRA) Financing	Based on income per capita and market access; linked to debt vulnerability. For members presumed to blend, blending of PRGT and GRA resources takes place in the ratio 1:2, with concessional access capped at the applicable norms (all GRA thereafter)		
Precautionary Use	No	Yes	No
Length and Repeated Use	From three to as much as five years, with an overall maximum duration of five years; can be used repeatedly	Use is normally limited to three years out of any six-year period, assessed on a rolling basis, with exceptions for SCF arrangements treated as precautionary	Outright disbursements; repeated use possible subject to access limits and other requirements; the limit on repeated use—twice in any 12-month period—was temporarily lifted through April 6, 2021, and this was extended through the end of 2021

	Extended Credit Facility (ECF)	Standby Credit Facility (SCF)	Rapid Credit Facility (RCF)
Concurrent Use	GRA (Extended Fund Facility/Stand-By Arrangement)	GRA (Extended Fund Facility/Stand-By Arrangement) and Policy Support Instrument	GRA (Rapid Financing Instrument); credit under the Rapid Financing Instrument counts toward the RCF access limits

Access Policies

In response to members’ large and urgent COVID-19-related financing needs, in July 2020 the annual access limit for the PRGT was temporarily increased from 100 percent to 150 percent of quota and that for exceptional access to PRGT resources from 133.33 percent to 183.33 percent of quota through April 6, 2021. On March 22, 2021, for a temporary period until the end of June 2021, the annual access limit was increased to 245 percent of quota, and exceptional annual access was increased to 278.33 percent of quota. The cumulative limit (net of scheduled repayments) remained at 300 percent of quota for normal access and 400 percent of quota for exceptional access until March 22, 2021, when the cumulative access limit was increased to 435 percent of quota and cumulative exceptional access was increased to 535 percent of quota until the end of June 2021. On July 14, 2021, the PRGT annual and cumulative access limits were set to 145 percent of quota and 435 percent of quota, respectively, fully aligning them with those in the GRA. However, the PRGT annual access limit remained at 245 percent of quota through the end of 2021. At the same time the Board also approved a unified access norm of 145 percent of quota for any three-year ECF arrangement.

Norms and sublimits³

The access norm is 145 percent of quota per three-year ECF arrangement.

The access norm under an 18-month SCF arrangement is set equal to that of the three-year ECF arrangement, varying proportionately with the length of the SCF arrangement, up to the amount allowable under a two-year SCF arrangement (193.33 percent of quota).

There is no norm for RCF access under the exogenous shock and large natural disaster windows.

Access limits under the exogenous shock window of the RCF were temporarily increased from 50 percent to 100 percent of quota per year and from 100 percent to 150 percent of quota on a cumulative basis, net of scheduled repurchases, starting April 6, 2020, and in effect through the end of December 2021. On December 23, 2021, the cumulative access limit of the exogenous shock window was further extended through the end of June 2023.

Access under the regular window of the RCF is set at 50 percent of quota per year and 100 percent of quota on a cumulative basis, with an annual access norm and a per disbursement limit of 25 percent of quota. The limit on the number of disbursements during a 12-month period was suspended through the end of December 2021. Under the RCF’s large natural disaster window, access is set at 80 percent of quota annually and 133.33 percent of quota cumulatively, subject to an assessment that the disaster has caused damage equivalent to at least 20 percent of the member’s GDP. In June 2021, these limits were increased to 130 percent of quota and 183.33 percent of quota, respectively, through the end of 2021. On December 23, 2021, the higher cumulative limit for the large natural disaster window was further extended through the end of June 2023. Purchases under the Rapid Financing Instrument made after July 1, 2015, count toward the applicable annual and cumulative RCF limits.

Source: IMF, Finance Department.

¹ UCT-quality conditionality is the set of program-related conditions intended to ensure that IMF resources support the program’s objectives, with adequate safeguards of IMF resources.

² The IMF reviews interest rates for all concessional facilities every two years. At the latest review, on July 14, 2021, the IMF Executive Board retained zero interest rates on PRGT loans (ECF, SCF, RCF), consistent with the established rules for setting these interest rates.

³ Norms provide guidance on what may constitute an appropriate level of access under PRGT facilities but should not be misconstrued as access limits or entitlements. The previously existing low and high access norms have been unified into a single norm, independent of the level of IMF credit outstanding.

Table 2.3

Debt Service Relief from the Catastrophe Containment and Relief Trust

(millions of SDRs; as of April 30, 2022)

Country	First tranche approved April 13, 2020	Second tranche approved October 2, 2020	Third tranche approved April 1, 2021	Fourth tranche approved October 6, 2021	Fifth tranche approved December 15, 2021
1. Afghanistan ¹	2.40	2.40	2.40	0	0
2. Benin	7.43	6.37	5.31	2.12	2.12
3. Burkina Faso	8.74	10.30	9.65	10.61	0.26
4. Burundi	5.48	4.82	4.16	0	3.50
5. Central African Republic	2.96	2.92	2.92	1.53	2.65
6. Chad	0	2.00	4.06	4.06	0
7. Comoros	0.97	0.81	0.65	0.64	0.02
8. Democratic Republic of the Congo	14.85	9.90	4.95	0	0
9. Djibouti	1.69	1.69	1.40	0.62	0.62
10. Ethiopia	8.56	4.50	0.47	0.24	0.24
11. The Gambia	2.10	2.10	1.87	1.09	0.78
12. Guinea	16.37	16.37	18.21	1.84	16.37
13. Guinea-Bissau	1.08	1.36	1.12	0.60	0.28
14. Haiti	4.10	3.98	3.98	0.87	2.29
15. Kyrgyz Republic ²	...	...	...	8.88	0.32
16. Lesotho ²	...	...	...	3.21	0.63
17. Liberia	11.63	11.19	11.48	3.10	7.94
18. Madagascar	3.06	3.06	6.11	6.11	3.14
19. Malawi	7.20	7.20	7.81	6.72	3.91
20. Mali	7.30	7.50	7.70	5.70	1.80
21. Mozambique	10.89	9.47	9.47	9.47	0
22. Nepal	2.85	3.57	3.57	0	3.57
23. Niger	5.64	5.64	9.54	5.03	5.75
24. Rwanda	8.01	12.02	14.02	8.01	8.01
25. São Tomé and Príncipe	0.11	0.17	0.17	0.14	0.10
26. Sierra Leone	13.36	12.22	15.11	6.00	11.55
27. Solomon Islands	0.06	0.07	0.10	0.06	0.04
28. Tajikistan	7.83	5.22	3.91	1.30	1.30
29. Tanzania	10.28	8.29	0	0	0
30. Togo	3.74	2.31	0.88	0	0
31. Yemen	14.44	10.96	17.05	0	4.88
Total	183.12	168.40	168.07	87.94	82.06

Source: IMF, Finance Department.

Note: 0 amounts are entered for CCRT-eligible countries that did not have eligible debt service falling due during the period covered by a particular tranche of debt relief. SDR = special drawing right.

¹IMF dealings with Afghanistan have been paused since August 2021, as there continues to be lack of clarity with respect to international recognition of the Taliban regime as the government of Afghanistan.²"..." represents Kyrgyz Republic and Lesotho, which were not eligible to receive CCRT debt service relief during the specified period. Their CCRT eligibility was approved by the Executive Board on October 6, 2021.

Table 2.4

Resilience and Sustainability Facility

On April 13, 2022, the Executive Board approved the creation of the Resilience and Sustainability Trust (RST), effective May 1, 2022, to finance lending under the Resilience and Sustainability Facility (RSF). The International Monetary and Financial Committee encouraged the creation of the new IMF-administered trust to provide affordable long-term financing to support countries undertaking macro-critical reforms to reduce risks to prospective balance of payments stability. The RST is a loan-based trust, broadly similar in financial architecture to the Poverty Reduction and Growth Trust (PRGT). It complements the IMF's lending toolkit by focusing on longer-term structural challenges that entail significant macroeconomic risks. The IMF Executive Board decided that RST-financed loans would initially support measures addressing climate change and enhancing pandemic preparedness, given their global-public-good nature. IMF members eligible to request RST support include low-income and vulnerable middle-income countries and small states. The Board also agreed to an interim review to take stock of the initial experience and revisit the set of qualifying structural challenges about 18 months after the RST's operationalization.

Objective	Enhance economic resilience and sustainability of low-income and vulnerable middle-income countries and small states
Purpose	Support policy reforms that reduce macro-critical risks associated with selected long-term structural challenges
Eligibility	Countries eligible for assistance under the PRGT, all small states with populations less than 1.5 million with per capita gross national income (GNI) less than 25 times the International Development Association (IDA) operational cutoff, and all middle-income countries with per capita GNI less than 10 times the IDA operational cutoff
Qualification	A package of high-quality policy measures consistent with the purpose of the RST, a concurrent financing or nonfinancing program with upper-credit-tranche (UCT)-quality policies, and sustainable debt and adequate capacity to repay the IMF
Conditionality	Reform measures linked to addressing qualifying longer-term structural challenges—typically separate from conditionality of the concurrent UCT program; close coordination with the World Bank and other relevant multilateral development banks and international financial institutions is envisioned to leverage comparative expertise and institutional knowledge
Access Policies	Access based on the reforms' strength, debt sustainability, and capacity to repay the IMF and capped at the lower of 150 percent of quota or SDR 1 billion
Financing Terms	Tiered interest rate: Group A countries—SDR interest rate + 55 basis points; Group B countries—SDR interest rate + 75 basis points and a 25-basis-point one-time service fee; Group C countries—SDR interest rate + 95 basis points and a 50-basis-point one-time service fee Repayment terms: 10½–20 years
Precautionary Use Available	No
Length and Repeated Use	The duration of the RSF arrangement is generally expected to coincide with the duration of a new UCT program (when the two are requested together) or the remaining duration of an existing UCT program (when the RSF request occurs at a review of the UCT program); minimum duration 18 months (12 months for RSF arrangements approved within the first six months of the RST's operationalization), to allow adequate time for implementation of RSF reform measures, including any necessary technical assistance; repeated use possible subject to access limits
Concurrent Use	Must have concurrent UCT-quality program

Source: IMF, Finance Department.

