International coordination and multilateralism are essential for building a green, digital, and inclusive future.

COMMITTED TO COLLABORATION

IMF ANNUAL REPORT 2023

190

countries

working to promote international monetary cooperation, facilitate international trade, contribute to high levels of employment and real income, promote exchange stability, and help member countries address balance-of-payments imbalances.

COMMITTED TO COLLABORATION

The global outlook is uncertain. The world economy has shown resilience, but in most countries near- and medium-term growth outlooks remain subdued and downside risks are elevated. In the context of tightening monetary policy stances to bring down inflation, successive shocks, including Russia's war on Ukraine, are weighing on the economy and on macro-financial stability, including financial sector stress. Inflation has moderated somewhat, but underlying price pressures remain sticky.

Debt vulnerabilities are elevated, with 60 percent of low-income countries and 25 percent of emerging market economies in or at risk of debt distress. Debt-restructuring processes have been sluggish. Meanwhile, inequality persists within and across countries, and a record 350 million people in 79 countries face acute food insecurity.

Rising geoeconomic fragmentation risks making it more difficult to respond to shared challenges, which calls for decisive steps to rebuild trust. The global peace dividend is shrinking, and with it, the resources available to support the vulnerable. Protectionism is on the rise, hampering global trade and eroding hard-won gains from integration. Confronting shared challenges, such as the climate crisis and digitalization, will require overcoming differences and boosting international cooperation.

The IMF is committed to collaborating with its members to find pragmatic solutions to move the world economy onto a sustainable upward trajectory. Ensuring sound domestic policies, bolstering global trade, and strengthening institutions will counter uncertainty and fortify macroeconomic resilience. Stepped-up international assistance and solutions to address high debt burdens will support vulnerable countries. Investing in digital technologies will help build a more prosperous and inclusive future. And jointly tackling climate change will sustain our planet.

Message from the Managing Director

Dear Reader,

The global economy has faced shock upon shock, testing the resilience of people everywhere. Countries struggling to recover from the COVID-19 pandemic were dealt another blow by Russia's war on Ukraine and the cost-of-living crisis that followed.

Now, growth is weak and inflation is stubbornly high, while debt and financial vulnerabilities remain elevated. And geoeconomic fragmentation is worsening, just as international cooperation is needed to address sovereign debt, climate change, and the risks and opportunities of digitalization and artificial intelligence.

The IMF is collaborating with its members to take on these challenges and build economic resilience. We do this through our core roles of surveillance,

United Arab Emirates

capacity development, and lending—and through our ability to bring the world's top economic policymakers together in a space where they can work through difficult problems in the spirit of cooperation and mutual interest.

Between the beginning of the pandemic and the end of FY 2023, the IMF provided nearly $300 billion to 96 countries. And during FY 2023, two new lending facilities became operational. The Resilience and Sustainability Trust provides long-term affordable financing to help members address challenges such as climate change and pandemic preparedness, while the Food Shock Window offers emergency financing to address food-related balance-of-payments needs.

The IMF is also helping countries address large financing needs to prevent debt crises or, for countries already in debt distress, to restore economic and financial stability. In addition to its own efforts with member countries, the IMF is also working to facilitate debt restructuring through the G20 Common Framework and the Global Sovereign Debt Roundtable, which was convened jointly with the World Bank and Indian G20 Presidency to bring together public and private sector creditors and borrowers.

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

As policymakers from 190 countries prepare to gather in Marrakech, Morocco, for the Annual Meetings this October, we are reminded that we can work together to address the world's shared challenges. There is no time to lose!

KRISTALINA GEORGIEVA
Managing Director
September 2023

About the IMF

The International Monetary Fund (IMF) is an organization of 190 countries working to promote international monetary cooperation, facilitate international trade, contribute to high levels of employment and real income, promote exchange stability, and help member countries address balance of payments imbalances. The IMF seeks 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, approves IMF financing to help member countries, and oversees 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 May 1, 2022, through April 30, 2023, 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 (FY) 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 28, 2023, the SDR/US dollar exchange rate was US$1 = SDR 0.742386, and the US dollar/SDR exchange rate was SDR 1 = US$1.34701. The year-earlier rates (April 29, 2022) were US$1 = SDR 0.743880 and SDR 1 = US$1.34430. "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 28, 2023, the **SDR/US dollar** exchange rate was

US$1 = SDR 0.742386

the **US dollar/SDR** exchange rate was

SDR 1 = US$1.34701

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 (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 IMF.org.

Acronyms and Abbreviations

BBA	bilateral borrowing agreement
CCRT	Catastrophe Containment and Relief Trust
CD	capacity development
COVID-19	disease caused by the coronavirus
ECF	Extended Credit Facility
EFF	Extended Fund Facility
ERM	enterprise risk management
FCL	Flexible Credit Line
FSAP	Financial Sector Assessment Program
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
NAB	New Arrangements to Borrow
OIA	Office of Internal Audit
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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Morocco

Marrakech 2023

World Bank–IMF Annual Meetings

Morocco is located at the crossroads of Africa, Europe, and the Middle East, bridging cultures and civilizations for millennia. During October 9-15, 2023, Morocco will host the World Bank–IMF Annual Meetings in Marrakech, marking the return of the Annual Meetings to Africa after 50 years and the return to the Middle East and North Africa region after 20 years. Marrakech 2023 will provide a unique opportunity for the IMF's global membership to tackle mounting challenges together and discuss policy and reform priorities under the meetings' overarching themes of building resilience, securing transformational reforms, and reinvigorating global cooperation.

Morocco

Part One

IN FOCUS

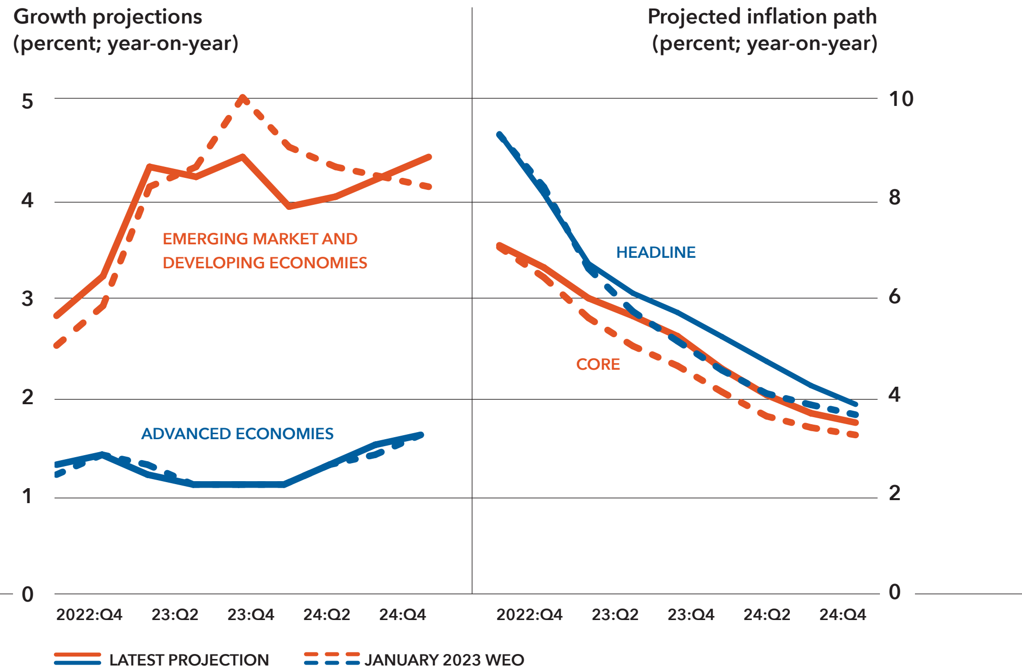
NAVIGATING UNCERTAINTY

The IMF collaborates with countries in the face of multiple global economic shocks.

In an uncertain, shock-prone global environment, decisive, well-calibrated, and agile policies tailored to country-specific circumstances are key to entrenching economic sustainability, safeguarding macroeconomic and global financial stability, supporting the vulnerable, and strengthening resilience. Reinforcing international cooperation and multilateralism is essential to bolster global growth; protect the stability of the international monetary system; address persistent health risks; and accelerate mutually reinforcing efforts toward a green, digital, and inclusive future.

In this context, the IMF continues to help member countries address these challenges through its lending, surveillance, and capacity development (CD) work.

Figure 1.1 Growth and Inflation



The economic slowdown is most pronounced in advanced economies. Inflation is falling more slowly than anticipated.

Sources: IMF, April 2023 *World Economic Outlook*; and IMF staff calculations.

Lending

The IMF has stepped up its lending to countries and continues to reassess its lending toolkit to ensure its responsiveness and adaptiveness to emerging needs. Since Russia's invasion of Ukraine, the IMF has approved 41 requests from 38 member countries for SDR 95.2 billion ($128 billion) in new financing commitments, bringing total support since the beginning of the pandemic to SDR 218 billion ($294 billion) for 96 countries.

Two new lending facilities became operational in FY 2023:

- The new Resilience and Sustainability Trust (RST) provides long-term affordable financing to help members address longer-term challenges, including climate change and pandemic preparedness. During FY 2023, the IMF Executive Board approved five Resilience and Sustainability Facility (RSF) arrangements, for a total of about $3.4 billion, and more than 40 additional eligible countries across different regions and income groups have also expressed interest in an RSF arrangement.
- The new Food Shock Window (FSW) provides an additional channel for emergency financing to member countries that have urgent balance of payments needs due to acute food insecurity, a sharp increase in their food import bills, or a shock to their cereal exports. Since the FSW's approval in October 2022, six countries have accessed this financing for a total of about $1.8 billion.

In addition to the new facilities highlighted, emerging market economies have benefited from approved financing under new programs supported under the General Resources Account (GRA) through the Extended Fund Facility (EFF), Flexible Credit Line (FCL), Precautionary and Liquidity Line (PLL), and Stand-By Arrangement (SBA). Countries that received such financing include Barbados, Egypt, Sri Lanka, and Ukraine (EFF); Morocco (FCL); Jamaica and North

Macedonia (PLL); and Armenia, Georgia, and Serbia (SBA).[1] Several emerging market economies also continued to benefit from access to the Fund's precautionary facilities, with currently about SDR 65.6 billion ($88 billion) committed under the FCL and PLL.

Surveillance

In FY 2023, the IMF published a number of multilateral surveillance reports, including the *World Economic Outlook, Global Financial Stability Report, Fiscal Monitor,* and *External Sector Report*. The IMF also conducted 126 Article IV consultations and 9 Financial System Stability Assessments under the Financial Sector Assessment Program (FSAP).

The IMF is continuing to refine its bilateral surveillance activities, including refinements to take into account a wider set of macroeconomic forces. For example, this year, climate considerations were further incorporated into IMF surveillance activities, including through the publication of Staff Climate Notes. The IMF also adopted its first comprehensive strategy for mainstreaming gender to help its members address macroeconomically significant gender gaps.

Capacity Development

Through capacity development, the IMF helps countries build strong institutions and boost skills to formulate and implement sound macroeconomic and financial policies. In FY 2023, the IMF trained more than 15,000 country officials, conducted more than 2,000 CD visits involving more than 1,500 experts, and delivered more than 500 training courses in seven languages. The 2023 Review of the Fund's CD Strategy aims to follow up on a 2018 review and modernize the IMF's management, administration, and delivery of CD.

[1] In addition, four other countries, namely, Bangladesh, Benin, Mauritania, and Papua New Guinea also benefited from GRA financing (EFF) in the context of blended Poverty Reduction and Growth Trust (PRGT)/GRA arrangements.

Ukraine's New IMF-Supported Program

On March 31, 2023, the IMF's Executive Board approved a financial arrangement for Ukraine amounting to $15.6 billion over four years through 2027. The arrangement, under the Extended Fund Facility, is part of an international $115 billion financial package for the same four-year period, intended to support the authorities' policies with respect to stabilizing the economy as war continues and to entrench more expansive reforms to speed recovery once the war winds down.

The newly approved arrangement under the Extended Fund Facility is the third and final stage of a strategy developed with the authorities to support Ukraine. The first stage was emergency financing totaling $2.7 billion through the Rapid Financing Instrument in 2022. The second stage was a four-month Program Monitoring with Board Involvement, approved in December 2022. The authorities' strong performance during the second stage paved the way toward the full-fledged IMF program.


Barbados

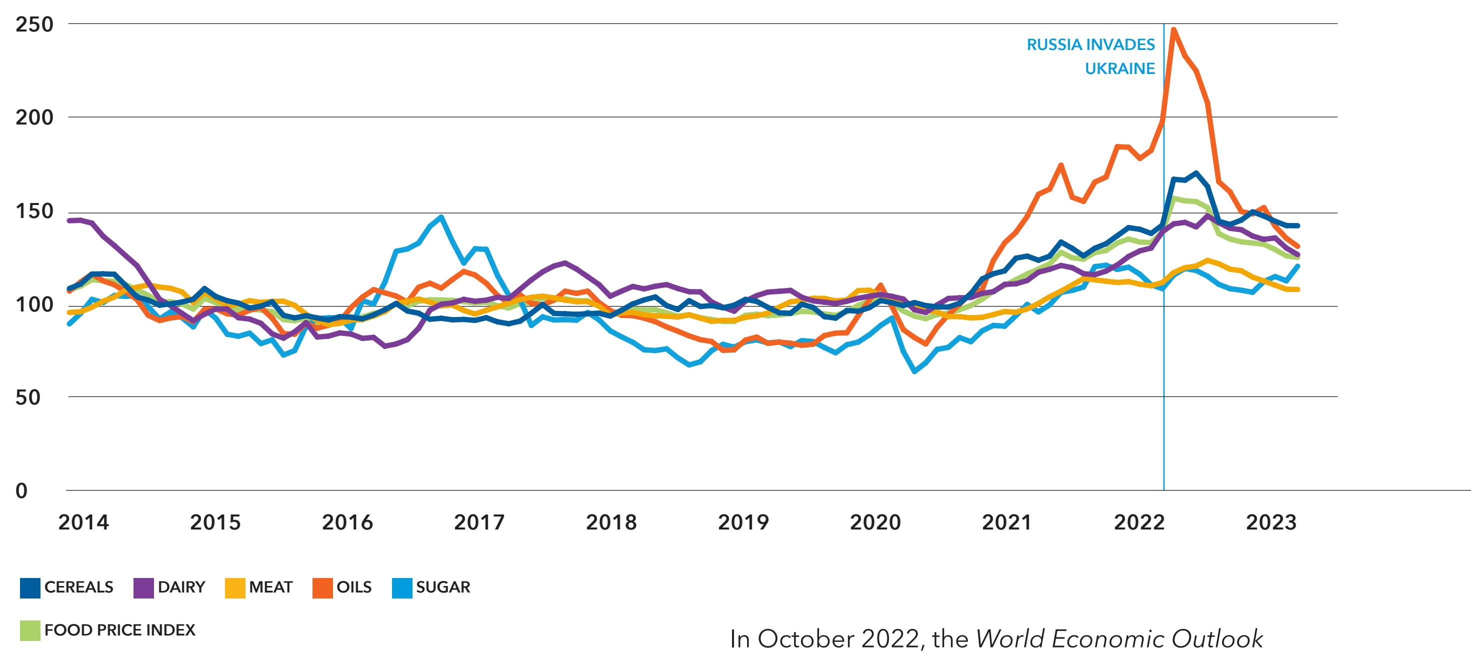
COST OF LIVING CRISIS

Countries contend with high inflation and commodity prices, many with IMF support.

A combination of climate shocks and the pandemic disrupted food and energy production and distribution, driving up costs for people around the world. For many member countries, Russia's invasion of Ukraine worsened an already difficult situation by pushing the prices of energy, food, and fertilizers even higher and exacerbating energy and food shortages. Although global food and energy prices have fallen from their peak levels in mid-2022, domestic prices and the risks to food production remain elevated in many economies, hurting mostly poorer households. More broadly, although inflation has been declining in response to many central banks' interest rate hikes, most countries still face elevated headline and core inflation.

Figure 1.2 Real Food Price Indices

(2014–16 = 100)



Food prices remain elevated even after retreating from their record highs in early 2022.

Source: United Nations Food and Agriculture Organization (FAO).

Note: The period 2014–16 was chosen as the base as it was considered the most representative period for most markets in the past 10 years. A three-year period is chosen to minimize the impact of variation in both internationally traded prices and quantities.