Note: To qualify for a loan under the RSF, a member will need (1) a package of high-quality policy measures consistent with the purpose of the Trust, (2) a concurrent financing or nonfinancing program with UCT-quality policies, and (3) sustainable debt and adequate capacity to repay the IMF.



CAPACITY DEVELOPMENT

Strengthening the capacity of institutions—including central banks, finance ministries, revenue administrations, statistical agencies, and financial sector supervisory agencies—results in more effective policies and greater economic stability and inclusion. The IMF works with countries to modernize their economic policies and strengthen such institutions by providing technical assistance and training focused on issues that are critical to economic stability and growth.

Uganda

The IMF provides capacity development (CD)—hands-on technical assistance, policy-oriented training, a suite of diagnostic tools and publications, and peer-learning opportunities—so countries can build sustainable and resilient institutions. These efforts are an important contribution to countries’ progress toward the UN Sustainable Development Goals.

CD focuses on the IMF’s core areas of expertise, such as public finances, financial sector stability, central bank operations, macroeconomic frameworks, and economic statistics, and also helps countries tackle cross-cutting issues, such as income and gender inequality, corruption, climate change, and digital money. The IMF is uniquely positioned to support its membership in these areas, with its global reach, institutional experience, and world-class expertise. All IMF members benefit from CD, but support for fragile and conflict-affected countries is prioritized.

At the request of country authorities, IMF country teams and technical experts develop and implement an integrated work plan tailored to countries’ needs and absorptive capacities. The IMF works with countries through a global network of 17 regional centers, in-country placements of long-term resident advisors, short-term visits by IMF staff members and experts (in person and remotely), classroom training, and free online courses. In addition, a variety of publications provide technical information and cross-country analysis useful to country authorities.

In response to the COVID-19 pandemic, IMF CD swiftly adopted innovative remote delivery modalities providing real-time support to about 180 countries. These included working with tax administrations and budget offices to help restore operations and helping

countries on issues such as debt sustainability, public investment management, cash management, financial supervision, and the development of strong macroeconomic frameworks. A series of about 110 technical notes on crisis-related policy issues has been published for the membership’s benefit. A new fiscal risk toolkit has been released on a dedicated portal, providing a suite of analytical tools to guide government policy and CD on fiscal risk

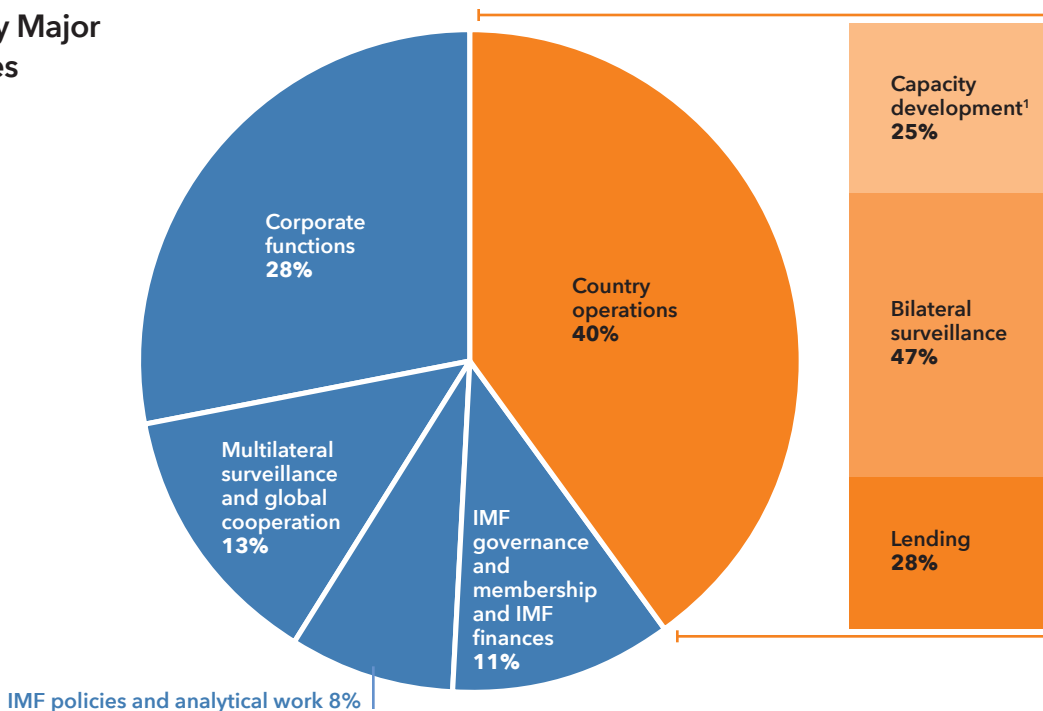


Brazil

management. As part of the move to a hybrid model for CD delivery, in-person delivery gradually resumed in the final months of FY 2022.

The IMF has also supported countries in strengthening the collection and publication of economic data to improve economic decision making and boost transparency. As countries ramped up emergency spending in response to the COVID-19 pandemic, the IMF supported them in strengthening their governance frameworks so

Figure 2.1
**Spending by Major
 IMF Activities**
 FY 2022



Source: IMF staff estimates.

Note: Excludes minor miscellaneous items and travel.

¹Direct delivery only. Excludes capacity development activities related to policy, analytics, and other output areas.

money could quickly get to those who need it the most. The IMF is also helping them think through new challenges such as finding digital solutions for direct cash transfers, protecting health expenditures and other social spending, and preparing for the challenges posed by climate change.

During the pandemic the IMF significantly increased its number of free online courses, which saw a sharp increase in participation, with more than 140,000 cumulative active learners since program inception, compared with about 60,000 as recently as the end of 2019.

IMF development partners support about half of the Fund’s CD work. They have helped fund the IMF’s COVID-19 CD Initiative, with about \$40 million raised so far. Together, the IMF and its partners are striving to help our members build forward better and work toward a greener, smarter, and more equitable future.

On May 1, 2022, the IMF launched its revised policy on the dissemination of CD information. The policy builds on existing dissemination progress and represents an important step in the IMF’s commitment to transparency. The policy was informed by discussions with the Executive Board and drew from the Updated Framework on the Dissemination of Capacity Development Information. It prioritizes sharing CD information more widely to support coordination and synergies among CD providers and financing partners, contribute to knowledge as a global public good, facilitate accountability to funding partners and the membership, and empower ownership within CD recipient countries. Protection of CD recipient confidentiality and preservation of the IMF’s role as a trusted advisor to its membership remain core to the policy.

THE IMF’S ONLINE LEARNING PROGRAM:

The IMF’s online learning program has played an important role in serving the needs of its membership during the COVID-19 crisis.

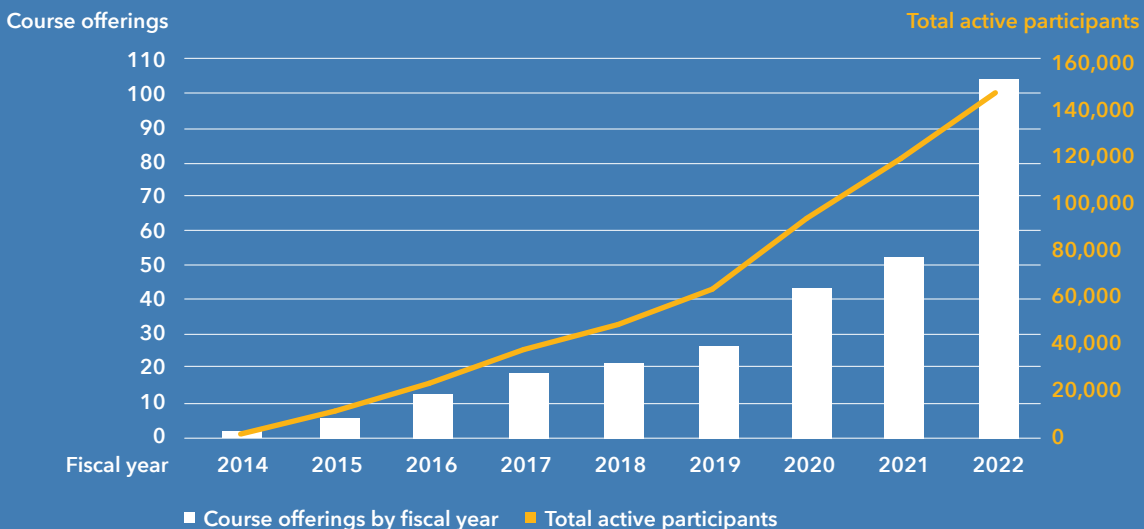
Over the past year, participation in the program has continued to grow, bringing the overall number of cumulative active global learners to more than 140,000. The IMF Institute Learning Channel offers microlearning videos in various areas of IMF expertise and has more than doubled its audience since its launch in April 2020, to about 10,000 subscribers and more than 750,000 individual views.