Coping with Inflation

Governments have faced difficult trade-offs in tackling high food and energy prices, as well as core inflation pressures, with policy buffers reduced after years of pandemic relief spending.

Monetary policymakers should remain focused on bringing inflation down but stand ready to adjust quickly to financial developments, the April 2023 *World Economic Outlook* noted. The April 2023 *Fiscal Monitor* assessed how fiscal policy can do its part to support monetary policy in facilitating disinflation while protecting the most vulnerable.

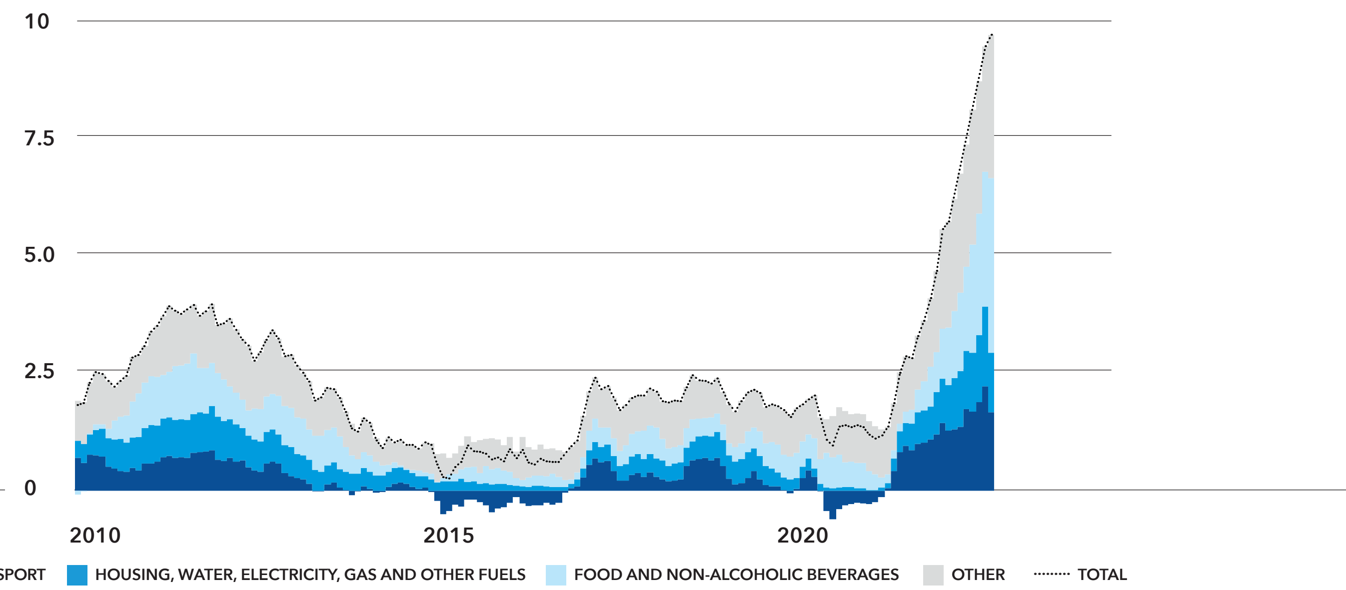
In October 2022, the *World Economic Outlook* and *Fiscal Monitor* highlighted key principles for formulating an appropriate fiscal response to the cost of living crisis. These include ensuring fiscal policy does not work at cross-purposes with monetary authorities' efforts to bring down inflation; using targeted and temporary transfers to support vulnerable households instead of price controls, untargeted subsidies, and export bans; and safeguarding investment in human capital, digitalization, green energy, and supply-chain diversification.

Food Insecurity

The IMF heightened its efforts to help tackle the global food crisis. Countries in sub-Saharan Africa have been most affected, with food prices surging by an average of 24 percent in 2020–22, the largest increase since the 2008 global financial crisis. The most vulnerable countries face severe macroeconomic challenges exacerbated by weak institutions and fragile sociopolitical environments.

Figure 1.3 Inflation Drivers

(percent, median inflation rate)



Rapid increases in food prices have been one of the main drivers of quickening inflation around the world.

Source: IMF CPI database and IMF staff calculations.

Note: Chart shows median total inflation and in select categories across 88 countries, including 28 advanced economies and 60 emerging and developing economies.

IMF Financing and Food Shock Window

Since May 2022, the IMF has approved new upper-credit-tranche-quality arrangements or augmentations of those that already exist for eight countries facing acute food insecurity. Seven countries have benefited from new programs (Bangladesh, Benin, Cabo Verde, Mauritania, Mozambique, Sri Lanka, Zambia), and Kenya's program has been augmented. The programs help countries address a broad range of balance of payments needs while strengthening social safety nets, including policies to help address the impact of the food crisis.

To provide a new channel for emergency financing to member countries that have urgent balance-of-payments needs related to the food crisis, the Executive Board approved a new temporary FSW in September 2022. Six countries—Burkina Faso, Guinea, Haiti, Malawi, South Sudan, and Ukraine—had accessed this financing as of April 30, 2023, for a total of about SDR 1.4 billion (or $1.8 billion). The Executive Board also amended the policy for Staff-Monitored Programs to allow Program Monitoring with Board Involvement in October 2022. The change allows the Board to provide opinions on whether a member's policies are sufficiently robust to meet the program's objectives and monitor program implementation, including policies aimed at facilitating the transition to an upper-credit-tranche-quality IMF-supported program.

The IMF collaborates closely with partners to strengthen the international response to high food prices, including the Food and Agriculture Organization, World Bank, World Food Programme, and World Trade Organization.

Philippines

PUBLIC DEBT

The IMF works with member countries to better support them in addressing debt sustainability and restructuring challenges.

The world's public debt fell from 100 percent of GDP in 2020 to 92 percent of GDP in 2022, supported by strong real GDP growth, inflation surprises, and the withdrawal of fiscal support measures related to the effects of the COVID-19 pandemic. However, global public debt is projected to rise again beginning in 2023, according to the IMF Global Debt Database and April 2023 World Economic Outlook database.

Debt vulnerabilities and risks remain elevated, with emerging market economies and low-income countries especially affected. Among the former, 25 percent are at high risk and facing "default-like" spreads on their sovereign debt. Among low-income countries, about 15 percent are in debt distress, and an additional 45 percent are at high risk of debt distress; many of these countries operate in a complex environment marked by a more diverse creditor landscape. As noted in "Macroeconomic

LOW-INCOME COUNTRIES WOULD NEED

$440 BILLION

FOR THE PERIOD 2022–26

TO RESUME AND ACCELERATE

THEIR INCOME CONVERGENCE WITH ADVANCED ECONOMIES.

Developments and Prospects in Low-Income Countries—2022," these countries would need $440 billion in additional financing for the period 2022–26 to resume and accelerate convergence of their incomes with those of advanced economies. In response to these challenges, the IMF has been working within its policy frameworks to help its members deal with debt issues.

The Role of the IMF

The IMF is helping countries address large financing needs to prevent debt crises or, for countries already in debt distress, to restore economic and financial stability. Most IMF liquidity support has been delivered through programs, emergency assistance, and an SDR 456.5 billion allocation in August 2021 (equivalent to about $650 billion at the time). The IMF also supports member countries' efforts to work with their creditors to address debt distress in the context of a Fund-supported program. The IMF plays a key role in defining the financing envelope (or debt relief envelope) and providing a rigorous and well-articulated view of a country's macro-financial stability and a clear bottom line on its debt sustainability prospects.

The IMF has also adapted its sovereign arrears policies and perimeter, which govern the conditions under which the IMF can lend to countries that are running arrears to their official and private creditors. These policies seek a balance between encouraging the resolution of arrears and allowing the IMF to support members in need that are taking appropriate steps to resolve their arrears. Changes to IMF sovereign arrears policies approved by the Executive Board in May 2022 reflect the new realities of a more complex creditor landscape and the membership's call to increase debt transparency. The Executive Board also approved changes to its financing assurances policies in the context of upper-credit-tranche IMF financing under exceptionally high uncertainty to remove existing barriers to designing an upper-credit-tranche program in such situations.

Group of Twenty Common Framework

The Group of Twenty (G20) Common Framework has begun to deliver on its potential. Four requests have been made (by Chad, Ethiopia, Ghana, and Zambia). Chad reached an agreement with its official and private creditors in mid-November 2022 on debt restructuring consistent with the parameters of its IMF-supported program. The restructuring will provide actual debt-service relief (in 2024) and protection against downside risk, including a potential drop in oil prices. As of April 30, 2023, Ghana and Zambia have made important progress toward debt restructuring, with financing assurances provided by all of its official creditors, paving the way for Extended Credit Facility arrangements for both countries. However, overall progress on debt restructuring has been slower than desired, and the process is not yet complete.

Global Sovereign Debt Roundtable

Launched in February 2023 by the IMF in coordination with the World Bank and India's G20 presidency, the Global Sovereign Debt Roundtable brings together key stakeholders involved in sovereign debt restructuring to foster consensus on debt and debt-restructuring challenges and how to address them, These stakeholders include traditional creditors that are members of the Paris Club; new creditors such as China, India, and Saudi Arabia; the private sector; and borrowing countries. It aims to support, rather than replace, existing restructuring mechanisms such as the G20 Common Framework by fostering greater common understanding of concepts and principles.

The Global Sovereign Debt Roundtable meeting on April 12, 2023, brought together public and private sector creditors, as well as borrowers, with the common purpose of accelerating the debt-restructuring process. The meeting resulted in tangible progress on debt restructuring. There were three positive outcomes: (1) an agreement on improving information sharing of macroeconomic projections and debt sustainability assessments at an early stage of the debt-restructuring process; (2) a common understanding of the role that multilateral development banks can play, notably through the provision of net positive flows of concessional financing; and (3) a clearly defined work plan, including a workshop on how to assess and enforce comparability of treatment.


Ghana

RESILIENCE TO SHOCKS

The IMF helps countries strengthen their resilience to shocks and bolster their institutions.

Resilience is essential for economic stability and prosperity, but it is at risk from global shocks and pressures, including global financial stresses, commodity price volatility, geopolitical events, pandemics, and climate change. Resilience also depends on sound policymaking and implementation, supported by solid institutions.

Climate Change

This year, the macroeconomically critical issue of climate change has become an increasing focus of the IMF's work, both on policy instruments, surveillance, and CD products, and in working directly with countries.[1]

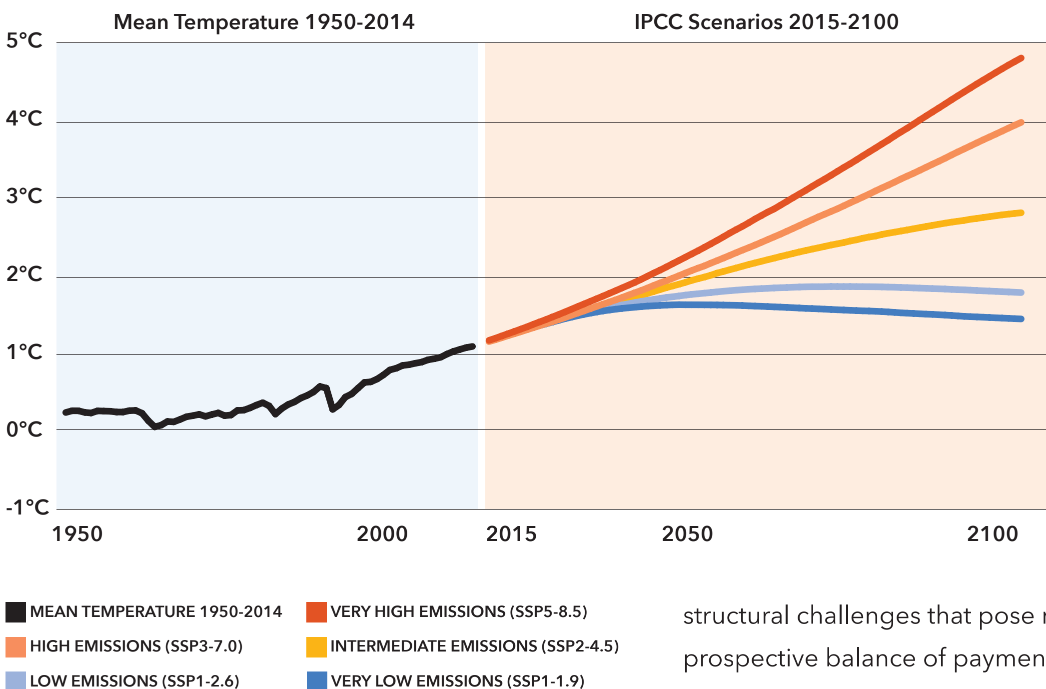
The IMF has been helping countries narrow gaps between existing and needed policies to achieve the Paris Agreement's temperature goals, including providing advice on carbon pricing and fossil fuel subsidies. It is reviewing its Climate Macroeconomic Assessment Program, which aims to assist countries, especially small and low-income countries, in building resilience and developing policy responses to cope with the economic impact of climate change. A new climate module adds a climate-responsive dimension to the IMF's Public Investment Management Assessment framework and assesses countries' capacity to manage climate-related infrastructure. The IMF staff issued operational guidance to governments on how to integrate climate-friendly perspectives into public financial management practices and processes and provided member countries with a number of CD initiatives. And the IMF and World Bank developed the Climate Policy Assessment Tool to identify optimal mitigation policy design.

The IMF has been working with its international partners to develop a high-level work plan for a new Data Gaps Initiative that includes recommendations for addressing priority needs related to climate

[1] The IMF has also carried out analytical work on climate change. For instance, the October 2022 *World Economic Outlook* included analysis of the near-term macroeconomic impact of decarbonization policies, finding that if the right measures are implemented immediately and phased in gradually over the next eight years, the costs will remain manageable and are dwarfed by the innumerable long-term costs of inaction. The October 2022 *Global Financial Stability Report* assessed the challenges and opportunities associated with scaling up private climate financing in emerging market and developing economies.

Figure 1.4 Uncertain Future

(temperature change in °C, scenarios used by the IPCC)



There is significant uncertainty about the trajectory of global emissions and as a result global warming.

Source: IPCC, 2021 Summary for Policymakers.
Note: Global surface temperature change relative to period 1850 –1900.

change data, digital money, and other areas. To assist with data needs, the IMF expanded the suite of indicators available on its Climate Change Indicators Dashboard and added more user-friendly tools for accessing the data.

The World Bank–IMF Secretariat to the Coalition of Finance Ministers for Climate Action brings together fiscal and economic policymakers from more than 80 countries in leading the global climate response and in securing a just transition toward low-carbon, resilient development.[2]

Resilience and Sustainability Trust

Designed to help low-income and vulnerable middle-income members address longer-term structural challenges that pose risks to their prospective balance of payments stability, the RST became operational in October 2022. The RST is intended to help member countries address longer-term challenges—including climate change and pandemic preparedness. The reforms implemented under the RSF arrangements, which are linked to concurrent IMF programs, help countries build resilience to external shocks by reducing risks to prospective balance of payments stability, including those related to climate change and pandemics. They also help create an environment conducive to private climate financing. During FY 2023, the Executive Board approved five RSF arrangements supported by the RST (for Bangladesh, Barbados, Costa Rica, Jamaica, and Rwanda) for a total of about $3.4 billion. Demand for RSF arrangements is strong and front-loaded: more than 40 additional eligible countries across different regions and income groups have expressed interest in, or have formally requested, an RSF arrangement.

RST resources depend on voluntary contributions from IMF members with strong external positions.

[2] The IMF engages in the Coalition's substantive work throughout the workstreams dedicated to carbon pricing (HP3), macroeconomic policy and public financial management (HP4), and financial policy (HP5) and in cross-cutting work on adaptation.

Philippines

Fundraising for the RST aims to secure SDR 33 billion (about $42 billion) in contribution agreements that include loan resources to meet expected loan demand as well as for adequate reserve coverage. As of April 30, 2023, pledges of SDR 25.5 billion (about $34.3 billion) had been received from 15 countries via contribution agreements that include loan resources; pledges of SDR 5.1 billion (about $6.9 billion) in stand-alone contributions (without loan resources) from two countries had also been received to bolster the RST's reserves. Additional pledges are needed to cover a significant shortfall in loan resources to meet demand in 2023–24 and in the medium term.

Strengthening Institutions

The IMF has continued to collaborate with its member countries to strengthen their institutions and policies that support economic resilience. For example, the review of the Framework for Enhanced Engagement on Governance reaffirms the criticality of strengthening governance and addressing macroeconomically crucial corruption issues in domestic and transnational contexts. To strengthen government institutions and skills, the IMF is assessing its CD work, focusing on strategy, funding, delivery, and impact.

Other strategies are also underway. Working with its members, the IMF is implementing a strategy for fragile and conflict-affected states that is designed to strengthen its efforts to deliver more robust support tailored to these countries' constrained policy space. The IMF is also implementing a government technology ("GovTech") strategy to support the digital transformation of government fiscal operations and policy.[3] In addition, the IMF has issued guidance to support sound policymaking and implementation—for example, the *PIMA Handbook: Public Investment Management Assessment*.

Efforts to put in place effective policies for crypto assets are now a key policy priority, following the failure of various exchanges and other actors within the crypto ecosystem and the collapse of some crypto assets. In response, the IMF assessed the elements of effective policies in regard to crypto assets, noting the need for a comprehensive, consistent, and coordinated response.

[3] An IMF Staff Discussion Note found that digitalization helped shield productivity during the COVID-19 pandemic, but there was no significant structural change.

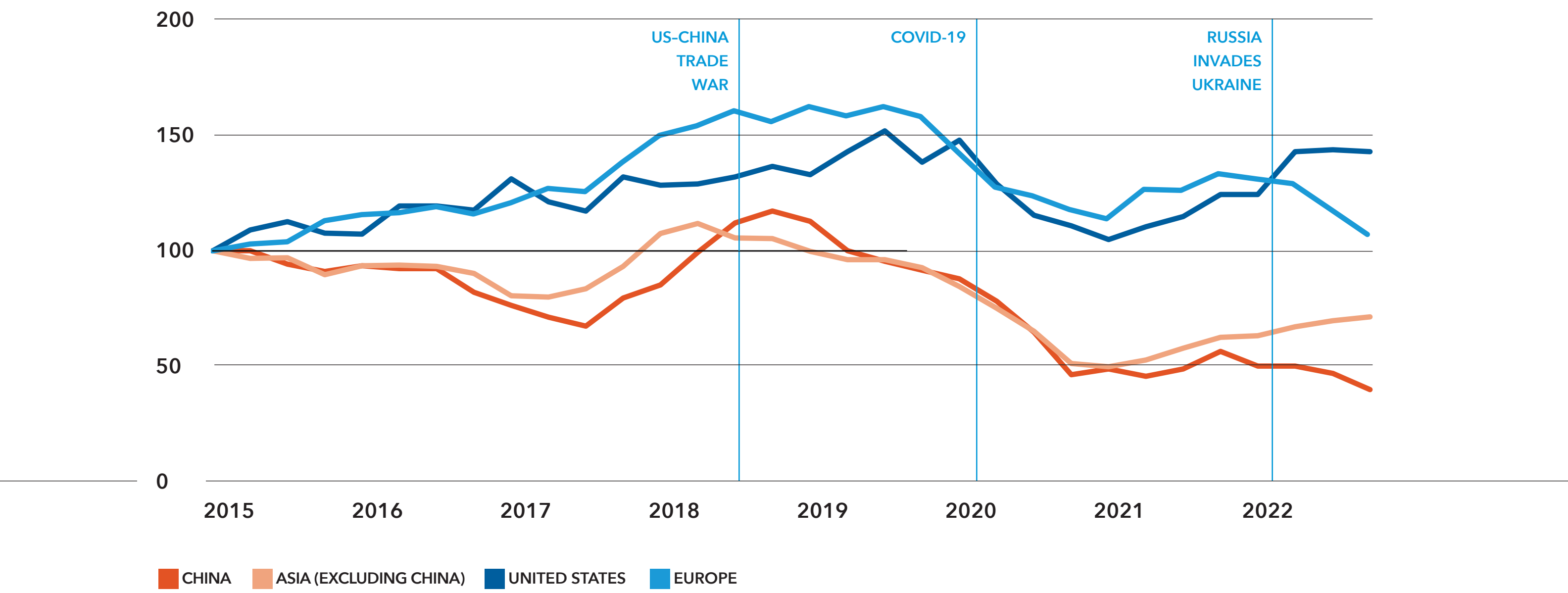
INTERNATIONAL COOPERATION

The host of complex challenges currently facing the world calls for a shared and coordinated response.

Three decades of increasing global economic integration boosted productivity and living standards, tripled the size of the global economy, and lifted 1.3 billion people out of extreme poverty. But the world now faces the risk of geoeconomic fragmentation. Since the global financial crisis, global flows of goods and capital have leveled off and trade restrictions have surged; the COVID-19 pandemic and Russia's invasion of Ukraine followed, which further tested international relations and increased skepticism about the benefits of globalization. A Staff Discussion Note published in January 2023 explored the ramifications of geoeconomic fragmentation and its consequences for the international monetary system and global financial safety net.

Figure 1.5 FDI Fragmentation

(number of investments, four-quarter moving average, 2015:Q1 = 100)



Foreign direct investment flows in strategic sectors are diverging across regions, with China losing market share.

Sources: fDi Markets; and IMF staff calculations.

Germany

The April 2023 *World Economic Outlook* found that multilateral efforts to preserve global integration are the best way to minimize the large and widespread economic costs from fragmentation of foreign direct investment, which are estimated at about 2 percent of global GDP over the long term. When multilateral action is not feasible, it is essential to mitigate the spillover effects of unilateral policies. In a more fragmented world, some countries could reduce their vulnerability by promoting private sector development, while others could take advantage of the diversion of investment flows to attract new foreign direct investment by undertaking structural reforms and improving infrastructure.[1]

The April 2023 *Global Financial Stability Report* emphasized that policymakers should devote resources to assessing, managing, and mitigating

[1] Geoeconomic fragmentation was also the topic of an analytical chapter of the April 2023 *Regional Economic Outlook: Sub-Saharan Africa.*

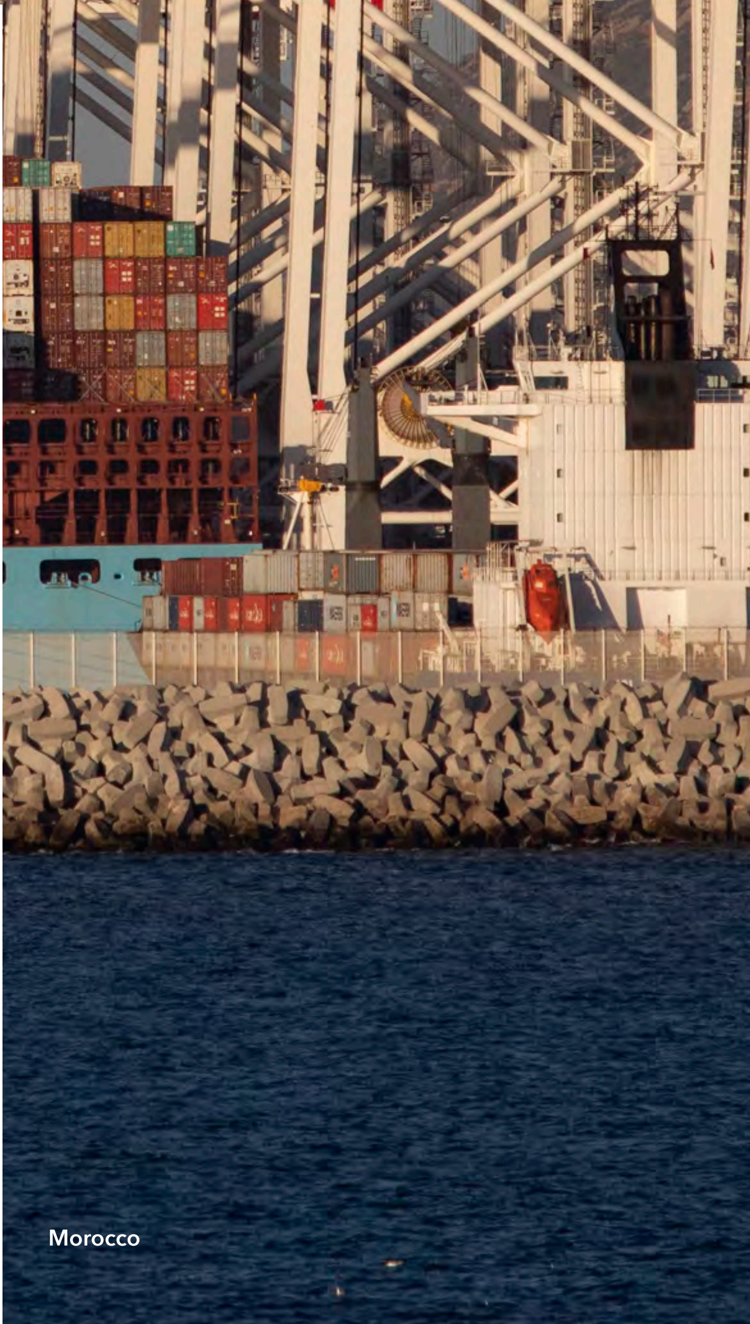
financial stability risks associated with the rise in geopolitical tensions. To mitigate rising geopolitical risks, financial institutions need adequate capital and liquidity buffers, and the global financial safety net needs to be strong and adequate. Given the significant risks to global macro-financial stability, multilateral efforts should be strengthened to reduce geopolitical tensions and prevent economic and financial fragmentation.

Other priorities are also critical for restoring trust that the rules-based global system can work well for all countries, including strengthening trade to increase resilience and modernizing the international monetary system.

Trade

The Executive Board reviewed the role of trade in the IMF's work and agreed on an agenda to reinvigorate the organization's role with respect to trade to help countries address key trade-related challenges.

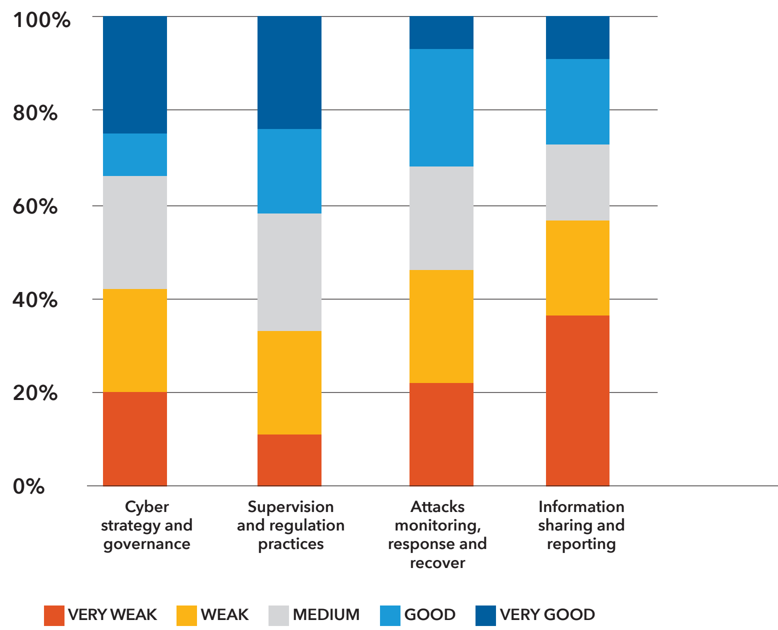
Next steps include using a macroeconomic perspective to identify major trade-related developments and risks and promoting policy



Morocco

Figure 1.6 Cyber Gaps

(state of cyber risk oversight at supervisory authorities, share of surveyed countries)



Weak defenses against attacks put the financial sector at risk, but collective action could help thwart these costly threats.

Source: IMF staff survey, state of play at supervisory authorities.

Note: IMF staff surveyed 51 emerging markets and developing economies between December 2021 and March 2022. The classification of the practices are based solely on survey responses and do not include qualitative evaluation by IMF staff.

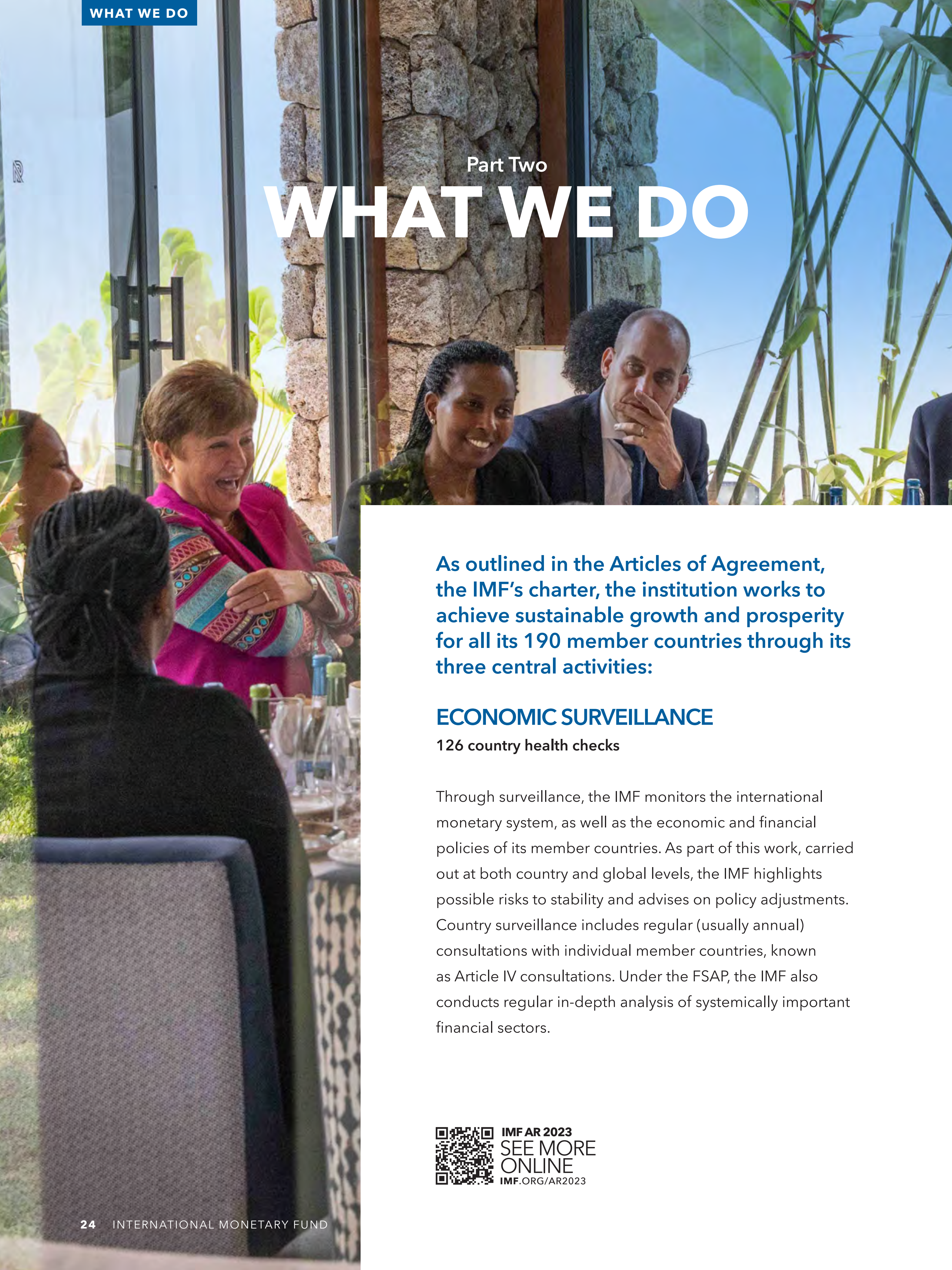
coherence between trade and non-trade objectives such as climate, inequality, and security. Development of policy advice tailored to each country's needs is essential, including domestic policies to ensure that gains from trade and technological progress are widely shared. The IMF will continue to advocate for open, stable, and transparent trade policies and a strong multilateral trade system that oversees these policies. Enhanced trade-related collaboration with other international organizations, especially the World Trade Organization, will be key to achieving these goals.

Digitalization

While a revolution in digital technology and telecommunication has had an outsize impact on financial services and payments in the past three decades, progress on cross-border payments has been slower.

Coordination and interoperability of new central bank digital currencies and other digital platforms can help prevent fragmentation of payment systems and support greater payment efficiency and financial inclusion. Globally coordinated regulation of digital services and development of global standards can help minimize the risks from new digital technologies.