With more than 50 online courses available on the edX open online learning platform, the curriculum continues to be enriched in key areas of global interest. New series of modular courses have been rolled out on the topics of debt sustainability and debt management, tax administration (“Virtual Training to Advance Revenue Administration,” or VITARA), and inclusive growth. New courses on the macroeconomics

of climate change (“Macroeconomics of Climate Change–Science, Economics, and Policies,” or MCCx-SEP), macroeconomic statistics (NASx, CPlx), revenue forecasting (“Revenue Forecasting and Analysis,” or RFAX), and cyber risk supervision (CRSx) are now available, together with 21 translations of online courses.

As the program continues to adapt to the needs of the membership, several blended courses have been launched, combining asynchronous online learning with interactive virtual sessions fully tailored to the needs of learners and recipients of technical assistance. Blended approaches have the merit not only of making the IMF’s capacity development more efficient, but also of increasing its impact. There is a strong emerging view that blended learning is paving the way for the new model of capacity development delivery.

Online Learning Course Participation over Time



All courses on the edX platform are available anytime, anywhere, and at no cost, which makes the program a global public good, spearheading knowledge and skills for a more sustainable and inclusive global economy.

Source: IMF, Institute for Capacity Development.



Capacity development in numbers

As of April 30, 2022

 **\$242_M**

for hands-on technical
advice, policy-oriented
training, and peer learning

 **532**

courses delivered

 **2,522**


technical assistance visits
involving 1,331 experts

 **7**

training languages offered

 **5**

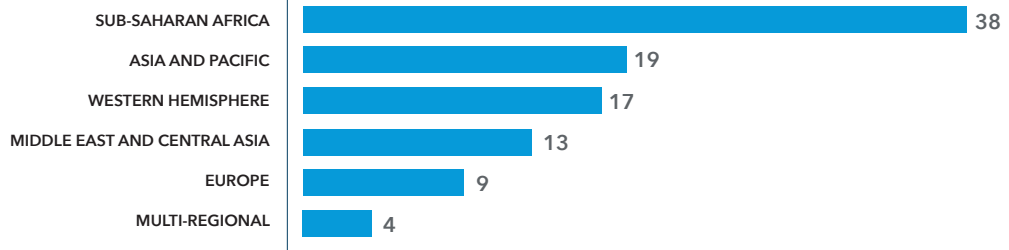
fragile states among the top
10 recipients of technical
assistance

 **23,109**

officials trained

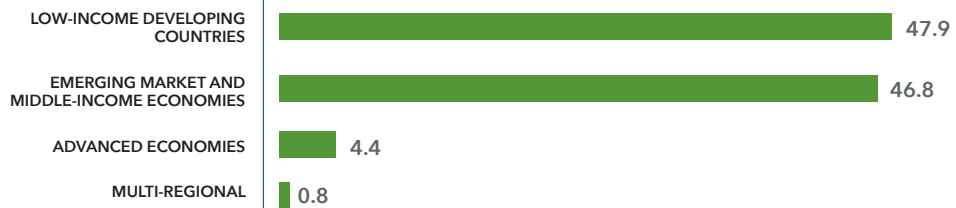
Nigeria

Figure 2.2
DIRECT CD
DELIVERY BY
REGION
FY 2022
(percentage share
of total)



Sources: IMF, Capacity Development Management and Administration Program; and IMF staff calculations.

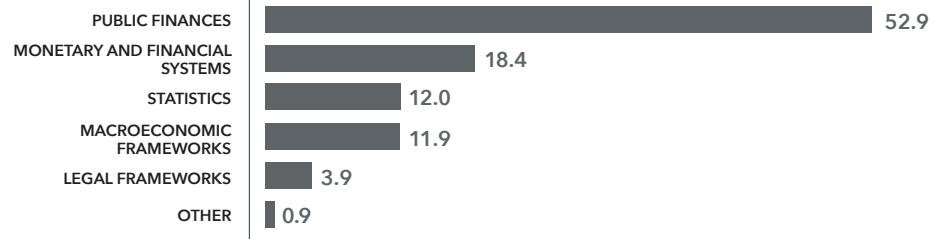
Figure 2.3
DIRECT CD
DELIVERY BY
INCOME GROUP
FY 2022
(percentage share
of total)



Sources: IMF, Capacity Development Management and Administration Program; and IMF staff calculations.

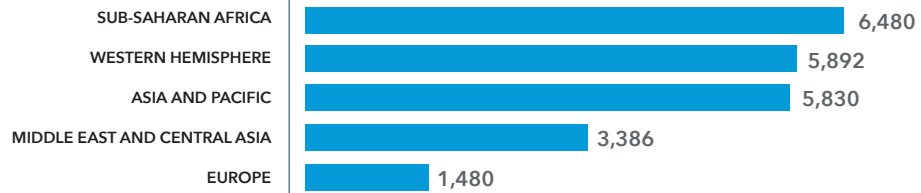
Note: Advanced economies are as classified in the April 2022 *World Economic Outlook*. Low-income developing countries are as defined by the IMF. Emerging market and middle-income economies comprise those not classified as advanced economies or low-income developing countries.

Figure 2.4
DIRECT CD
DELIVERY BY
TOPIC
FY 2022
(percentage share
of total)



Sources: IMF, Capacity Development Management and Administration Program; and IMF staff calculations.

Figure 2.5
TRAINING
 Participation
 by Participant
 Region of Origin
 FY 2022
 (number of participants)



Sources: IMF, Participant and Applicant Tracking System; and IMF staff calculations.

Note: Most of the IMF's training falls under the Institute for Capacity Development (ICD) Training Program, which includes training coordinated by ICD and delivered by ICD and other departments at IMF headquarters and globally at the IMF's Regional Capacity Development Centers and in programs for country officials. Training also includes IMF online courses successfully completed by country officials. In addition, training is provided by functional departments outside the ICD Training Program.

Figure 2.6
TRAINING
 Participation
 by Income Group
 FY 2022
 (number of participants)



Sources: IMF, Participant and Applicant Tracking System; and IMF staff calculations.

Note: Most of the IMF's training falls under the Institute for Capacity Development (ICD) Training Program, which includes training coordinated by ICD and delivered by ICD and other departments at IMF headquarters and globally at the IMF's Regional Capacity Development Centers and in programs for country officials. Training also includes IMF online courses successfully completed by country officials. In addition, training is provided by functional departments outside the ICD Training Program. For definitions of country income groups, see the note to Figure 2.3.

Top 10 Partners for IMF Capacity Development

(signed agreements in US dollars, average, FY 2020-22)

1. Japan
2. Switzerland
3. European Union
4. Kuwait
5. Germany
6. The Netherlands
7. France
8. Kazakhstan
9. Norway
10. Austria

Top 10 Recipients of IMF Technical Assistance

(FY 2022, US dollars spending)

1. Cambodia
2. Uzbekistan
3. Sierra Leone
4. Liberia
5. The Gambia
6. Democratic Republic of the Congo
7. Madagascar
8. Angola
9. China
10. Mozambique

Sources: IMF, Capacity Development Management and Administration Program; IMF, Participant and Applicant Tracking System; and IMF staff calculations.

Top 10 Recipients by Training Participation

(FY 2022, participant weeks)

1. India
2. Kenya
3. China
4. Indonesia
5. Cambodia
6. Bangladesh
7. Nigeria
8. Uganda
9. St. Lucia
10. Madagascar

Sources: IMF, Capacity Development Management and Administration Program; IMF, Participant and Applicant Tracking System; and IMF staff calculations.

Table 2.5

Thematic and Country Funds for IMF Capacity Development

As of April 30, 2022

NAME	PARTNERS
Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)	Canada, France, Germany, Japan, Korea, Luxembourg, The Netherlands, Qatar, Saudi Arabia, Switzerland
COVID-19 Crisis Capacity Development Initiative	Belgium, Canada, China, Germany, Japan, Korea, Singapore, Spain, Switzerland
Data for Decisions (D4D)	China, European Union, Germany, Japan, Korea, Luxembourg, The Netherlands, Norway, Switzerland
Debt Management Facility (DMF Phase III) (joint with World Bank)	Austria, European Union, France, Germany, Japan, The Netherlands, Norway, Switzerland, United Kingdom, United States, African Development Bank
Financial Sector Reform and Strengthening Initiative (FIRST Phase IV) (joint with World Bank)	Germany, Switzerland
Financial Sector Stability Fund (FSSF)	China, Germany, Italy, Luxembourg, Saudi Arabia, Sweden, Switzerland, United Kingdom, European Investment Bank
Managing Natural Resource Wealth (MNRW)	Australia, European Union, The Netherlands, Norway, Switzerland, United Kingdom
Revenue Mobilization Thematic Fund (RMTF)	Australia, Belgium, Denmark, European Union, France, Germany, Japan, Korea, Luxembourg, The Netherlands, Norway, Sweden, Switzerland, United Kingdom
Somalia Country Fund	Phase I: Canada, European Union, Italy, United Kingdom, United States, Arab Fund for Economic and Social Development; Phase II: Canada, Italy, United Kingdom
Tax Administration Diagnostic Assessment Tool (TADAT)	France, Germany, Japan, Netherlands, Norway, Switzerland, United Kingdom

Source: IMF, Institute for Capacity Development.

Table 2.6

IMF Regional Capacity Development Centers

As of April 30, 2022

Name	Partners	Member Countries
Africa Training Institute (ATI)	China, Germany, Mauritius (host), European Investment Bank	45 countries in sub-Saharan Africa are eligible for training
AFRITAC Central (AFC)	China, European Union, France, Gabon (host), Germany, The Netherlands, Switzerland, European Investment Bank	Burundi, Cameroon, Central African Republic, Chad, Republic of Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, São Tomé and Príncipe
East AFRITAC (AFE)	China, European Union, Germany, The Netherlands, Norway, Switzerland, Tanzania (host), United Kingdom	Eritrea, Ethiopia, Kenya, Malawi, Rwanda, South Sudan (since May 2020), Tanzania, Uganda
AFRITAC South (AFS)	Australia, China, European Union, Germany, Mauritius (host), The Netherlands, Switzerland, United Kingdom, European Investment Bank	Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Zimbabwe
AFRITAC West (AFW)	China, Côte d'Ivoire (host), European Union, France, Germany, Luxembourg, The Netherlands, Norway, Switzerland, European Investment Bank	Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo
AFRITAC West 2 (AFW2)	China, European Union, Germany, Ghana (host), Switzerland, United Kingdom, European Investment Bank	Cabo Verde, The Gambia, Ghana, Liberia, Nigeria, Sierra Leone
IMF Capacity Development Office in Thailand (CDOT)	Japan, Thailand (host)	Core beneficiary countries: Cambodia, Lao P.D.R., Myanmar, Vietnam; selected projects based in CDOT also cover other countries in Southeast Asia and in the Pacific island region
Caribbean Regional Technical Assistance Center (CARTAC)	Barbados (host), Canada, European Union, Mexico, The Netherlands, United Kingdom, United States, Caribbean Development Bank, Eastern Caribbean Central Bank	Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Sint Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos

Name	Partners	Member Countries
Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC)	China, Kazakhstan (host), Korea, Poland, Russia, Switzerland, Asian Development Bank	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, Uzbekistan
Central America, Panama, and the Dominican Republic Regional Technical Assistance Center (CAPTAC-DR)	Colombia, European Union, Guatemala (host), Luxembourg, Mexico, Norway, Spain, Central American Bank for Economic Integration	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama
China-IMF Capacity Development Center (CICDC)	China (host)	China and a range of other countries are eligible for training
Joint Vienna Institute (JVI)	Austria (primary member and host) and international partners/donors	31 countries (30 in central, eastern, and southeastern Europe, the Caucasus, and Central Asia, as well as Iran) are eligible for training
Middle East Center for Economics and Finance (CEF)	Kuwait (host)	Arab League member countries are eligible for training
Middle East Regional Technical Assistance Center (METAC)	European Union, France, Germany, Lebanon (host), The Netherlands, Switzerland	Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia, West Bank and Gaza, Yemen
Pacific Financial Technical Assistance Center (PFTAC)	Australia, Canada, European Union, Fiji (host), Korea, New Zealand, United States, Asian Development Bank	Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, Vanuatu
IMF-Singapore Regional Training Institute (STI)	Australia, Japan, Singapore (host)	37 countries in the Asia and Pacific region are eligible for training
South Asia Regional Training and Technical Assistance Center (SARTTAC)	Australia, European Union, India (host), Korea, United Kingdom	Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka

Source: IMF, Institute for Capacity Development.

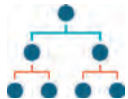
Note: The IMF also delivers courses through regional training programs.



Part Three

WHO WE ARE

The IMF has a management team and 18 departments that carry out its country, policy, analytical, and technical work. A list of the institutions' senior officers can be found on page 60, and the organization chart can be found here:



IMF
ORG
CHART
[IMF.ORG/ORGCHART](https://www.imf.org/orgchart)

In January 2022, IMF management announced the creation of the Office of Transformation Management. The new office came into existence on March 1, 2022, and brings together under one umbrella the existing functions of corporate project management, innovation and change management, and knowledge management. The office will oversee the IMF's ongoing modernization agenda, ensuring that the IMF can continue to serve its membership effectively in the years ahead.



United States

Executive Directors

As of April 30, 2022

The Executive Board is responsible for conducting the IMF's day-to-day business. It is composed of 24 Executive Directors, who are elected by member countries or by groups of countries, and



Aivo Andrianarivelo



Afonso Bevilaqua



Arnaud Buissé



Sergio Chodos



Hossein Hosseini



Chang Huh



Rosemary Lim



Ita Mannathoko

the Managing Director, who serves as its Chair.

All IMF member countries are represented on its Executive Board, which discusses the national, regional, and global consequences of each member's economic

policies and approves IMF financing to help member countries address temporary balance of payments problems, as well as overseeing the IMF's capacity development efforts.



Surjit Bhalla



Abdullah BinZarah



Domenico Fanizza



Paul Hilbers



Philip Jennings



Zhongxia Jin



Mahmoud Mohieldin



Pablo Moreno



Aleksei Mozhin



Daniel Palotai



Mika Pösö



Shona Riach



Elizabeth Shortino



Joerg Stephan



Takuji Tanaka



Piotr Trabinski

Executive Directors and Alternates

As of April 30, 2022

Aivo Andrianarivelo Regis O. N'Sonde Facinet Sylla	Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé and Príncipe, Senegal, Togo	Zhongxia Jin Zhengxin Zhang	China
Afonso Bevilaqua Frank Fuentes Bruno Saraiva	Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, Trinidad and Tobago	Rosemary Lim Firman Mochtar	Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao P.D.R., Malaysia, Myanmar, Nepal, Philippines, Singapore, Thailand, Tonga, Vietnam
Surjit Bhalla Chandranath Amarasekara	Bangladesh, Bhutan, India, Sri Lanka	Ita Mannathoko Willie Nakunyada Vuyelwa Vumendlini	Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, Zimbabwe
Abdullah BinZarah Mohamed Alrashed	Saudi Arabia	Mahmoud Mohieldin Ali Alhosani	Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, United Arab Emirates, Yemen
Arnaud Buissé Clement Roman	France	Pablo Moreno Alfonso Guerra Jose Andres Romero	Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Spain
Sergio Chodos Luis Oscar Herrera	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay	Aleksei Mozhin Vacant	Russia, Syria
Domenico Fanizza Michael Massourakis	Albania, Greece, Italy, Malta, Portugal, San Marino	Daniel Palotai Halil Ibrahim Azal Christian Just	Austria, Belarus, Czech Republic, Hungary, Kosovo, Slovak Republic, Slovenia, Türkiye
Paul Hilbers Luc Dresse Vladyslav Rashkovan	Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, The Netherlands, North Macedonia, Romania, Ukraine	Mika Pösö Anne Marcussen	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden
Hossein Hosseini Mohammed El Qorchi	Afghanistan, Algeria, Ghana, Iran, Libya, Morocco, Pakistan, Tunisia	Shona Riach David Paul Ronicle	United Kingdom
Chang Huh Angelia Grant Oscar Parkyn	Australia, Kiribati, Korea, Marshall Islands, Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, Vanuatu	Elizabeth Shortino Vacant	United States
Philip Jennings Feargal O'Brolchain	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines	Joerg Stephan Andrea Rieck	Germany
		Takuji Tanaka Mikari Kashima	Japan
		Piotr Trabinski Marcel Peter	Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan

Note: The República Bolivariana de Venezuela did not participate in the 2020 regular election of Executive Directors and is not represented at the Executive Board during the current Board term (2020-2022).



Managing Director **Kristalina Georgieva**



First Deputy Managing Director **Gita Gopinath**



Deputy Managing Director **Kenji Okamura**

Management Team

The IMF has a Managing Director, who is head of the staff and Chair of the Executive Board. The Managing Director is assisted by a First Deputy Managing Director and three other Deputy Managing Directors.



Deputy Managing Director **Antoinette Sayeh**



Deputy Managing Director **Bo Li**



Senior Officials

As of April 30, 2022

Area Departments	
Abebe Selassie	Director, African Department
Vacant	Director, Asia and Pacific Department
Alfred Kammer	Director, European Department
Jihad Azour	Director, Middle East and Central Asia Department
Ilan Goldfajn	Director, Western Hemisphere Department
Information and Liaison Offices	
Chikahisa Sumi	Director, Regional Office for Asia and the Pacific
Ashok Bhatia	Director, Offices in Europe
Robert Powell	Special Representative to the United Nations
Functional and Special Services Departments	
Gerard Rice	Director, Communications Department
Bernard Lauwers	Director, Finance Department
Vitor Gaspar	Director, Fiscal Affairs Department
Dominique Desruelle	Director, Institute for Capacity Development
Rhoda Weeks-Brown	General Counsel and Director, Legal Department
Tobias Adrian	Financial Counsellor and Director, Monetary and Capital Markets Department
Pierre-Olivier Gourinchas	Economic Counsellor and Director, Research Department
Louis Marc Ducharme	Chief Statistician and Data Officer and Director, Statistics Department
Ceyla Pazarbasioglu	Director, Strategy, Policy, and Review Department
Institutes and Centers	
Abdoul Aziz Wane	Director, Africa Training Institute
Hervé Joly	Director, Joint Vienna Institute
Paulo Drummond	Director, Middle East Center for Economics and Finance
Alfred Schipke	Director, Singapore Training Institute
Support Services Departments	
Jennifer Lester	Director, Corporate Services and Facilities Department
Catriona Purfield	Director, Human Resources Department
Shirin Hamid	Chief Information Officer and Director, Information Technology Department
Ceda Ogada	Secretary of the IMF and Director, Secretary's Department
Offices	
Charles Collins	Director, Independent Evaluation Office
Derek Bills	Director, Investment Office
Michele Shannon	Director, Office of Budget and Planning and Office of Transformation Management
Nancy Asiko Onyango	Director, Office of Internal Audit
Brenda Boulwood	Director, Office of Risk Management

RESOURCES

Budget

In April 2021, the IMF Executive Board authorized a net administrative budget for FY 2022 of \$1,214 million, along with indicative budgets for FY 2023 and FY 2024. Reflecting a long-standing tradition of fiscal prudence, this was the 10th year in a row that the IMF's budget remained flat on a real basis, with new activities absorbed through continued reprioritization and savings. The Board also approved a limit on gross expenditures of \$1,460 million, which included \$210 million in external reimbursements for capacity development activities. Additionally, the Board approved a temporary increase in the carry-forward of unspent FY 2021 resources in the amount of \$102 million for possible spending in FY 2022, recognizing crisis-related needs. Capital funding of \$79 million was approved for use over three years for building facilities and information technology capital projects.