In particular, policymakers should consider a multifaceted strategy to preserve the effectiveness of capital flow management measures against crypto-asset-related challenges. This means ensuring that crypto assets are covered by capital flow management laws and regulations, supervised through international collaborative arrangements, and subject to technology-based risk monitoring.



Part Two

WHAT WE DO

As outlined in the Articles of Agreement, the IMF's charter, the institution works to achieve sustainable growth and prosperity for all its 190 member countries through its three central activities:

ECONOMIC SURVEILLANCE

126 country health checks

Through surveillance, the IMF monitors the international monetary system, as well as the economic and financial policies of its member countries. As part of this work, carried out at both country and global levels, the IMF highlights possible risks to stability and advises on policy adjustments. Country surveillance includes regular (usually annual) consultations with individual member countries, known as Article IV consultations. Under the FSAP, the IMF also conducts regular in-depth analysis of systemically important financial sectors.

IMF AR 2023
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IMF.ORG/AR2023

Rwanda

LENDING

$74 billion to 36 countries, including about $11 billion to 21 low-income countries, for a total of $294 billion to 96 countries since the start of the pandemic

The IMF provides financing to member countries experiencing actual, potential, or prospective balance-of-payments needs 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

$337 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 CD is delivered in person and remotely by IMF staff members, short-term experts, long-term in-country resident advisors, and advisors at regional CD centers, as well as through classroom training, hands-on workshops and seminars, and free online courses.

ECONOMIC SURVEILLANCE

Morocco

Through activities referred to as "surveillance," the IMF monitors the international monetary system and global economic developments, while also engaging in regular health checks of the economic and financial policies of its 190 member countries. In addition, the IMF highlights stability risks to its member countries and advises their governments on potential policy adjustments. This work supports the international monetary system in pursuing 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 and more consistent analysis of how one country's policies affect other countries, that is, "spillovers."

In today's challenging global economic environment, timely and tailored surveillance remains vital to share lessons and provide members with well-calibrated policy advice. There is a need for a consistent policy mix tailored to country circumstances that recognizes trade-offs and is geared toward dealing with high uncertainty.

Bilateral Surveillance

Article IV consultations consist of a two-way policy dialogue between the IMF and country authorities and cover a range of critical issues: fiscal, financial, foreign exchange, monetary, and structural.
In FY 2023, the IMF conducted 126 Article IV consultations and 9 Financial System Stability Assessments under the FSAP.

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 thematic chapters in these publications. 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.

The IMF also publishes reports on the outlook for regions. These cover regional policy developments and challenges and provide country-specific analysis.

Article IV consultations and Financial System Stability Assessments under the FSAP also discuss issues related to multilateral surveillance, where relevant.

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 conducts its work based on policy papers prepared by the IMF staff. In FY 2023, the IMF published 65 of these policy papers externally. For a comprehensive list of IMF policy papers issued in FY 2023, please visit the *Annual Report* website [imf.org/AR2023].

Multiple Currency Practices

In July 2022, the Executive Board completed its review of the IMF's policy on multiple currency practices. Executive Directors observed that multiple currency practices can be distortionary, create unfair competitive advantage among countries, and hamper trade and investment, particularly over the medium and long term. They agreed that the policy on multiple currency practices should remain a cornerstone of the IMF's legal and policy framework to ensure orderly exchange arrangements and a stable system of exchange rates. They welcomed adjustments to the policy to reflect developments since the most recent review, in the 1980s, so that it does not discourage good practices in foreign exchange markets and is better aligned with the IMF's other policies (including the policy on exchange restrictions and the Institutional View on the Liberalization and Management of Capital Flows), while ensuring that it continues to address policy actions that are considered impermissible under the new policy.

Mauritania

Mainstreaming Gender

In July 2022, the IMF adopted its first comprehensive strategy for mainstreaming gender to help its members address macroeconomically significant gender gaps. The strategy recognizes that macroeconomic and financial policies affect women and men differently, often unintentionally. The IMF is helping policymakers identify and remedy biases of this type by applying a gender lens to its main activities: surveillance, lending, and capacity development.

Under the new strategy, the IMF will work with its 190 members and external partners both to expand the breadth of its policy recommendations and to bring greater rigor to its analysis to help more countries tailor and deploy policies to address gender inequality.

Since the launch of the strategy, the IMF has examined gender issues in more than 15 countries, provided tailored technical assistance on gender budgeting in 5 countries, released the Gender Data Hub to facilitate staff analysis, and offered newly developed internal and external courses on gender and macroeconomics.

Over time, gender-sensitive macroeconomic and financial policies will result in higher and more inclusive growth, greater economic stability and resilience, and lower income inequality—a dividend not just for women, but for societies as a whole.

LENDING

Ukraine

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.

IMF lending has traditionally fallen into two categories: GRA 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. All loans under the IMF's Poverty Reduction and Growth Trust (PRGT) are currently provided at zero interest. With the operationalization of the RST, there is now a new third lending category, which encompasses a tiered interest rate structure differentiated across country groups, with low-income members benefiting from more favorable terms.

Brief Overview of FY 2023

Policy Initiatives

The IMF has continued to respond to economic challenges stemming from the COVID-19 pandemic and Russia's war in Ukraine with unprecedented speed and magnitude, mostly through emergency financing and program lending.[1] These activities helped protect the lives and livelihoods of people and facilitate adjustment to shocks.

In FY 2023, many countries, especially low-income countries, continued to face a very challenging economic environment, including rising energy prices and food insecurity due to Russia's war in Ukraine. To better support members, especially low-income countries, in coping with these headwinds, on September 30, 2022, the IMF approved a new temporary FSW under its

[1] Including pre-pandemic commitments, as of April 28, 2023, total undisbursed lending commitments and credit outstanding under the GRA were about SDR 194.1 billion; the corresponding total under the PRGT was about SDR 21.2 billion.

emergency financing instruments. The new window was originally approved for 12 months and provides a new channel for emergency financing to member countries that have urgent balance of payments needs due to acute food insecurity, a sharp increase in their food import bills, or a shock to their cereal exports. Access is consistent with actual balance of payments needs and capped at 50 percent of quota; it is additional to the current annual access limits under the Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI). The cumulative access limits under the RFI regular window and the RCF exogenous shock window, which stood at 150 percent of quota, were increased to 175 percent of quota for members that borrow through the FSW.

In October 2022, the IMF also amended its policy for Staff-Monitored Programs to allow for Program Monitoring with Board Involvement, which is available only to (requesting) members that, in addition to seeking to build or rebuild a track record for (upper-credit-tranche) use of IMF resources, would benefit from targeted Executive Board involvement. Countries considering a Staff-Monitored Program are encouraged to request Program Monitoring with Board Involvement if they are the subject of an ongoing concerted international effort by creditors or donors to provide substantial new financing or debt relief or have significant outstanding IMF credit under emergency financing instruments at the time emergency financing is received.

Reflecting the difficult global environment, demand for IMF concessional financing remained high compared to pre-pandemic levels. In FY 2023, the IMF approved about $5.7 billion in new concessional lending commitments to low-income countries, about four times the pre-pandemic annual average. Of the lending commitments approved in the fiscal year for low-income countries, about $0.5 billion were under the FSW, benefiting five low-income countries.

To facilitate an effective response to increasing needs in a period of multiple global shocks, on March 6, 2023, the IMF's Executive Board raised the GRA's annual and cumulative access limits from 145 and 435 percent of quota, respectively, to 200 and 600 percent of quota, respectively. These temporary changes to the GRA's access limits will be in place for 12 months and, if circumstances warrant, the Executive Board may consider extending them further before their expiration. The increase in access limits will allow member countries—particularly emerging market and developing economies—that face increased financing pressures and vulnerabilities

Thailand

THE FUND STEPPED UP ITS WORK TO HELP THE NEARLY 1 BILLION PEOPLE LIVING IN FRAGILE AND CONFLICT-AFFECTED STATES, INCLUDING PROVIDING FINANCING COMMITMENTS OF US$39.1 BILLION SINCE THE ONSET OF THE PANDEMIC.

to access higher IMF financial support without triggering the exceptional access framework.

Access limits under the PRGT, which were raised by 45 percent in 2021, will be discussed as part of the expected comprehensive review of concessional facilities in 2024/25. However, if substantial progress is made with PRGT fundraising toward the SDR 2.3 billion first-stage target for subsidy resources agreed upon in 2021 (see discussion later in this section)—with total pledges of SDR 2 billion or more—access limits under the PRGT will be reviewed at an ad hoc interim review.

The Executive Board's temporary increases to the cumulative access limits under its emergency financing instruments, the RCF and RFI, approved in FY 2022, were set to expire at the end of June 2023 (see Tables 2.1 and 2.2).[2]

On March 17, 2023, the IMF approved changes to its financing assurances policy. The changes apply in situations of exceptionally high uncertainty, involving exogenous shocks that are beyond the control of country authorities and the reach of their economic policies and generate larger-than-usual tail risks. In situations of exceptionally high uncertainty, the IMF can provide emergency financing to meet members' urgent balance of payments needs, provided certain safeguards are met. It is more challenging to provide support through an upper-credit-tranche arrangement, which requires an IMF-supported program that resolves balance of payments problems, restores external viability over the medium term, and provides adequate safeguards. An SDR 11.6 billion 48-month EFF for Ukraine, approved in March 2023, was the first application of the IMF's new financing assurances policy.

The changes adopted address key barriers to designing an upper-credit-tranche IMF program in situations of exceptionally high uncertainty, in particular by modifying the Fund's financing assurances policies in two ways. The first change allows official bilateral creditors to provide up-front credible assurance about delivering debt relief, debt financing, or both with the delivery of a contingent second-stage element of debt relief, debt financing, or both once the exceptionally high uncertainty has been resolved. This helps establish that medium-term viability is being restored. The second change extends, from emergency financing to an upper-credit-tranche-arrangement context, the use of capacity-to-repay assurances from official bilateral creditors and donors. This helps establish adequate safeguards for the IMF's finances.

[2] In FY 2022, the Board also endorsed the staff's proposal to prepare an exit strategy from the temporary increase in cumulative access limits under emergency financing instruments by the end of June 2023.

Germany

On April 6, 2023, the IMF's Executive Board concluded the combined annual review of the adequacy of the resources of the PRGT; debt relief trusts, including the Catastrophe Containment and Relief Trust (CCRT) and the Heavily Indebted Poor Countries (HIPC) Initiatives; and the RST. The PRGT review found PRGT finances to be under strain owing to substantially stronger demand for PRGT loans and sharply higher interest rates than previously envisioned; since the pandemic began and through the end of April 2023 the IMF has supported more than 50 low-income countries with approval of about SDR 17.3 billion (about $24 billion) in interest-free loans. The PRGT was found to face a shortfall of SDR 1.2 billion (about $1.6 billion) in pledges for subsidy resources and SDR 3.5 billion (about $4.7 billion) for loan resources to complete the first stage of the 2021 funding strategy. Given these circumstances, a multipronged strategy was proposed to strengthen the PRGT's finances through a concerted push to mobilize broad-based contributions to address gaps in subsidy and loan resources before the Annual Meetings in Marrakech, coupled with further steps during the 2024/25 comprehensive PRGT review to put the PRGT on a sustainable footing to deliver sufficient long-term support to low-income countries.

With regard to the RST, the review found demand for RST financing to be strong and front-loaded, highlighting the need for timely delivery of existing pledges as well as additional pledges to reach the fundraising target of SDR 33 billion. Also, in view of increases in the SDR interest rate, the review assessed the implications of adopting an interest rate cap of 2.25 percent for the lowest income group eligible for RST

borrowing. The review concluded that the introduction of such a cap would still enable adequate reserve accumulation, while periodic or ad hoc reviews could adopt corrective action measures if needed.[3]

The review found that the CCRT, which provides grants for debt relief for the poorest and most vulnerable low-income countries hit by catastrophic natural disasters or public health disasters, remains critically underfunded. It has insufficient resources to provide significant relief in the event of a further qualifying disaster.

The IMF stepped up its work to help the nearly 1 billion people living in fragile and conflict-affected states, including providing financing commitments of $39.1 billion since the onset of the pandemic.[4] Building on a new comprehensive strategy adopted in 2022,[5] the IMF distilled well-tailored advice to assist its most vulnerable members, in its "Staff Guidance Note on the Implementation of the IMF Strategy for Fragile and Conflict-Affected States"; expanded its local footprint; deployed more long-term experts; and broadened its engagement with humanitarian, development, and peace actors such as civil society, multilateral development banks, the United Nations, and the World Bank.

In addition, in December 2022, the Executive Board concluded a review, conducted every five years, of the safeguards assessment policy, which had been delayed on account of the pandemic. An external panel of experts provided an independent perspective on the policy's implementation, and Executive Directors recognized the continued importance of the policy to help mitigate the risks of misreporting and misuse of IMF resources. Executive Directors found that the policy remains critical to meeting these objectives and maintaining the IMF's reputation as a prudent lender.

The review also found that the existing framework for the assessment and monitoring of central banks' governance and control mechanisms remains broadly appropriate and proposed enhancements to the safeguards framework to keep pace with evolving developments. The refinements included establishing a stand-alone governance pillar to facilitate broader coverage and discussion of the Board's oversight role and the division of responsibilities among key decision-making bodies to preserve accountability, modalities for fiscal safeguards reviews, deeper evaluation of central banks' risk-management functions and issuances of central bank digital currencies and strengthened outreach to central banks.

[3] The Executive Board approved the introduction of an interest rate cap for the RST's lowest-income borrowers on May 18, 2023.

[4] Between March 2020 and April 2023.

[5] See https://www.imf.org/en/Topics/fragile-and-conflict-affected-states/work-on-fcs.

Lending Overview

Demand for lending and support under the IMF's precautionary facilities remained high in FY 2023. Between May 1, 2022, and April 30, 2023, new requests were approved for about SDR 55.1 billion, focused on the following areas:

Emergency financing under the RFI and RCF, including financing under the FSW: The IMF received, and the Executive Board approved, requests for emergency financing from seven countries for the amount of SDR 1.4 billion (about $1.8 billion), of which about SDR 0.4 billion ($0.5 billion) was disbursed to six low-income countries. In October 2022, Ukraine was the first member to receive emergency financing under the newly established FSW, in an amount of SDR 1 billion.

Building on existing lending arrangements: The IMF also augmented existing arrangements to accommodate urgent new financing needs in the context of ongoing policy dialogue for an amount of SDR 1.3 billion. The Executive Board approved augmentation of arrangements with six members.

New lending arrangements, including precautionary arrangements: The Executive Board approved 20 new non precautionary IMF arrangements with 16 countries. These included 10 arrangements under the Extended Credit Facility for a total of SDR 3.56 billion, 8 under the EFF for a total of SDR 18.8 billion, and 3 under the SBA for a total of SDR 2.2 billion, as well as one PLL arrangement for SDR 0.4 billion.[6] In addition, 5 precautionary arrangements—3 FCLs, 1 PLLs, and 1 Short-Term Liquidity Line (SLL)—were made available to members. In May 2022, Chile was the first member to request an SLL arrangement, which was approved by the Executive Board.

In addition, the Executive Board approved requests for arrangements under the RSF focusing on climate change from five countries: Bangladesh, Barbados, Costa Rica, Jamaica, and Rwanda (totaling about SDR 2.5 billion).

Debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative:[7] On June 17, 2022, the IMF Executive Board approved for a third time interim HIPC assistance for Somalia under the enhanced HIPC Initiative.[8] The approval was in the amount of SDR 0.68 million and was augmented by SDR 0.13 million on April 5, 2023, to fully cover Somalia's eligible financial obligations falling due to the IMF between June 17, 2022, and June 16, 2023.[9]

[6] Under the PLL arrangement approved for North Macedonia (SDR 0.4 billion), the authorities intended to draw half of the available amount (SDR 0.2 billion) and treat the rest as precautionary.

[7] No country requested debt relief under the Catastrophe Containment and Relief Trust during FY 2023.

[8] 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 World Bank Executive Boards determine that a country qualifies for debt relief under the HIPC Initiative, which is the first stage (HIPC decision point). Multilateral and official bilateral creditors may provide interim debt relief on a country's HIPC-eligible debt in the interim period and, when a country meets its commitments, full debt relief is provided, which is the second stage (HIPC completion point).