The budget for FY 2022 supported the IMF's efforts to address continued crisis needs and address long-term drivers of global change, as well as a shift to a hybrid work model and broader modernization of the organization. Savings from internal reprioritization and the pandemic-related moratorium on travel allowed resources to be repurposed toward crisis needs. While engagement with authorities remained largely virtual, demand for lending shifted from emergency to medium-term operations, with some members facing complex debt challenges; financial system stability assessments under the FSAP and Article IV consultations fully resumed; and the



United States

volume of capacity development delivery returned to levels closer to those before the pandemic. The Executive Board approved the IMF's strategies in the areas of climate change, digital money, and fragile and conflict-affected states, as well as a historic SDR allocation of \$650 billion, as previously noted.

Actual administrative expenditures in FY 2022 totaled \$1,180 million, or 97 percent of the approved net budget. Capital expenditures in FY 2022 totaled \$90 million, including use of previously approved funding. Of this, \$21 million was for direct capital spending on facilities, \$60 million for information-technology-related expenditures, and \$9 million for cloud-related licenses.

Table 3.1
Budget by Major Expenditure Category, FY 2021-24
(millions of US dollars)

	FY 2021		FY 2022		FY 2023	FY 2024
	Budget	Outturn	Budget	Outturn	Budget	Budget
Administrative expenditures						
Personnel	1,055	1,049	1,074	1,106	1,158	-
Travel	133	16	134	26	122	-
Buildings and other	230	203	239	214	265	-
Contingency	11	-	12	-	13	-
Total gross expenditures	1,429	1,268	1,460	1,346	1,559	1,641
Receipts ¹	-243	-142	-246	-166	-264	-282
Total net budget	1,186	1,126	1,214	1,180	1,295	1,359
Carry forward ²	55	-	102	-	93	-
Total net budget including carry forward	1,241	1,126	1,315	1,180	1,387	1,359
Total gross budget including carry forward	1,484	1,268	1,561	1,346	1,651	1,641
Capital³	99	78	79	90	78	91
Facilities and information technology	99	78	70	81	63	74
Cloud Capital Equivalent	-	-	10	9	15	17
<i>Memorandum item</i>						
Total net budget in FY 2022 dollars	1,214	1,152	1,214	1,180	1,235	1,267

Source: IMF, Office of Budget and Planning.

Note: Figures in columns may not sum exactly to column totals because of rounding.

¹ Includes donor-financed activities, cost-sharing arrangements with the World Bank, sales of publications, parking, and other miscellaneous revenue.

² Resources are carried forward from the previous year under established rules.

³ Facilities and information technology budget appropriations can be spent over three years. The "Budget" column represents the annual appropriation, whereas the "Outturn" column includes spending from appropriations of previous years.

Income model, charges, remuneration, burden sharing, and total comprehensive income

INCOME MODEL

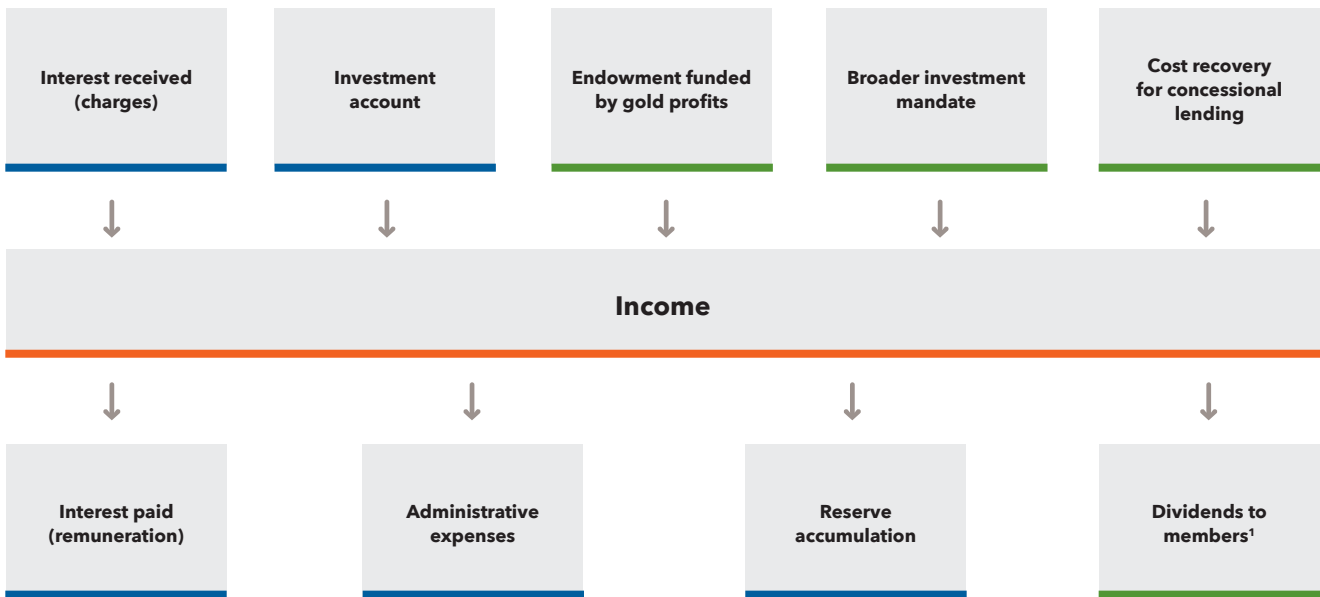
The IMF generates income primarily through its lending and investing activities (see Figure 3.1). Lending income is derived from the charges levied on the use of credit from the GRA, service charges, and commitment fees. In addition, the use of IMF credit is subject to surcharges under certain circumstances, as noted in Part 2. The IMF's income model also relies on investment income generated from assets in the Fixed-Income and Endowment Subaccounts of the IMF's Investment Account. Given the public nature of the funds, the

IMF's investment policy includes, among other things, a careful assessment of acceptable levels of risk, as well as safeguards to minimize actual or perceived conflicts of interest. In January 2022, the Executive Board approved an updated investment strategy, which includes responsible investing principles related to environmental, social, and governance considerations. These will be implemented starting in FY 2023.

CHARGES

Reflecting high levels of lending activity, the IMF's main source of income continues to be charges levied on outstanding credit. The basic rate of charge (that is, the interest rate) on IMF financing comprises the SDR interest rate plus a fixed margin expressed in basis points, as discussed in Part 2. In April 2022, the Executive Board set the margin for the rate of charge

Figure 3.1
Income Model



Source: IMF, Finance Department.

Note: Green lines represent elements added to the income model in 2008.

¹ As of April 29, 2022, the membership had not adopted the dividend policy.

at 100 basis points for the period through April 2024.

The IMF also levies surcharges on large amounts of credit. Surcharges apply to credit outstanding that exceeds a defined threshold relative to a member's quota (level-based surcharges), and they are higher when this threshold has been exceeded for a defined period of time (time-based surcharges) (see Table 2.1).

In addition to charges and surcharges, the IMF levies service charges, commitment fees, and special charges. A service charge of 0.5 percent is levied on each drawing from the GRA. A refundable commitment fee is charged at the beginning of each 12-month period on amounts available for drawing under GRA arrangements (except for the Short-Term Liquidity Line) during that period. The IMF also levies special charges on charges that are past due, for the first six months a member is in arrears.

REMUNERATION AND INTEREST ON BORROWING

On the expenditure side, the IMF pays interest (remuneration) to members on their creditor positions in the GRA (known as "remunerated reserve tranche positions"). The basic rate of remuneration is equal to the SDR interest rate. The IMF also pays interest at the SDR interest rate on outstanding borrowing under the New Arrangements to Borrow (NAB; see the "IMF Financing" section).

BURDEN SHARING

The rates of charge and remuneration are adjusted under a burden-sharing mechanism that distributes the cost of overdue financial obligations equally between debtor and creditor members.

TOTAL COMPREHENSIVE INCOME

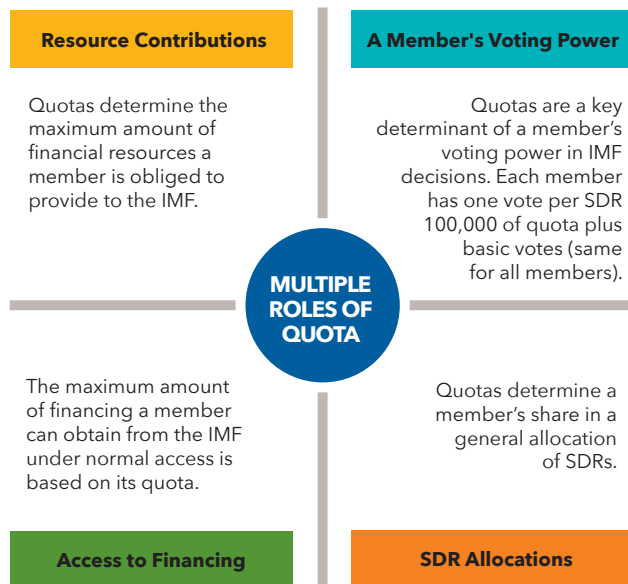
The IMF’s total comprehensive income in FY 2022 was SDR 3.085 billion (\$4.147 billion), reflecting primarily income from the high levels of lending activity, endowment income, and gains stemming from the remeasurement of the assets and liabilities of the IMF’s employee benefit plans, in accordance with International Financial Reporting Standards (International Accounting Standard 19, Employee Benefits).

ARREARS TO THE IMF

Sudan, the last member country with arrears, cleared its protracted arrears (outstanding for more than six months) to the IMF on June 29, 2021, and reached its HIPC Initiative decision point. At the end of April 2022, the IMF had no remaining arrears cases. The IMF has in place a strengthened cooperative strategy on arrears, based on a set of increasingly severe remedial measures to prevent the resurgence of protracted arrears.

Financing

The IMF provides financing to its members through three channels, all of which serve the common purpose of transferring reserve currencies to member countries: regular (nonconcessional) lending from the GRA and concessional lending from the PRGT (both discussed in Part 2), as well as the SDR Department. The most salient feature of the IMF’s financial structure is that it is continuously evolving. The IMF has introduced and refined a variety of lending



facilities and policies over the years to address changing conditions in the global economy or the specific needs and circumstances of its members. The RST will be an additional channel for lending once lending starts (which is expected to take place later in 2022).

QUOTAS: WHERE THE IMF GETS ITS MONEY

The IMF’s 190 member countries provide resources for loans primarily through their payment of quotas, which also set their voting rights. Multilateral borrowing and bilateral borrowing serve as second and third lines of defense in times of crisis. These resources give the IMF access to about \$1 trillion in nonconcessional lending firepower to support members. Concessional lending and debt relief for low-income countries are financed through separate contribution-based trust funds.



United States

Each member is assigned a quota based broadly on its position in the world economy. IMF quotas total SDR 476 billion (about \$639.9 billion).⁶ The value of the SDR, the IMF's unit of account, is based on a basket of currencies (see the "Special Drawing Right" section).

IMF quotas are also reviewed regularly. The 16th General Review of Quotas, which is currently underway and is expected to be completed no later than December 15, 2023, offers an opportunity to assess the overall adequacy of quotas as well as the adequacy of their distribution among IMF member countries. The Executive Board issued two progress reports to the Board of Governors on the 16th General Review during FY 2022, reporting on ongoing discussions. The review is building on the governance reforms of the 2010 review (14th General Review of Quotas), including efforts to protect quotas and voting shares of the poorest members. The

current formula for determining quotas, which was approved in 2008 and has been used as a guide, is also under review.

QUOTA PAYMENTS

The conditions for implementing the quota increases approved under the 14th General Review were met on January 26, 2016. This resulted in a doubling of quota resources, to SDR 477 billion (about \$641.2 billion) from about SDR 238.5 billion (about \$320.6 billion). As of April 30, 2022, all but 2 of the 190 members had made their quota payments, accounting for more than 99 percent of the total quota increases, and total quotas stood at SDR 476 billion (about \$639.9 billion).

BORROWING BY THE IMF

As noted, the IMF is a quota-based institution. However, borrowed resources continue to play a key role in supplementing quota resources through the NAB and the bilateral borrowing agreements (BBAs), serving respectively as a second and third line of defense after quotas.

The NAB are a set of credit arrangements with 38 participants and 2 prospective participants. The size of the NAB was doubled to about SDR 361 billion on January 1, 2021, and a new NAB period was set through the end of 2025. NAB resources can be activated when the IMF's resources need to be supplemented to forestall or cope with an impairment of the international monetary system. Activation requires the consent of participants representing 85 percent of total credit arrangements

⁶Two member countries, Eritrea and Syria, have not yet consented to their proposed quota increases under the 14th General Review of Quotas. Once these countries consent to, and pay for, their respective quota increases, IMF quotas will total SDR 477 billion.



United States

of participants eligible to vote, as well as the approval of the Executive Board. The NAB were activated 10 times between April 2011 and February 2016, the most recent activation.

As noted, BBAs are intended to serve as a third line of defense after quotas and the NAB. The current (2020) round of BBAs has been in effect since January 1, 2021, with an initial term through December 31,

2023, which may be extended by one more year. As of April 30, 2022, 42 bilateral creditors had committed under their 2020 BBAs to provide the IMF with a total credit amount equivalent to about SDR 138 billion. Resources under BBAs can be activated only if the amount of the IMF resources otherwise available for financing has fallen below a threshold of SDR 100 billion and either the NAB has been activated or there are no available uncommitted NAB resources. Activation of BBAs requires approval by bilateral creditors representing 85 percent of the total credit amount committed.

SPECIAL DRAWING RIGHT

The SDR is an international reserve asset the IMF created in 1969 to supplement its member countries' official reserves. It serves as the unit of account of the IMF and some other international organizations. The SDR is neither a currency nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. IMF members who are participants in the SDR Department (currently all members) may exchange SDRs for freely usable currencies.

The SDR's value is currently based on a basket of five currencies: the US dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound.

The currencies included are reviewed periodically; the most recent review of the valuation of the SDR basket occurred in July 2022.

As of April 30, 2022, a total of SDR 660.7 billion (equivalent to about \$888 billion) had been allocated to members, including the August 2021 allocation of SDR 456.5 billion, the largest allocation of SDRs in history, in the context of the ongoing pandemic. This SDR allocation provided additional liquidity to the global economic system—supplementing countries’ foreign exchange reserves and reducing their reliance on more expensive domestic or external debt. Countries were able to use the space provided by the SDR allocation to support their economies and step up the fight against the crisis.

To amplify the benefits of this allocation, the IMF is encouraging voluntary channeling of SDRs from countries with strong external positions to

countries most in need. Some members have already pledged to lend their SDRs to the PRGT, which provides concessional loans to low-income countries. Furthermore, the recently established RST will use channeled SDRs to provide affordable longer-term financing to support countries undertaking reforms to reduce risks, including those related to climate change, and for pandemic preparedness.

In light of the new allocation and to enhance transparency and accountability in the use of SDRs, the IMF issued a Staff Guidance Note in August 2021 on assessing the macroeconomic implications of the new allocation, its statistical treatment and governance, and how it might affect debt sustainability. In addition, the IMF started reporting quarterly on SDR holdings, transactions, and trading and committed to issuing a follow-up report on the use of SDRs in two years.



United States

ACCOUNTABILITY

The IMF is accountable to its 190 member countries and has a system of checks and balances to ensure accountability—ranging from internal and external audits to risk management and evaluation of its policies and operations. Similarly, the IMF staff is expected to observe the highest ethical and workplace standards of conduct.



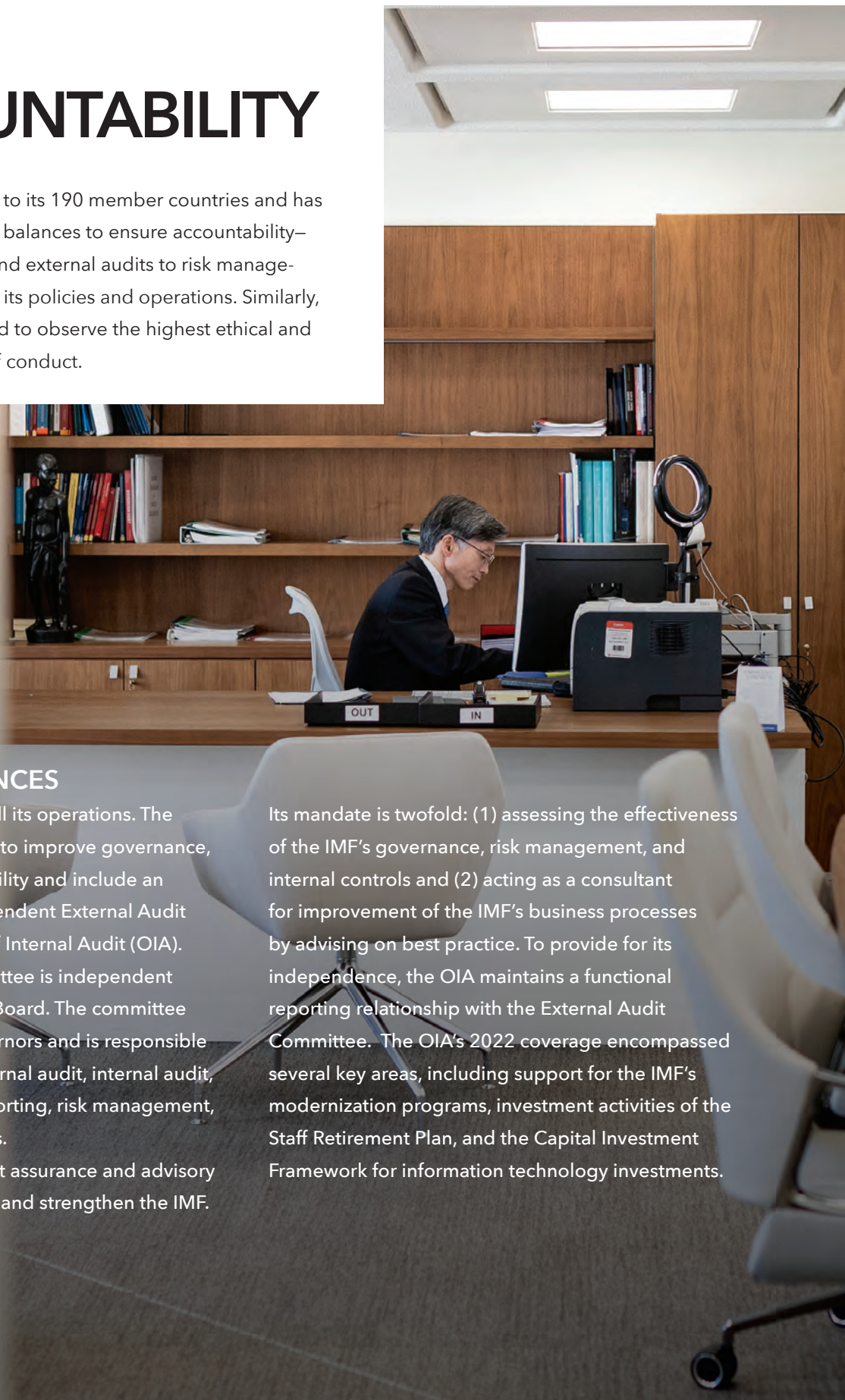
CHECKS AND BALANCES

The IMF conducts audits of all its operations. The audit mechanisms are set up to improve governance, transparency, and accountability and include an external audit firm, an independent External Audit Committee, and the Office of Internal Audit (OIA).