[9] On March 25, 2020, following Somalia's clearance of its arrears to the IMF, the Executive Boards of the IMF and the World Bank determined that Somalia qualified for debt relief under the enhanced HIPC Initiative and that Somalia had reached its HIPC Initiative decision point. As of April 30, 2023, Somalia had received SDR 2.601 million in interim HIPC assistance to cover 100 percent of its eligible financial obligations falling due to the IMF since the HIPC decision point.

LENDING MAP

FINANCIAL ASSISTANCE APPROVED IN FY 2023

As of April 30, 2023 (millions of special drawing rights)

ASIA AND PACIFIC

6,445.6 M SDR

BANGLADESH
ECF .... 822.8 M SDR
EFF .... 1,645.6 M SDR
RSF .... 1,000 M SDR

PAPUA NEW GUINEA
ECF .... 228.1 M SDR
EFF .... 456.2 M SDR

SRI LANKA
EFF .... 2,286 M SDR

TONGA
RCF ....6.9 M SDR

EUROPE

15,114.3 M SDR

MOLDOVA
AUG of ECF..............64.8 M SDR
AUG of EFF .... 129.5 M SDR

NORTH MACEDONIA
PLL .... 406.9 M SDR

SERBIA
SBA .... 1,898.9 M SDR

UKRAINE
EFF .... 11,608.3 M SDR
RFI .... 1,005.9 M SDR

SDR/USD EXCHANGE RATE

On April 28, 2023: SDR 1 = US$1.34701

Source: IMF, Finance Department.

KEY

AUG - AUGMENTATION
ECF - EXTENDED CREDIT FACILITY
EFF - EXTENDED FUND FACILITY
FCL - FLEXIBLE CREDIT LINE
PLL - PRECAUTIONARY AND LIQUIDITY LINE
RCF - RAPID CREDIT FACILITY
RFI - RAPID FINANCING INSTRUMENT
RSF - RESILIENCE AND SUSTAINABILITY FACILITY
SBA - STAND-BY ARRANGEMENT
SCF - STANDBY CREDIT FACILITY
SLL - SHORT-TERM LIQUIDITY LINE

MIDDLE EAST AND CENTRAL ASIA
7,275.5 M SDR

ARMENIA
SBA .... 128.8 M SDR

EGYPT
EFF .... 2,350.2 M SDR

GEORGIA
SBA .... 210.4 M SDR

JORDAN
AUG of EFF ....75.5 M SDR

MOROCCO
FCL...................... 3,726.2 M SDR

MAURITANIA
ECF ....21.5 M SDR
EFF ....42.9 M SDR

PAKISTAN
AUG of EFF ....720 M SDR

SUB-SAHARAN AFRICA
3,631.2 M SDR

BENIN
ECF .... 161.3 M SDR
EFF .... 322.7 M SDR

BURKINA FASO
RCF ....60.2 M SDR

CABO VERDE
ECF ....45 M SDR

CENTRAL AFRICAN REPUBLIC
ECF .... 141.7 M SDR

THE GAMBIA
AUG of ECF..............15.6 M SDR

GUINEA
RCF ....53.6 M SDR

GUINEA-BISSAU
ECF ....28.4 M SDR

KENYA
AUG of ECF........... 162.8 M SDR

MALAWI
RCF ....69.4 M SDR

MOZAMBIQUE
ECF .... 340.8 M SDR

RWANDA
RSF .... 240.3 M SDR

SENEGAL
AUG of SBA..............86.3 M SDR
AUG of SCF..............43.2 M SDR

SOUTH SUDAN
RCF ....86.1 M SDR

TANZANIA
ECF .... 795.6 M SDR

ZAMBIA
ECF .... 978.2 M SDR

WESTERN HEMISPHERE
22,651.3 M SDR

BARBADOS
EFF ....85.1 M SDR
RSF .... 141.8 M SDR

COSTA RICA
RSF .... 554.1 M SDR

CHILE
FCL....................... 13,954 M SDR
SLL......................... 2,529 M SDR

HAITI
RCF ....81.9 M SDR

JAMAICA
PLL .... 727.5 M SDR
RSF .... 574.4 M SDR

PERU
FCL...................... 4,003.5 M SDR

Sri Lanka

Table 2.1 Financial Terms under IMF General Resources Account Credit

This table shows the IMF's major nonconcessional lending facilities. Stand-By Arrangements and extended arrangements under the Extended Fund Facility have long been the institution's core lending instruments. These are supplemented by the Fund's crisis prevention instruments: the Flexible Credit Line and the Precautionary and Liquidity Line. In addition, the IMF provides emergency lending on nonconcessional terms through its Rapid Financing Instrument. The IMF also established the Short-Term Liquidity Line in 2020 to provide a backstop to members with very strong policies and fundamentals.

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 the RFI and the annual access limit to resources in the IMF's General Resources Account, which

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 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 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, and to boost market confidence during a period of heightened risks	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, and to boost market confidence during a period of heightened risks	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 arrangements)
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 SLL arrangements 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 amounts in excess of 575 percent of quota) applies to the amount available for purchase under arrangements (under the SBA, EFF, PLL,

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. In March 2023, General Resources Account annual and cumulative access limits were temporarily increased for a period of 12 months to 200 and 600 percent of quota, respectively.

To better support members in coping with economic challenges, including rising energy prices and food insecurity due to Russia's war in Ukraine, the IMF approved Food Shock Window arrangements under its emergency financing instruments (the RFI and the Rapid Credit Facility) in October 2022. The Food Shock Window will be available for 12 months.

Access limits[1]	**Charges**[2]	**Repayment schedule (years)**	**Installments**
Annual: 145 percent of quota; because of the extreme uncertainty in the global economy, this limit has been temporarily increased to 200 percent of quota through March 7, 2024 Cumulative: 435 percent of quota; this limit has been temporarily increased to 600 percent of quota through March 7, 2024	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 extreme uncertainty in the global economy, this limit has been temporarily increased to 200 percent of quota through March 7, 2024 Cumulative: 435 percent of quota; because of the extreme uncertainty in the global economy, this limit has been temporarily increased to 600 percent of quota through March 7, 2024	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] cumulative access is increased to 175 percent of quota for members that borrow through the Food Shock Window, but access under the Food Shock Window is fully additional to the annual 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)[4]		Quarterly

and FCL) 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

The IMF has three concessional lending facilities for low-income developing countries.

	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 Terms[2]	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 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 of one to two, with concessional access capped at the applicable norms (all GRA thereafter).		
Precautionary Use Available	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
Concurrent Use	GRA (Extended Fund Facility)	GRA (Stand-By Arrangement) and Policy Support Instrument	GRA (Rapid Financing Instrument); credit under the Rapid Financing Instrument counts toward the RCF access limits

	Extended Credit Facility (ECF)	Standby Credit Facility (SCF)	Rapid Credit Facility (RCF)
Access Policies	In response to members' large and urgent COVID-19-related financing needs, in 2020 and 2021, PRGT access limits were temporarily adjusted several times. 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 General Resources Account (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. The alignment with GRA lasted until March 6, 2023, when the Board raised GRA annual and cumulative access limits temporarily for a period of 12 months. Once substantial progress has been made with PRGT fundraising toward the SDR 2.3 billion first-stage target for subsidy resources agreed upon in 2021—with total pledges of SDR 2 billion or more—access limits under the PRGT will be reviewed at an ad hoc interim review.		
	Norms and Sublimits[3]		
	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 a 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. Annual and cumulative access limits under the exogenous shock window of the RCF are currently at 50 percent and 150 percent of quota, respectively, through the end of June 2023. The cumulative access limit is increased to 175 percent of quota for members that borrow through the Food Shock Window (FSW), but access under the FSW is fully additional to the annual limit. Annual and cumulative access limits under the regular window of the RCF are currently set at 50 and 100 percent of quota, respectively, until the end of June 2023, with an annual access norm and a per disbursement limit of 25 percent of quota. Access under the FSW is fully additional to the annual limit. Annual and cumulative access limits under the RCF's large natural disaster window are currently set at 80 and 183.33 percent of quota, respectively, through the end of June 2023. Access under the FSW is fully additional to the annual limit. 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 Resilience and Sustainability Facility

As the third pillar of IMF lending, the Resilience and Sustainability Trust (RST) complements the General Resources Account and Poverty Reduction and Growth Trust (PRGT) by providing longer-term, affordable financing to low-income and vulnerable middle-income countries, as well as small states, facing longer-term structural challenges that pose risks to prospective balance-of-payments stability.

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 incomes (GNIs) less than 25 times the 2021 International Development Association (IDA) operational cutoff, and all middle-income countries with per capita GNIs less than 10 times the 2021 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. The starting point of access determination is an access norm of 75 percent of quota.
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, which has now lapsed), to allow adequate time for implementation of RSF reform measures, including any necessary technical assistance; repeated use possible subject to access limits.[1]
Concurrent Use	Must have concurrent UCT-quality program.

Source: IMF, Finance Department.

Note: To qualify for a loan under the RSF, a member needs (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.

[1]The Executive Board approved the introduction of an interest rate cap for the RST's lowest-income borrowers on May 18, 2023.

CAPACITY DEVELOPMENT

Senegal

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 member countries to modernize their economic policies and strengthen such institutions by providing demand-driven, tailored technical assistance and training focused on issues that are critical to economic stability and growth.

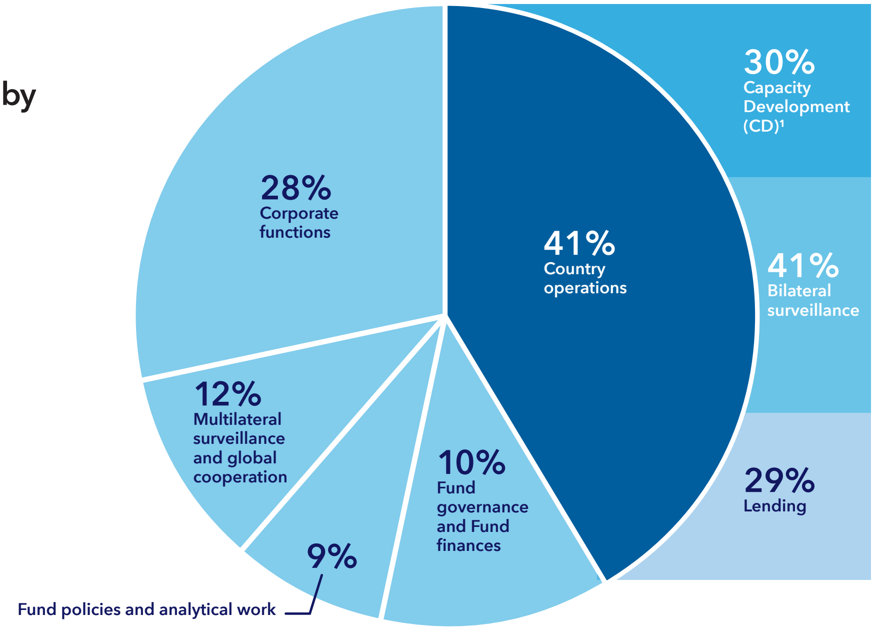
The IMF provides CD—which includes hands-on technical assistance and training, a suite of diagnostic tools and publications, and peer-learning opportunities—so countries can build sustainable and resilient institutions. These efforts are an important contribution to countries' progress toward the United Nations 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, which helps countries design better macroeconomic policies, mobilize revenue, prioritize and manage public expenditure, collect better data, and strengthen bank supervision, as well as tackle cross-cutting issues, such as income and gender inequality, corruption, climate change, and digitalization. The IMF is uniquely positioned to support its membership in these areas, with its global reach,

FIGURE 2.1

IMF Spending by Main Output

FY 2023



Source: IMF staff estimates.

Note: Excludes minor miscellaneous items and travel.

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

institutional experience, and world-class expertise. All IMF members benefit from CD, but a priority is placed on support for fragile and conflict-affected countries.

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 capacity. The IMF works with member countries through a global network of 17 regional capacity development centers, in-country placements of long-term resident advisors, short-term visits by IMF staff members and experts (in person, remotely, or a combination of both—that is, through "hybrid" visits), classroom training, and free online courses. In addition, a variety of publications provide technical information and cross-country analysis useful to country authorities.

The IMF has also supported member countries in strengthening the collection and publication of economic data to improve economic decision-making and boost transparency. In addition, the IMF is working on updating international statistical standards to incorporate advancements in digitalization and globalization, as well as helping find creative solutions to policy challenges—such as using digital technologies to identify and provide cash assistance to vulnerable households; protecting health, education, and social spending; reducing gender gaps; tracking specific categories of expenditure, such as climate spending; and continuing to help countries prepare for the challenges posed by climate change.

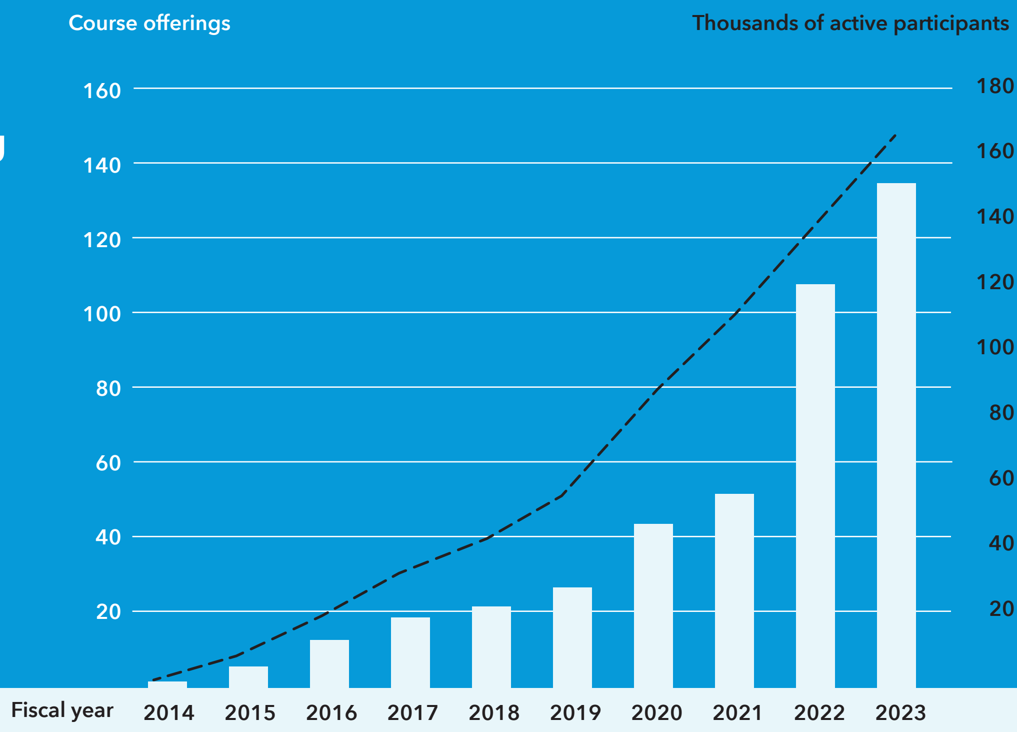
The IMF continues to increase its number of free online courses, with the participation of more than 160,000 cumulative active learners since program inception in 2013, compared with about 60,000 at the end of 2019.

IMF development partners finance more than half of the Fund's CD work. Together, the IMF and its partners strive to help the membership build forward better and work toward a greener, smarter, and more equitable future.

To help maximize the impact of IMF CD on members' ability to conduct effective macroeconomic management and boost their institutional resilience, the IMF regularly reviews its CD strategy. The latest review was concluded in November 2018. On December 5, 2022, the Executive Board discussed a concept note for the 2023 review of the IMF's CD strategy. The note outlines four themes on which the 2023 CD strategy review will center: (1) enhancing the strategic and prioritization framework; (2) ensuring that the size, composition, and funding of CD is in line with the proposed framework; (3) modernizing CD delivery; and (4) assessing CD's effectiveness and impact. The 2023 review is expected to conclude by the end of fiscal year 2024.

FIGURE 2.2

The IMF's Online Learning Program



Source: IMF, Institute for Capacity Development.