The External Audit Committee is independent of the IMF and its Executive Board. The committee reports to the Board of Governors and is responsible for overseeing the IMF's external audit, internal audit, financial accounting and reporting, risk management, and internal control functions.

The OIA is an independent assurance and advisory function designed to protect and strengthen the IMF.

Its mandate is twofold: (1) assessing the effectiveness of the IMF's governance, risk management, and internal controls and (2) acting as a consultant for improvement of the IMF's business processes by advising on best practice. To provide for its independence, the OIA maintains a functional reporting relationship with the External Audit Committee. The OIA's 2022 coverage encompassed several key areas, including support for the IMF's modernization programs, investment activities of the Staff Retirement Plan, and the Capital Investment Framework for information technology investments.





MANAGING ENTERPRISE RISK

The IMF's internal Office of Risk Management provides the leadership and innovation necessary to identify, assess, measure, monitor, and report IMF-wide enterprise risks. It supports an enterprise risk management framework that leverages standard practices adapted to the context of the IMF's unique mandate and operating model. It works across all IMF departments to ensure a consistent approach to risk tolerance, governance, culture, and risk processes, supported by risk issue and action management and strong IMF-wide communication and reporting.



LEARNING FROM EXPERIENCE

The Independent Evaluation Office (IEO) celebrated its 20th anniversary in 2021. It conducts independent and objective evaluations of IMF policies and activities and is fully independent of IMF management and the IMF staff, operating at arm's length from the Executive Board. Its mission is to promote learning within the IMF, strengthen the institution's external credibility, and support institutional governance and oversight. Recent IEO evaluations have focused on growth and adjustment in IMF-supported programs and on the IMF's engagement with small developing states. More information about the IEO, including its terms of reference and evaluation reports, is available at <https://IEO.IMF.org>.



ENGAGEMENT WITH THE PUBLIC

The IMF meets regularly with political leaders and country authorities and routinely engages with a wide range of private sector representatives, the media, and nongovernment stakeholders such as the academic community, civil society organizations, parliamentarians, labor unions, and youth leaders. Opportunities for such two-way dialogue allow the IMF both to explain its approaches and to learn from others to improve its policy advice.



ETHICS AND STAFF CONDUCT

The IMF's Ethics Office, its Ombudsperson, and its Office of Internal Investigations help ensure good governance within the organization.

The Ethics Office assists the organization in maintaining high ethical standards of conduct and the reputation of the IMF and its employees for probity, integrity, and impartiality. The Ethics Advisor promotes awareness of ethics issues, provides training and education on ethics to the IMF staff, and oversees annual Ethical Conduct and Core Values Certification to support compliance with the Staff Code of Conduct, as well as an annual Financial Disclosure Program for senior staff members and staff members in specific roles. A separate Code of Conduct is in place for members of the Executive Board.

The Ombudsperson is available to provide impartial and independent assistance in resolving employment-related problems. The Office of Internal Investigations conducts inquiries and investigations into allegations of misconduct, including breaches of the Code of Conduct. The IMF Integrity Hotline, administered by an independent third party, is available for anonymous and confidential allegations of misconduct or other concerns from staff or members of the public.

The IMF Executive Board is also committed to maintaining the highest standards of governance

and integrity in the organization's data, research, and operations. In concluding its investigation into the World Bank's 2018 *Doing Business* report, the Executive Board noted that it had "confidence in the impartiality and analytical excellence of IMF staff and in the IMF's robust and effective channels for complaint, dissent, and accountability," but it would consider "possible additional steps to ensure the strength of institutional safeguards in these areas."

In this context, in December 2021 the Executive Board announced the establishment of a steering group to lead a follow-up institutional safeguards review with the objective of helping ensure that the staff, management, and Executive Board maintain the highest possible standards around internal governance and staff voice and the integrity of data and analysis. As such, through an integrated approach involving the staff, management, Board, and an external panel of independent experts, an assessment of the robustness and effectiveness of channels for complaint, dissent, and accountability inside the IMF is being conducted. An evaluation of the overall strength of the safeguards at key nodes in the IMF's internal review processes is also underway to ensure integrity in the organization's data and analysis. Work on the review was completed in June 2022.⁷

⁷The IMF Executive Board concluded its review on June 30, 2022 (after this report was finalized). For more information, visit www.IMF.org/safeguards.

Safeguards Assessments

When the IMF provides financing to a member country, it carries out a safeguards assessment to provide reasonable assurance that the country's central bank can manage the IMF resources and provide reliable monetary data on the IMF-supported program.

At the end of April 2022

366 Assessments

had been conducted, covering

104 Central Banks

20 in FY 2022



**SAFEGUARDS
ASSESSMENTS
COMPLETED TO DATE**
SEE MORE ONLINE

THE ASSESSMENTS INVOLVE AN EVALUATION OF CENTRAL BANK OPERATIONS IN FIVE AREAS:



The assessments involve an evaluation of central bank operations in five areas: (1) the external audit mechanism, (2) the legal structure and autonomy, (3) the financial reporting framework, (4) the internal audit mechanism, and (5) the system of internal controls. From 2000 to the end of April 2022, 366 assessments were conducted, covering 104 central banks; 20 of these assessments were completed in FY 2022.

The IMF also monitors progress as central banks work to improve their safeguards frameworks and address IMF recommendations in safeguards assessments. The monitoring continues for as long as IMF credit remains outstanding, and about 82

central banks are currently subject to monitoring. The monitoring activity has increased by about 20 central banks compared with the pre-pandemic levels owing to the financing extended to member countries to address the impact of the COVID-19 pandemic.

The IMF also conducts fiscal safeguards reviews of state treasuries when a member requests exceptional access to IMF resources in cases in which a substantial portion of the funds—at least 25 percent—is directed toward financing the state budget. During FY 2022, one fiscal safeguards review was conducted, and a second is in progress.



CORPORATE SOCIAL RESPONSIBILITY

Environmental sustainability and philanthropic initiatives are at the core of the IMF's corporate social responsibility program.

Environmental Sustainability

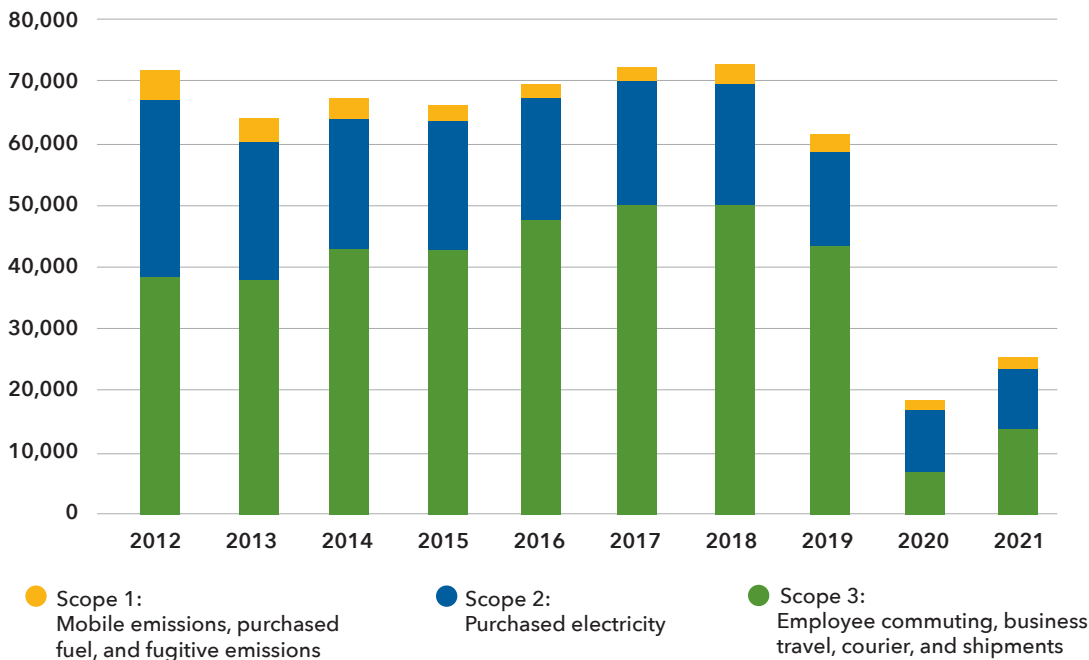
The IMF is committed to environmentally responsible operations. Climate change is a major threat to long-term growth and prosperity and has a direct impact on the world’s economic well-being. The IMF is expanding its climate change work, supporting member countries in adopting and implementing policies designed to mitigate, contain, and reduce emissions. Similarly, as an institution, the IMF is taking steps to advance its operational environmental sustainability goals.