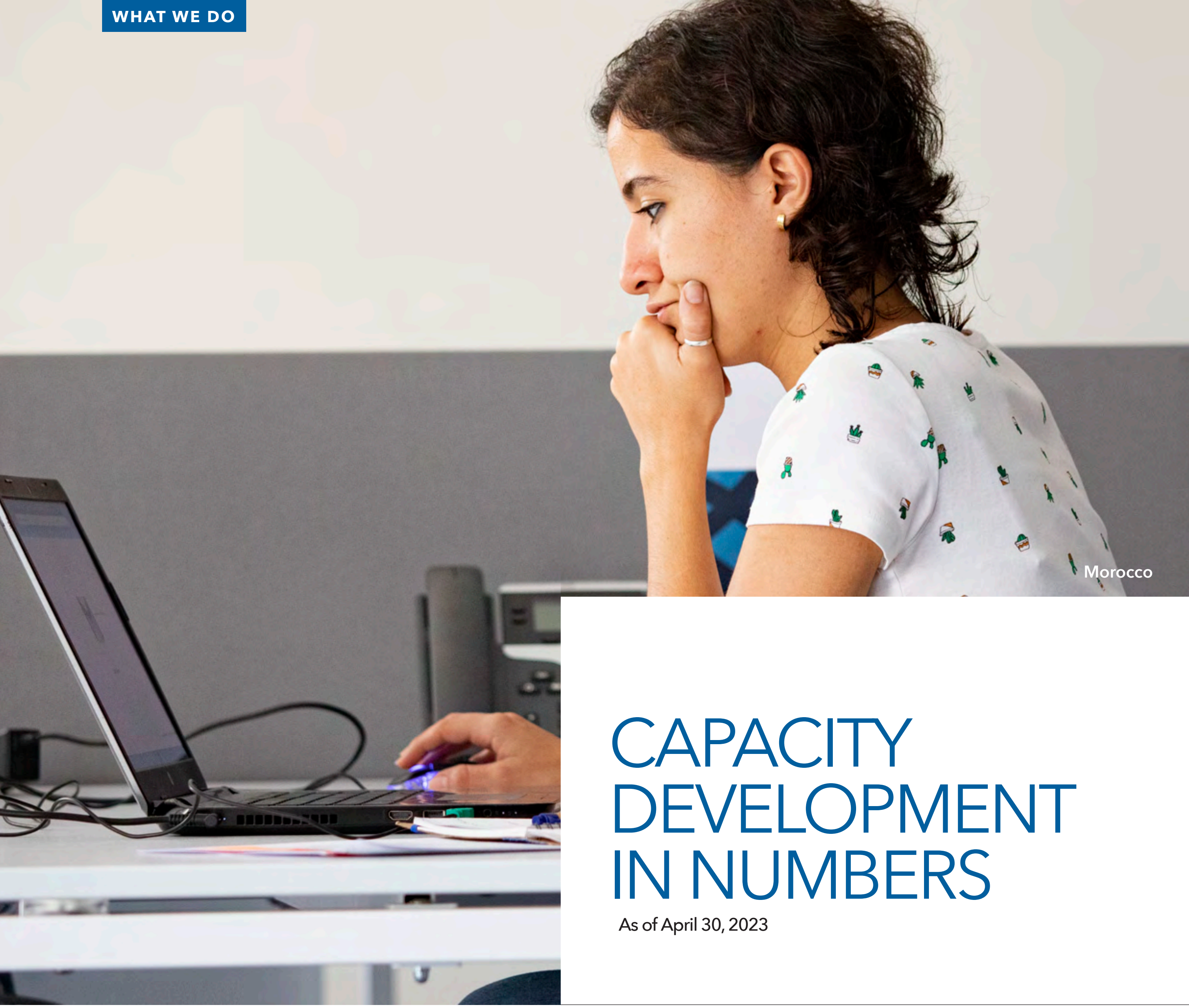
The IMF's online learning program has become an increasingly important CD delivery modality, fueled by high demand from member countries.

The program has expanded substantially over the past year. Participation in online courses has continued to grow, bringing the overall number of cumulative active global learners to more than 160,000 (see figure 2.2). The IMF Institute Learning Channel offers microlearning videos in various areas of IMF expertise and has reached more than 13,500 permanent subscribers and more than 1.2 million individual views.

With more than 85 online courses available to government officials and the general public on the edX online learning platform, the curriculum continues to be enriched in key areas of global interest. New modular courses have been added to the "Virtual Training to Advance Revenue Administration" series (VITARA-HRM, VITARA-CRM) and to the "Macroeconomics of Climate Change" series (MCCx-MS, MCCx-TNZ, MCCx-EA, MCCx-CRFS, MCCx-GPF). New courses on macroeconomic statistics (EDSx, QNAx) are now available. Moreover, the program offers 34 courses in languages other than English, including the first course in Portuguese, making IMF knowledge available in six different languages.

Online training is frequently used in preparation for or in conjunction with classroom training and technical assistance, thus making blended delivery (a combination of asynchronous online learning with tailored, interactive virtual sessions) a promising CD modality. More than a dozen blended training and technical assistance engagements have taken place since the beginning of 2022, including courses in different languages (French and Russian), and several more are under development. There is a strong emerging view that blended learning is paving the way for the new model of CD delivery, and the Institute for Capacity Development remains at the forefront of these innovations.

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.



Morocco

CAPACITY DEVELOPMENT IN NUMBERS

As of April 30, 2023

$337M
for hands-on technical advice, policy-oriented training, and peer learning

510
courses delivered

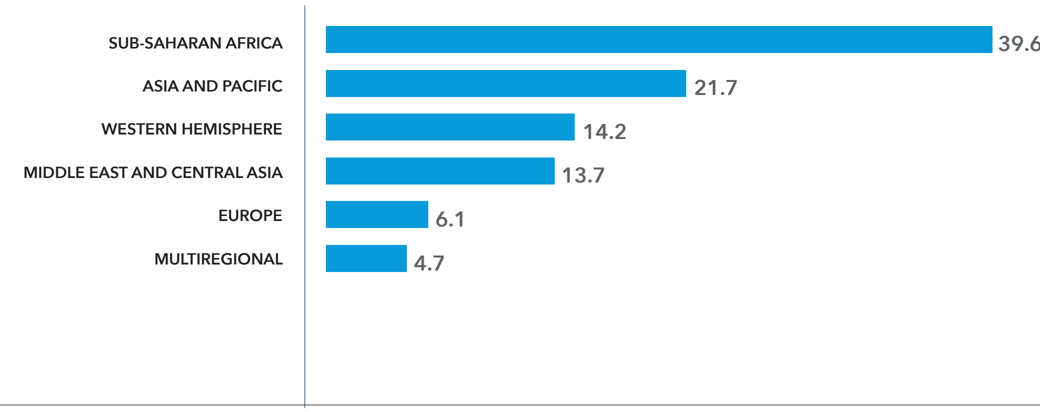
19,817
officials trained

7
training languages offered

2
fragile states among the top 10 recipients of CD

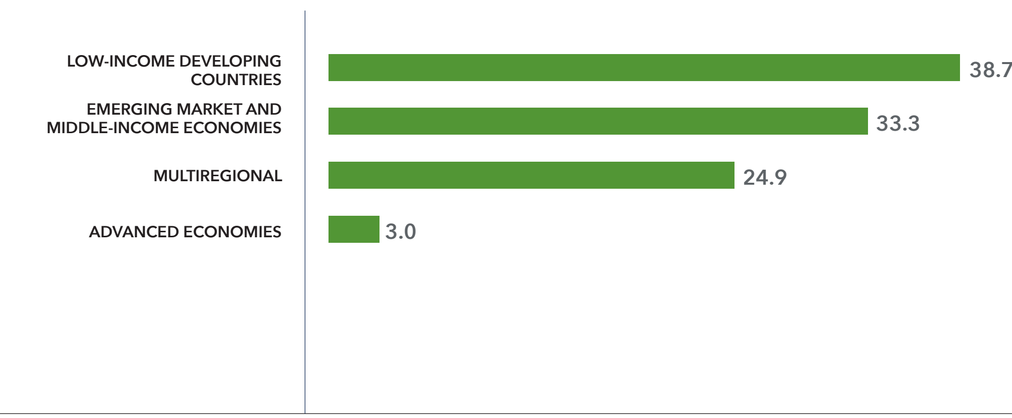
2,273
CD visits, involving 1,694 experts

FIGURE 2.3
CAPACITY DEVELOPMENT DELIVERY BY
REGION
FY 2023
(percentage of total)



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

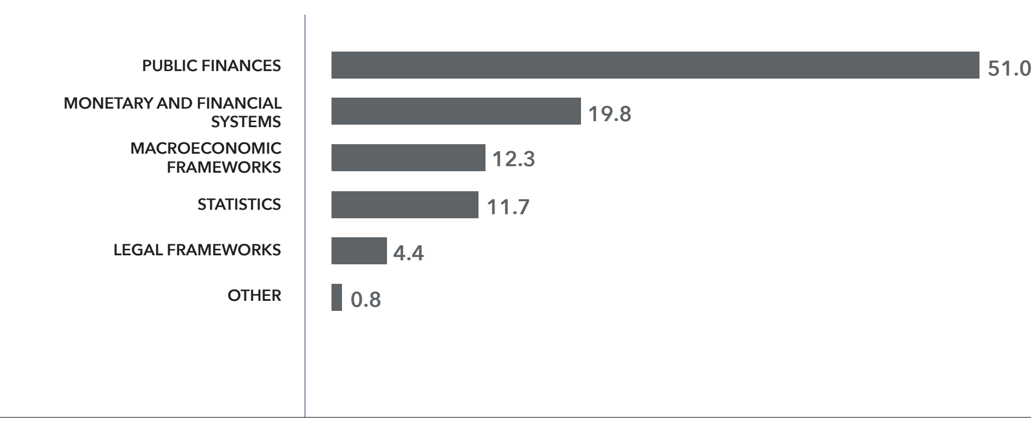
FIGURE 2.4
CAPACITY DEVELOPMENT DELIVERY BY
COUNTRY INCOME GROUP
FY 2023
(percentage of total)



Sources: Capacity Development Management and Administration Program (CDMAP) and IMF staff calculations.

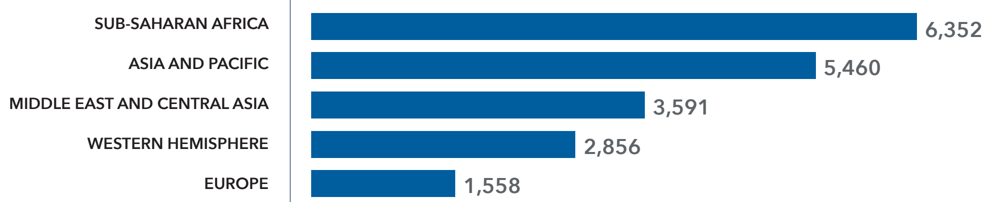
Note: Advanced economies as classified in the April 2023 World Economic Outlook. Low-income developing countries as defined by the IMF. Emerging market and middle-incomes economies comprise those not classified as advanced economies or low-income developing countries.

FIGURE 2.5
DIRECT CAPACITY DEVELOPMENT DELIVERY BY
TOPIC
FY 2023
(percentage of total)



Sources: Capacity Development Management and Administration Program (CDMAP) and IMF staff calculations.

FIGURE 2.6
TRAINING
PARTICIPATION BY PARTICIPANTS' REGION OF ORIGIN
FY 2023
(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 2.7
TRAINING
PARTICIPATION BY INCOME GROUP
FY 2023
(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 2.4.

Top 10 Partners for IMF Capacity Development
(FY 2021–23, by average total of signed agreements in US dollars)

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

Note: Includes support for regional capacity development centers provided directly by host countries.

Top 10 Recipients of IMF Capacity Development
(FY 2023, by total spending in US dollars)

1. Cambodia
2. Sierra Leone
3. Gambia, The
4. Uzbekistan, Republic of
5. Sri Lanka
6. Mozambique, Republic of
7. Vietnam
8. Mongolia
9. Congo, Democratic Republic of the
10. Guinea

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

Top 10 Recipients of Training
(FY 2023, by participant weeks)

1. India
2. Kenya
3. China
4. Zimbabwe
5. Bangladesh
6. Indonesia
7. Cambodia
8. Cameroon
9. Philippines
10. Ghana

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

Table 2.4 Thematic and Country Funds for IMF Capacity Development

As of April 30, 2023

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 the World Bank)	African Development Bank, Austria, European Union, France, Germany, Japan, The Netherlands, Norway, Switzerland, United Kingdom, United States
Financial Sector Stability Fund (FSSF)	China, European Investment Bank, Germany, Italy, Luxembourg, Saudi Arabia, Sweden, Switzerland, United Kingdom
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	Canada, European Union, Italy, United Kingdom
Tax Administration Diagnostic Assessment Tool (TADAT)	France, Germany, Japan, The Netherlands, Norway, Switzerland, United Kingdom

Table 2.5 IMF Regional Capacity Development Centers

As of April 30, 2023

Name	Partners	Member Countries
Africa Training Institute (ATI)	China, European Investment Bank, Germany, Mauritius (host)	45 countries in sub-Saharan Africa are eligible for training
AFRITAC Central (AFC)	Belgium, China, European Investment Bank, European Union, France, Gabon (host), Germany, The Netherlands, Switzerland	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, Tanzania, Uganda
AFRITAC South (AFS)	Australia, China, European Investment Bank, European Union, Germany, Mauritius (host), The Netherlands, Switzerland, United Kingdom	Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Zimbabwe
AFRITAC West (AFW)	Belgium, China, Côte d'Ivoire (host), European Investment Bank, European Union, France, Germany, Luxembourg, The Netherlands, Norway, Switzerland	Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo
AFRITAC West 2 (AFW2)	China, European Investment Bank, European Union, Germany, Ghana (host), Switzerland, United Kingdom	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

Name	Partners	Member Countries
Caribbean Regional Technical Assistance Center (CARTAC)	Barbados (host), Canada, Caribbean Development Bank, Eastern Caribbean Central Bank, European Union, Mexico, The Netherlands, United Kingdom, United States	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 Islands
Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC)	Asian Development Bank, China, Kazakhstan (host), Korea, Poland, Russia, Switzerland	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, Uzbekistan
Central America, Panama, and the Dominican Republic Regional Technical Assistance Center (CAPTAC-DR)	Central American Bank for Economic Integration, Colombia, European Union, Guatemala (host), Luxembourg, Mexico, Norway, Spain	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, 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)	Asian Development Bank, Australia, Canada, European Union, Fiji (host), Korea, New Zealand, United States	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)	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.

CELEBRATING 25 YEARS OF THE IMF REGIONAL OFFICE FOR ASIA AND THE PACIFIC

The year 2022 marked the 25th anniversary of the IMF Regional Office for Asia and the Pacific (OAP) in Tokyo. The office operates as the IMF's interface with the region and has been continuously supporting regional cooperation through policy dialogue, capacity development, and outreach work to bring sustainable growth in this rich and diverse region since its establishment in December 1997.

OAP held two events to commemorate this important milestone in 2022. In July, IMF Managing Director Kristalina Georgieva and Japan's Finance Minister, Shunichi Suzuki, launched a high-level panel discussion on economic policy priorities and international cooperation to reflect on lessons from the past 25 years of economic development in the Asia-Pacific region. Both current and former high-level policymakers discussed the current state and prospects of the regional economy and outlined policy priorities to make the regional economy more resilient and sustainable.

The office also hosted a celebratory event in November with four special guests: IMF Deputy Managing Director Kenji Okamura; Japan's former Prime Minister, Taro Aso; Japan's Finance Minister, Shunichi Suzuki; and Bank of Japan Governor Haruhiko Kuroda. More than 200 guests from various sectors, including relevant ministries and offices, academia, think tanks, and scholars under the OAP-administered Japan-IMF Scholarship Program for Asia, joined the event to celebrate OAP's role as a regional hub for cooperation in Asia and the Pacific. For more information, visit the anniversary website.

Japan

Part Three

WHO WE ARE

United States

IMF
ORG
CHART
IMF.ORG/ORGCHART

The IMF has a management team and 18 departments that carry out its country, policy, analytical, and technical work. A list of the institution's senior officers can be found on page 58, and its organization chart can be found on the IMF webpage: Senior Officials of the International Monetary Fund.


The Netherlands

EXECUTIVE DIRECTORS

AS OF APRIL 30, 2023

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 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 CD efforts.