For more than a decade, the IMF has taken steps to reduce its impact on the environment while ensuring that it can effectively serve its global membership. To further advance this work, it established the Environmental Sustainability Council in 2021 to advise and provide directional guidance to IMF management on the operational environmental issues facing the organization. The institution has also continued to

invest in and manage new building technologies to reduce energy consumption, in addition to introducing new policies for greening the IMF’s global vehicle fleet.

Even as COVID-19 pandemic restrictions were gradually eased and the IMF staff began to return to headquarters and field offices—and critical mission travel resumed to a limited degree—the Fund’s carbon footprint remained well below pre-pandemic levels (see Figure 3.2). However, as operations return to a more normal pace, there is an opportunity to make some of the pandemic-related reductions in the IMF’s carbon footprint permanent. Importantly in this regard, considerable progress has been made in developing a new hybrid work model, which promises to permanently reduce employee commuting and building-related emissions, when implemented in 2022.

Figure 3.2
The IMF’s Greenhouse Gas Emissions, Calendar Years 2012-21
 (metric tons of carbon dioxide equivalent)



Source: IMF, Corporate Services and Facilities Department.

Giving Together

Giving Together, the IMF's philanthropic program, is supported by donations from employees and retirees and funding from the IMF's corporate giving initiatives.

The prolongation of the COVID-19 pandemic and humanitarian crises arising from conflict and the incidence of natural and climate-related disasters have continued to present overwhelming challenges for people and communities around the world. The IMF community responded to these humanitarian challenges with unprecedented support in FY 2022. Total funding from employee and retiree donations, IMF corporate matching, and Giving Together grants and donations resulted in the program's providing more than \$5.5 million to charitable causes during the financial year—more than ever before in its history (see Figure 3.3).

GIVING

The 2022 giving campaign achieved a major milestone in both participation and total dollars raised, with

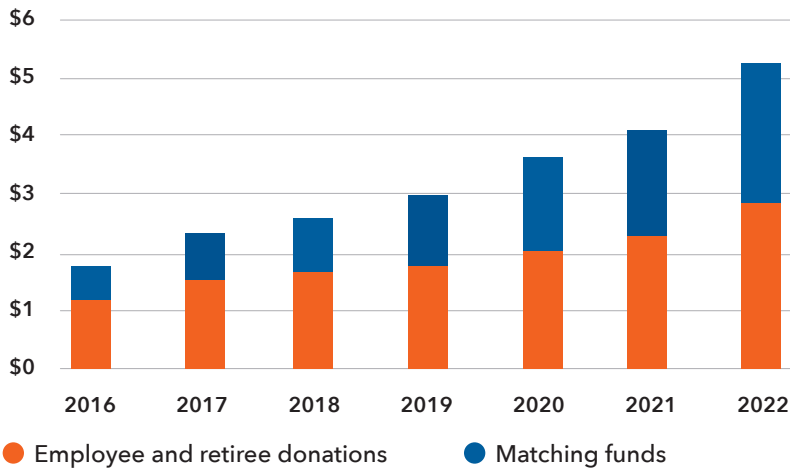
contributions surpassing the \$3 million mark for the first time. A record-breaking number of staff members and retirees contributed to the campaign, raising more than \$3.3 million in donations and matching funds to support organizations in the Washington, DC, metropolitan area and across the globe.

In addition, the IMF's Giving Together program organized fundraisers to support relief efforts for natural disasters in the Republic of Congo, Haiti, Indonesia, and Tonga and in response to the refugee crisis in Ukraine and neighboring countries. Combined, more than \$736,000 was channeled to international relief organizations providing critical aid and support to affected children and families on the ground.

In total, employee and retiree donations, plus matching funds, raised \$5.2 million to support charitable causes and humanitarian relief efforts during FY 2022—exceeding the \$4.1 million raised the previous year.



Figure 3.3
Total Raised in Donations and Matching Funds, FY 2016-22
 (millions of US dollars)



Source: IMF, Communications Department

AMONG THE RECIPIENTS OF THE GIVING TOGETHER PROGRAM IN FY 2022

\$736,000

raised to support humanitarian and disaster relief efforts

\$387,000

in grants to charities worldwide awarded to

30

organizations across

4

continents

GRANTS

The IMF strives to help its neighbors in the Washington, DC, metropolitan area and in communities around the world emerge from poverty and crisis by supporting community initiatives through partnerships and annual monetary grants. In FY 2022, Giving Together awarded \$387,000 in grants to charitable organizations worldwide. Many of the year’s grants focused on programs and services that support groups disproportionately hurt by COVID-19, particularly communities of color, women, and youth. In total, grants were awarded to 30 organizations serving disadvantaged populations in 10 countries across four continents.

VOLUNTEERISM

In the wake of the global pandemic, IMF staff members found ways to make an impact in their

communities through volunteerism. Whether individually or as part of a group, IMF staff members engaged in various philanthropic activities during the year, including preparing healthy meals for hungry families, organizing collection drives for students in underresourced communities and schools, and participating in community cleanup events with local nonprofit partners working to conserve and protect the environment.

In addition, in honor of the Martin Luther King Jr. Day of Service, staff members participated in a virtual volunteering event organized by Giving Together in partnership with the Capital Area Food Bank, a DC-based organization and one of the largest nonprofits tackling hunger and food insecurity in the Washington metropolitan region.

From left: Village Bicycle Project. Managing Director Kristalina Georgieva delivers charitable donation to the Fund for Congolese Women in the Democratic Republic of the Congo (December 2021).

August 1, 2022

Dear Mr. Chairman:

I have the honor to present to the Board of Governors the *Annual Report of the Executive Board* for the financial year ended April 30, 2022, in accordance with Article XII, Section 7(a), of the Articles of Agreement of the International Monetary Fund and Section 10 of the IMF's By-Laws. In accordance with Section 20 of the By-Laws, the administrative and capital budgets of the IMF approved by the Executive Board for the financial year ending April 30, 2022, are presented on the *Annual Report* website. The audited financial statements for the year ended April 30, 2022, of the General Department, the SDR Department, and the accounts administered by the IMF, together with reports of the external audit firm thereon, are presented in Appendix VI, as well as at www.imf.org/AR2022. The external audit process was overseen by the External Audit Committee comprising Mr. Hage (Chair), Mr. Ethevenin and Mr. Paape, as required under Section 20(c) of the IMF's By-Laws.

Yours truly,

A handwritten signature in black ink, appearing to read 'K. Georgieva', is positioned above the typed name.

Kristalina Georgieva
Managing Director and Chair of the Executive Board



Access and download the *2022 Annual Report* along with the Financial Statements online. We hope you will visit the *IMF Annual Report* website and explore all the resources they contain.

www.imf.org/AR2022

This *Annual Report* was prepared by the Publisher Division of the IMF's Communications Department, in consultation with departments from across the IMF. Christoph Rosenberg and Linda Kean oversaw the work of the report team, which was under the direction of the Executive Board's Evaluation Committee, chaired by Chang Huh. Analisa R. Bala served as chief writer and Wala'a El Barasse as editor and project manager. Denise Bergeron served as production manager, and Crystal Herrmann assisted with the digital design.

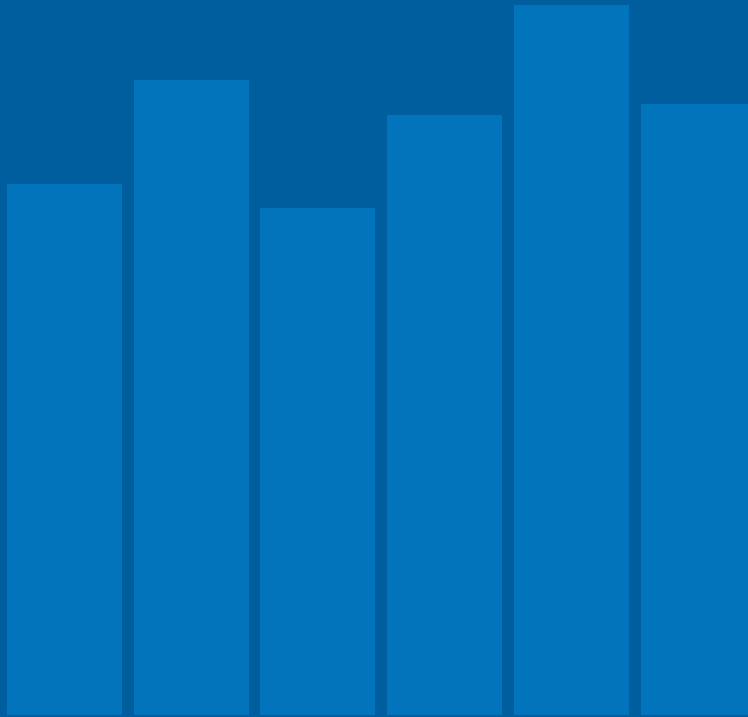
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Alamy Stock Photo/Gabor Basch: p. 15, second from left
Alamy Stock Photo/Zoonar GmbH: p. 15, second from right
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IMF Photo/Ernesto Benavides: pp. 30-31
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IMF Photo: p. 34, left
IMF Photo/Cynthia R Matonhodze: p. 34, second from left
IMF Photo/Cynthia R Matonhodze: p. 34, second from right
IMF Photo/Daro Sulakauri: p. 35, left
IMF Photo: p. 35, second from left
IMF Photo/Kim Haughton: p. 35, second from right
IMF Photo/Joshua Roberts: p. 35, right
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IMF Photo/Alan Karchmer: pp. 54-59, background
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IMF Photo: p. 74, right



"WE LIVE IN A MORE SHOCK-PRONE WORLD, AND WE NEED THE STRENGTH OF THE COLLECTIVE TO DEAL WITH SHOCKS TO COME."

KRISTALINA GEORGIEVA, IMF MANAGING DIRECTOR