KRISHNAMURTHY VENKATA SUBRAMANIAN
MARCEL PETER
PAUL HILBERS
PHILIP JENNINGS
ARNAUD BUISSÉ
ROSEMARY LIM
MAHMOUD MOHIELDIN
JOERG STEPHAN
AFONSO BEVILAQUA
JUN MIZUGUCHI
ALFONSO GUERRA
LUIS OSCAR HERRERA

MANAGEMENT TEAM

First Deputy Managing Director
GITA GOPINATH

Deputy Managing Director
KENJI OKAMURA

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.

Managing Director
KRISTALINA GEORGIEVA

Deputy Managing Director
BO LI

Deputy Managing Director
ANTOINETTE SAYEH

Executive Directors and Alternates

As of April 30, 2023

Facinet Sylla Regis N'Sonde Mbuyamu Matungulu	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
Afonso S. Bevilaqua Bruno Saraiva Reshma Mahabir	Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, Trinidad and Tobago
Krishnamurthy Venkata Subramanian Chandranath Amarasekara	Bangladesh, Bhutan, India, Sri Lanka
Abdullah BinZarah Mohamed Alrashed	Saudi Arabia
Arnaud Fernand Buissé Clement Roman	France
Luis Oscar Herrera Sergio Chodos	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay
Federico Giammusso Michael Massourakis	Albania, Greece, Italy, Malta, Portugal, San Marino
Paul Hilbers Vladyslav Rashkovan Luc Dresse	Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, The Netherlands, North Macedonia, Romania, Ukraine
Bahador Bijani Mohammed El Qorchi	Afghanistan, Algeria, Ghana, Iran, Libya, Morocco, Pakistan, Tunisia
Robert Bruce Nicholl Hu Jin Kim Oscar Parkyn	Australia, Kiribati, Korea, Marshall Islands, Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, Vanuatu
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
Zhengxin Zhang Vacant	China
Rosemary Lim Raja Anwar	Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao P.D.R., Malaysia, Myanmar, Nepal, The Philippines, Singapore, Thailand, Tonga, Vietnam
Willie Nakunyada Vuyelwa Vumendlini Adriano Isaias Ubisse	Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, Zimbabwe
Mahmoud Mohieldin Ali Alhosani	Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, Somalia, United Arab Emirates, Yemen
Alfonso Guerra Juan Sebastian Betancur Mora Pablo De Ramon-Laca Clausen	Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Spain
Aleksei Mozhin Sergey Potapov	Russian Federation, Syria
Daniel Palotai Christian Just Mehmet Esat Mert	Austria, Belarus, Czech Republic, Hungary, Kosovo, Slovak Republic, Slovenia, Turkey
Vitas Vasiliauskas Anne Brolev Marcussen	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden
Shona Riach Matt Trott	United Kingdom
Elizabeth Shortino Vacant	United States
Joerg Stephan Hyun-Ju Koh	Germany
Jun Mizuguchi Mikari Kashima	Japan
Marcel Peter Patryk Łoszewski	Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan

Note: Afghanistan, Myanmar, and Venezuela did not participate in the 2022 regular election of Executive Directors and are not represented on the Executive Board during the current Board term (2022–24).

SENIOR OFFICIALS

Senior Officers as of April 30, 2023

Area Departments	
Abebe Selassie	Director, African Department
Krishna Srinivasan	Director, Asia and Pacific Department
Alfred Kammer	Director, European Department
Jihad Azour	Director, Middle East and Central Asia Department
Rodrigo Valdés	Director, Western Hemisphere Department
Functional Departments	
Julie Ann Kozack	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
Albert Kroese	Chief Statistician and Data Officer and Director, Statistics Department
Ceyla Pazarbasioglu	Director, Strategy, Policy, and Review Department
Information and Liaison Offices	
Akihiko Yoshida	Director, Regional Office for Asia and Pacific
Robert Powell	Special Representative to the United Nations
Ashok Bhatia	Director, Offices in Europe
Support Services Departments	
Brian Christensen	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 Fund, Secretary's Department
Offices	
Michele Shannon	Director, Office of Budget and Planning and Office of Transformation Management
Pablo Moreno	Director, Independent Evaluation Office
Nancy Onyango	Director, Office of Internal Audit
Derek Bills	Head, Investment Office
Brenda Boultwood	Director, Office of Risk Management

Morocco

RESOURCES

Budget

In April 2022, the Executive Board authorized a net administrative budget for FY 2023 of $1,295 million, along with indicative budgets for FY 2024 and FY 2025. While continuing a long-standing tradition of fiscal prudence, Executive Directors approved a targeted budget augmentation framework to step up the IMF's work on longer-term global challenges. The real net administrative budget is to increase on average by 2 percent each year during FY 2023 to FY 2025 relative to FY 2022, returning to a flat real budget trajectory thereafter, with a first allocation of $23 million in FY 2023. The gross administrative budget (excluding carryforward) stood at $1,562 million, which included $230 million in external reimbursements for capacity development activities.

The Board also approved a carryforward mechanism for externally funded spending to support the IMF's structural transformation agenda. Total gross available resources for FY 2023 were $1,669 million, which included a $93 million IMF-financed carryforward and a $5 million externally financed carryforward. Capital funding of $78 million was approved for use over three years for building facilities and information technology capital projects.

Actual administrative expenditures in FY 2023 totaled $1,293 million, or 100 percent of the approved net budget and 101 percent for the general budget, excluding Offices of Executive Directors and the Independent Evaluation Office, with the use of some carryforward resources. Capital expenditures in FY 2023 totaled $96 million, including use of previously approved funding. Of this, $38 million was for direct capital spending on facilities, $45 million for IT-related expenditures, and $13 million for cloud-related licenses.

The FY 2023 budget supported the IMF's efforts to address continued crisis needs related to near-term economic and financial challenges and to long-term drivers of global change. It also supported a shift to a hybrid work model and broader modernization of the organization. Savings from internal reprioritization and the pandemic-related travel repurposing were used to help finance these needs. While engagement with authorities remained partially virtual, demand for lending increased, with some members facing complex debt challenges. Financial Sector Assessment Programs and Article IV consultations have fully resumed, and capacity development delivery is closer to pre-pandemic levels. IMF strategies for climate change, digital money, and fragile and conflict-affected states that were approved for FY 2023 by the Executive Board are fully operational.

In April 2023, the Executive Board authorized a net administrative budget for FY 2024 of $1,411 million. This includes $29 million for the second annual augmentation allocation as well as a $7 million allocation for expenses related to the Annual Meetings in Morocco.

Table 3.1 Budget by Major Expenditure Category, FY2022–24

(millions of US dollars)

	FY 2022		FY 2023		FY 2024
	Budget	Outturn	Budget	Outturn	Budget
Net administrative budget	**1,214**	**1,180**	**1,295**	**1,294**	**1,411**
of which					
Annual augmentation	–	–	23	–	**29**
Overseas Annual Meetings	–	–	–	–	**7**
Receipts	**246**	**166**	**268**	**229**	**295**
of which					
RST	–	–	–	–	5
Externally financed[1]	210	141	230	195	250
Gross administrative budget (excl. carryforward)	**1,460**	**1,346**	**1,562**	**1,522**	**1,706**
FY23 Fund-financed carryforward[2]	102	–	93	–	87
FY23 externally financed carryforward	–	–	5	–	5
Other Fund-financed transitional resources[3]	8	–	9	–	9
Total gross available resources	**1,569**	**1,346**	**1,669**	**1,522**	**1,807**
Capital budget	**79**	**90**	**78**	**96**	**108**
Building facilities	24	22	19	38	47
HQ1 renewal		-1			
Information technology	46	60	44	45	41
Cloud capital equivalent	10	9	15	13	20
Memorandum items:					
Net administrative budget in mil. of FY23 dollars	1,272	1,236	1,295	1,294	1,328
Overseas Annual Meetings budget in mil. of FY23 dollars	–	–	–	–	7

Source: IMF, Office of Budget and Planning.
Note: Figures may not add to totals due to rounding.
[1] Excludes externally financed carryforward.
[2] Based on end-year financial books.
[3] Other transitional resources indicate available resources from OED/IEO excess underspend above their carryforward limits.

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

Income Model

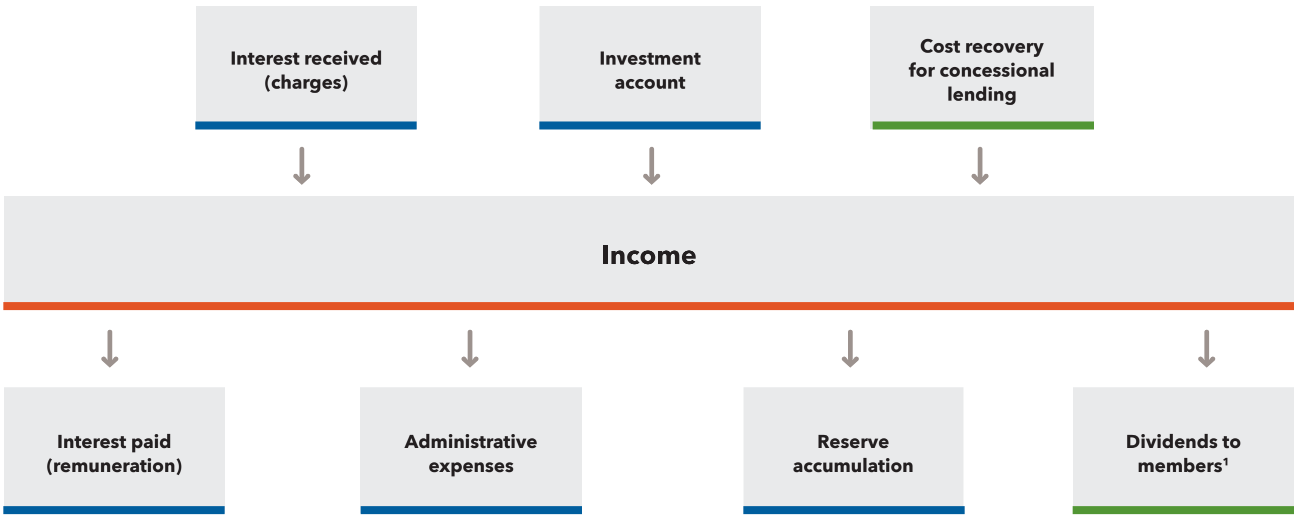
The IMF generates income primarily through its lending and investing activities (see Figure 3.1). Lending income is derived from the charges levied on the use of credit from the GRA, service charges, and commitment fees. In addition, the use of IMF credit is subject to surcharges under certain circumstances, as noted in Part Two. 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 and from reimbursements. 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 principles were implemented 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 Two. In April 2023, the Executive Board maintained the margin for the rate of charge at 100 basis points for the period through April 2024.

The IMF also levies surcharges on large amounts of credit that exceed a defined threshold relative to a member's quota (level-based surcharges), and they

Figure 3.1 Income Model



Source: IMF, Finance Department.
Note: Areas shaded in green represent elements added to the income model in 2008.
[1] As of April 28, 2023, the membership had not adopted the dividend policy.

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 commitment fee is charged at the beginning of each 12-month period on amounts available for drawing under GRA arrangements during that period. The fee is refundable (except in the case of arrangements under the Short-Term Liquidity Line for which the fee is nonrefundable) once a drawing takes place. The IMF also levies special charges on charges that are past due, but only 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 "Financing").

Burden Sharing

The rates of charge and remuneration can be 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 2023 was SDR 1.7 billion ($2.3 billion), reflecting primarily income from the high levels of lending activity, investment income, and gains and losses 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").

Argentina

Arrears to the IMF

Since June 2021, when Sudan cleared its arrears to the IMF, the IMF has had no remaining cases of protracted arrears. To prevent and resolve arrears, the IMF has in place a strengthened cooperative strategy on arrears. This strategy consists of three elements: prevention, intensified collaboration, and remedial measures. Prevention is the first line of defense against the emergence of new cases of arrears and includes, among other things, IMF surveillance of members' economic policies, policy conditionality attached to the use of IMF resources, assessment of members' capacity to repay, safeguards assessments of central banks of members receiving IMF resources, and technical assistance by the IMF. Intensified collaboration includes staff-monitored programs to help members in arrears to establish a track record on policies and payments, leading to eventual clearance of arrears to the IMF. Last, remedial measures are applied—using an escalating timetable—to members with overdue financial obligations that do not actively cooperate with the IMF to resolve their arrears problems.

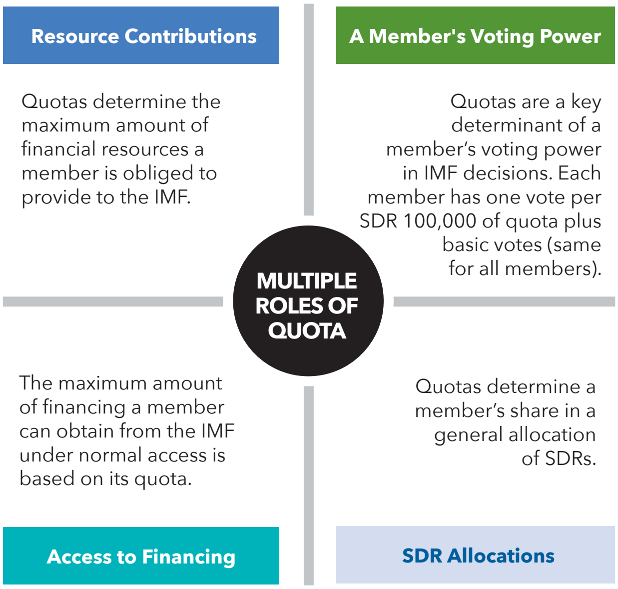
Financing

The IMF provides financing to its members through four channels, all of which serve the common purpose of transferring reserve currencies to member countries: regular (nonconcessional) lending from the GRA, concessional lending from the PRGT, and longer-term lending from the RST (all discussed in Part Two), as well as via the SDR Department, through which members can exchange their SDR holdings for reserve currencies.

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 and the specific needs and circumstances of its members.

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, affordable long-term financing for longer-term



structural challenges, and debt relief for low-income countries are financed through separate contribution-based trust funds.

Each member is assigned a quota based broadly on its position in the world economy. IMF quotas total SDR 476 billion (about $641 billion).[1] The value of the SDR, the IMF's unit of account, is based on a basket of currencies (see "Special drawing right" section).

IMF quotas are also reviewed regularly, normally at least every five years. 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 2023, 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.

[1] Two 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.

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 aggregate quota resources, to SDR 477 billion (about $643 billion) from about SDR 238.5 billion (about $321 billion). As of April 30, 2023, 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 $641 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 New Arrangements to Borrow (NAB) and the bilateral borrowing agreements (BBAs), serving respectively as a second and third line of defense after quotas.

The NAB is a set of credit arrangements with 40 participants contributing an aggregate amount of SDR 364 billion. The aggregate 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


Morocco

monetary system. Activation requires the consent of participants representing 85 percent of total credit arrangements of participants eligible to vote, as well as the approval of the Executive Board. The NAB was 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, 2023, 42 bilateral creditors had committed under their 2020 BBAs to provide the IMF with a total credit amount equivalent to about SDR 140 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 that 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 was concluded in May 2022, and the updated basket went into effect August 1, 2022.

As of April 30, 2023, a total of SDR 660.7 billion

Cameroon

(equivalent to about $890 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 COVID-19 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 could choose 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 as loan resources or to generate subsidy contributions to the PRGT, which provides concessional loans to low-income countries. Furthermore, the RST, which became operational in October 2022, is primarily funded by, and intended to use, channeled SDRs and provides affordable longer-term financing to support countries undertaking reforms to reduce risks, including those related to climate change, and for pandemic preparedness. In addition, the IMF has provided technical advice on the use of SDRs to multilateral development banks, which are discussing with potential contributors their options to receive channeled SDRs. In February 2023, the IMF approved five new multilateral development banks as prescribed SDR holders.

ACCOUNTABILITY

United States

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. The OIA's mandate is twofold: (1) bringing a systematic and disciplined approach to assess and improve the effectiveness of the IMF's governance, risk-management processes, and internal controls; and (2) acting as a consultant and catalyst for improvement of the IMF's business processes by advising on best practices and the development of cost-effective control solutions. To ensure independence vis-à-vis IMF departments and offices, the OIA reports directly to the Managing Director and maintains a functional reporting relationship with the External Audit Committee. The OIA's 2023 program of work encompassed several key areas, including support for the IMF's modernization programs, transition to a hybrid work model, and considerations for strengthening data privacy.

Managing Enterprise Risks

The Office of Risk Management is a centralized risk-management function of the IMF and constitutes the second line in the Fund's risk management and governance architecture. It provides independent risk oversight and challenge of first-line enterprise risks to ensure consideration of the most critical risks across the IMF's core functions, finances, and other activities. The office provides the leadership and innovation necessary to identify, assess, measure, monitor, and report risks, as well as their treatment plans. It also serves to strengthen and steer the implementation of the IMF's Enterprise Risk Management Framework and foster a strong risk-management culture throughout the organization.

In December 2022, the Executive Board approved the IMF's enterprise risk management (ERM) policy, framework, road map, and risk tolerance, building on the Fund's existing risk management practices and encompassing all the enterprise risks it confronts; at its core, the ERM policy aims to create and maintain a healthy risk-management culture and promote a practice of self-assessment. A framework for risk tolerance statements and the associated risk tolerance levels was approved by the Executive Board in March 2023. Together, the policies support enterprise risk reports and risk treatments to manage risk within the approved risk-tolerance levels. ERM is an integrated process for managing enterprise-wide risks to enhance risk-based decision-making so that the IMF can fulfill its mandate.

The scope of the approved ERM policy provides forward-looking assessments and analysis of enterprise strategic; business; operational; financial; reputational; and environmental, social, and governance risks across all IMF activities to enhance risk-based decision-making. The ERM framework comprises nine interrelated components that underpin the framework: (1) integration of risk information into strategic decision-making; (2) risk tolerance; (3) risk governance and escalation; (4) risk culture, supported by training and communication; (5) control environment; (6) risk response and remediation; (7) risk policies; (8) risk data infrastructure; and (9) risk-management processes.

Learning from Experience

The Independent Evaluation Office (IEO) conducts objective and independent evaluations on issues and on the basis of criteria relevant to the IMF mandate. The IEO is fully independent of IMF management and staff, operating at arm's length from the Executive Board. Its purpose is to enhance the learning culture within the IMF, strengthen the institution's external credibility, and support the Executive Board's institutional governance and oversight responsibilities. In FY 2023 IEO evaluations focused on the IMF's emergency response to the COVID-19 pandemic, CD work, and engagement with small developing states. The IEO also recently published a book on lessons from its second decade and challenges it will face. More information about the IEO 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 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. It is an independent office led by the Ethics Advisor and Head of the Ethics Office, who reports directly to the Managing Director. The Ethics Office provides advice to management and the IMF's Human Resources Department regarding ethical standards within the IMF, training and outreach, and confidential advice and guidance to all IMF personnel on the rules of conduct. It oversees the annual Ethical Conduct and Core Values Certification, as well as the Financial Disclosure Program.

The Ombudsperson is a confidential, impartial, independent, and informal resource for 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 reporting of suspected misconduct involving IMF employees by staff members or members of the public.

On December 16, 2022, the IMF's Executive Board endorsed an implementation plan to further strengthen the framework of institutional governance and analytical integrity. The implementation plan responds to the Institutional Safeguards Review, which was considered by the Executive Board on June 30, 2022. The review was undertaken in an integrated manner, involving a Board steering group, IMF management, two staff working groups, and an external panel of high-level experts. The review found that the IMF safeguards mechanisms are generally robust. It identified areas in which the data and analytical integrity frameworks could be further bolstered and the smooth and effective functioning of the IMF's system for internal disputes could be strengthened. The Institutional Safeguards Review implementation plan sets out a comprehensive package of policy and process reforms to respond to the review's recommendations and is anchored on four focal areas: data and analytical integrity, leadership, building trust and increasing transparency in the dispute resolution and integrity framework, and strengthening the dispute resolution system and its processes. Implementation progress is being carefully monitored and will be subject to independent validation by the OIA.

Safeguards Assessments

When the IMF provides financing to a member country, it carries out a safeguards assessment to obtain 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 2023

381 Assessments

were conducted, covering

106 Central Banks

15 in FY 2023

SAFEGUARDS ASSESSMENTS COMPLETED TO DATE

SEE MORE ONLINE

The assessments involve an evaluation of central bank operations in six areas:

The assessments involve an evaluation of central bank operations in six areas: (1) governance arrangements, (2) external audit mechanism, (3) legal structure and autonomy, (4) financial reporting framework, (5) internal audit mechanism, and (6) system of internal controls. From 2000 to the end of April 2023, 381 assessments had been conducted, covering 106 central banks; 15 of these assessments were completed in FY 2023.

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 84 central banks are currently subject to monitoring. The monitoring activity has increased by about 22 central banks compared with 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. The 2022 Safeguards Policy Review expanded this requirement for a fiscal safeguards review to include cases of high combined credit exposure with at least 25 percent of resources also directed to budget financing. During FY 2023, two fiscal safeguards reviews were conducted, and one was in progress at the end of the year.

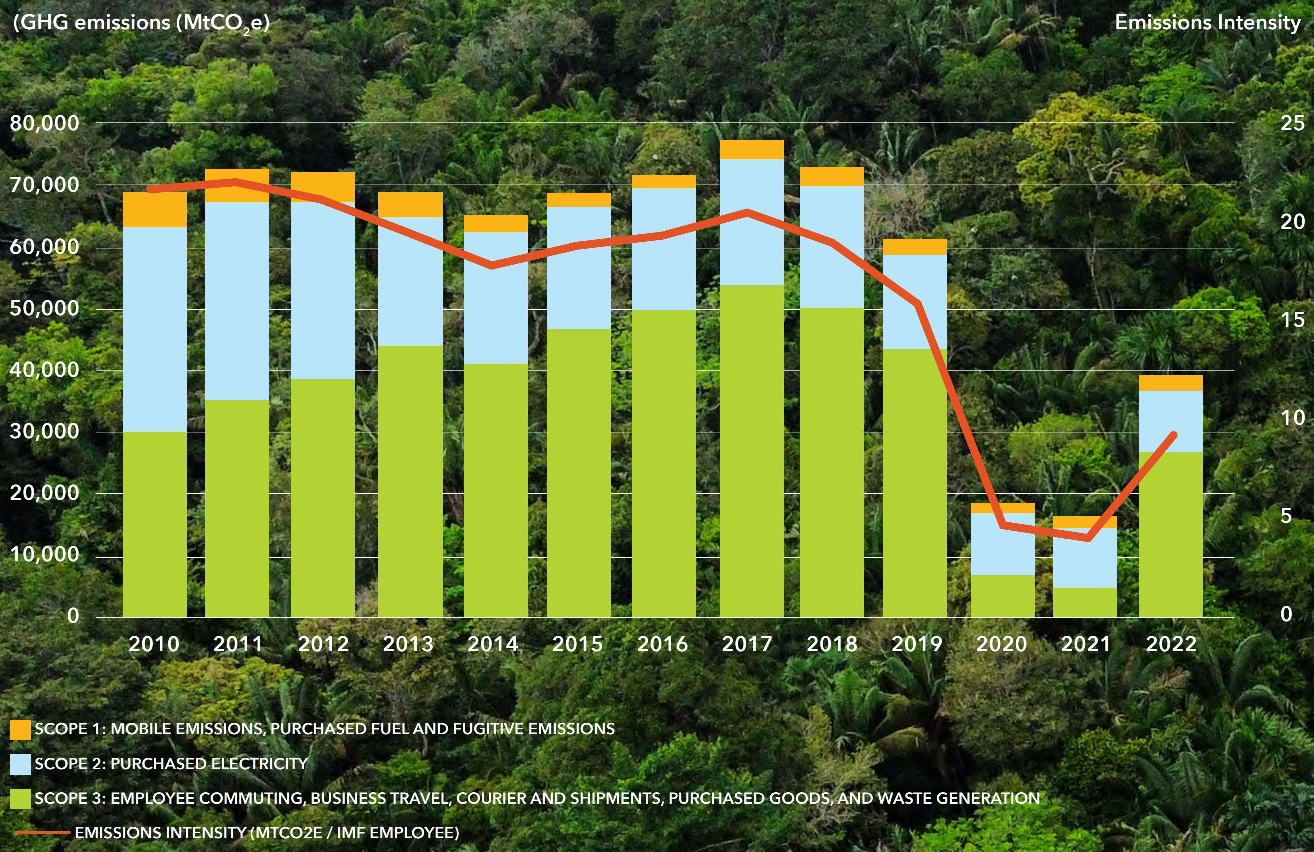
As part of the safeguards reviews, outreach activities included in-person regional safeguards seminars conducted during FY 2023 at the Africa Training Institute in Mauritius, IMF–Middle East Center for Economics and Finance in Kuwait, and Joint Vienna Institute in Austria. The seminars highlighted leading international practices in safeguards areas and provided a forum for central bank officials to share experiences. In addition, a high-level central bank governance forum was held in Dubai for bank officials and their external auditors. The event covered recent developments in topical governance issues and digitalization issues such as fintech and central bank digital currencies.

CORPORATE SOCIAL RESPONSIBILITY

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

Morocco

Figure 3.2 Absolute IMF Greenhouse Gas Emissions and Emissions per IMF Employee, 2010–22



Total emissions from 2022 are 64% of the pre-pandemic emissions of 2019, and the per employee emissions for 2022 decreased 44% compared to 2019.

Source: IMF, Corporate Services and Facilities Department.

Brazil

Environmental Sustainability

The IMF is committed to reducing the impact of its operations on the environment. As the institution emerges from the pandemic and resumes normal operations, climate change remains a major threat to long-term growth and prosperity. In light of this threat, the IMF has expanded its work on climate change and support to member countries in adopting and implementing mitigation and adaptation policies. The institution is also taking steps to advance its operational environmental sustainability goals.

Since 2010, the IMF's carbon footprint has been actively measured, and steps have been taken to reduce emissions. Significant emission reductions have been achieved in headquarters operations, but stepped-up engagement with member countries has resulted in an increase in emissions from business travel. In 2021, the Environmental Sustainability Council was established as a significant step to reduce the impact of the IMF's operations. The council is charged with advising and providing guidance to IMF management on the operational environmental issues facing the organization—a critical step in the establishment of milestones and targets to better measure progress.

With the resumption of normal operations, IMF staff members have returned to headquarters and field offices, and mission travel has fully resumed. As a result, the IMF's carbon footprint has increased significantly from its pandemic-related lows (see Figure 3.2). Even so, total emissions and emissions per IMF employee remain significantly below pre-pandemic levels, which largely reflects less employee commuting in the post-pandemic work environment and less mission travel. Further increases are expected, however, in 2023.

Giving Together

Giving Together, the IMF's philanthropic program, is supported by donations from employees and retirees, as well as corporate matching funds.

Over the past few years, multiple crises, including climate-related disasters, Russia's war in Ukraine, and a cost-of-living crunch, have compounded the challenges faced by people around the world. The IMF community responded to these humanitarian challenges with tremendous support in FY 2023. Total donations from employees and retirees, IMF corporate matching, and Giving Together grants and donations resulted in the program's providing more than $5.2 million to charitable causes during the financial year. This includes $4.75 million in donations from employees and retirees and IMF corporate matching (see Figure 3.3).

Giving Campaign and Disaster Relief

About 64 percent of staff members contributed to the FY 2023 Giving Campaign between November 1, 2022, and January 6, 2023. Together with retirees, they raised $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 Malawi, Mozambique, Nigeria, Pakistan, Syria, Türkiye, and Yemen. More than $600,000 in combined contributions was channeled to international relief organizations providing critical aid and support to affected children and families on the ground in these countries.

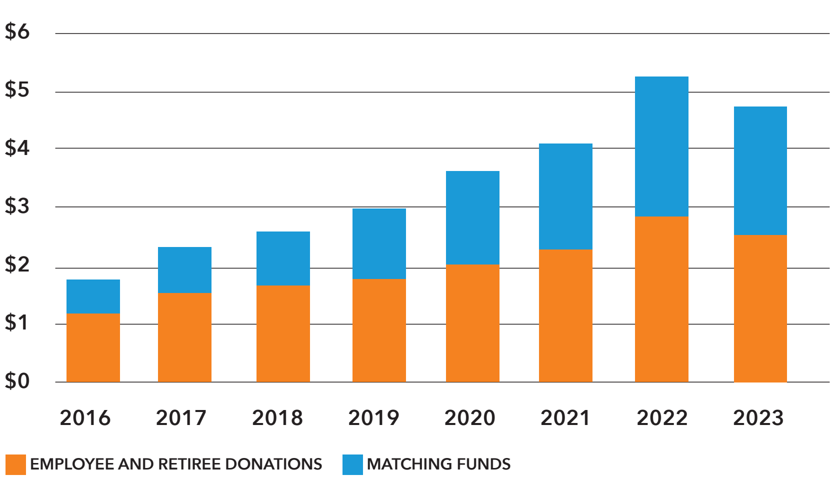
Grants and Corporate Donations

The IMF strives to help charities 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 grants. In FY 2023, Giving Together grants and corporate donations to charitable organizations worldwide amounted to $455,000. Many of the year's grants focused on programs and services that supported communities of color, women, and youth. In total, grants were awarded to 35 organizations serving disadvantaged populations in 16 countries across four continents.

Senior management provided corporate donations totaling $120,000 during mission travel to developing economies, including Bosnia and Herzegovina, Cameroon, Chad, Dominica, Mauritania, Moldova, Morocco, and Zambia, to support grassroots charities.

Figure 3.3 Donations and Matching Funds

(millions of US dollars; FY 2016–23)



Source: IMF, Communications Department

AMONG THE RECIPIENTS OF THE GIVING TOGETHER PROGRAM IN FY 2023

$632,000
raised to support humanitarian and disaster relief efforts

$455,000
in grants to charities worldwide awarded to

35
organizations across

4
continents

Mauritania

Volunteering

As restrictions around the COVID-19 pandemic eased, IMF staff members found ways to make an impact in their communities through volunteering. Whether individually or as part of a group, IMF staff members engaged in various philanthropic activities during the year, including packing hygiene kits for the victims of humanitarian crises and donating bicycles to people in developing economies.

In addition, in honor of the Martin Luther King Jr. Day of Service, staff members participated in a volunteering event organized by the Giving Together program in partnership with Horton's Kids and Nourish Now, two nonprofit organizations committed to improving the health and wellness of at-risk children and families in underserved neighborhoods in the Washington, DC, area. Staff members assembled nonperishable ingredients needed to make a healthy and nutritious recipe that families could easily cook at home.

Diversity, Equity, and Inclusion

In August 2022, the IMF completed the Economic Dividends for Gender Equality certification for the third time. In both 2017 and 2019, the IMF was certified at the first of three levels, "EDGE Assess." Recognizing the progress of the past several years, auditors approved by the Economic Dividends for Gender Equality (EDGE) Foundation awarded the IMF the second level of certification, "EDGE Move." The Diversity and Inclusion Office presented the 2022 Diversity and Inclusion Update to the Executive Board in January 2023. The update included a summary of the IMF's progress toward the 2025 benchmarks, key initiatives undertaken since the 2020–2021 Diversity and Inclusion Report, and an action plan for the next two years. The shares of staff from underrepresented regions at individual contributor and managerial levels continue to increase; however, progress is uneven, and more effort needs to be made to achieve managerial-level benchmarks by the end of FY 2025. Recruitment missions have returned to an in-person format, and the IMF is leveraging the lessons learned during the pandemic by continuing to reach out to broader candidate pools through virtual engagements. The IMF continues to make good progress on gender balance, particularly at the most senior level, where women hold 40 percent of roles as heads of departments. It is expanding the scope of its diversity and inclusion efforts to include race and ethnicity, as well as striving for an accessible and inclusive work environment for all, including those with disabilities.

August 1, 2023

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, 2023, 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 ended April 30, 2023, are presented on the *Annual Report* website. The audited financial statements for the year ended April 30, 2023, 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/AR2023. The external audit process was overseen by the External Audit Committee, comprising Mr. Ethevenin (Chair), Mr. Paape, and Mr. Isingoma, as required under Section 20(c) of the IMF's By-Laws.

Yours truly,

KRISTALINA GEORGIEVA
Managing Director and Chair of the Executive Board

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www.imf.org/AR2023

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 Philip Jennings. Peter Walker was chief writer, and Nasim Amini Abbas was editor and project manager. Denise Bergeron served as production manager.

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Web Design: Cantilever, cantilever.co

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