



ADMINISTRATIVE AND CAPITAL BUDGETS, STAFFING, AND ORGANIZATION

Financial Year 1997

Budgets and Expenditures

The Fund's Administrative and Capital Budgets are considered in the context of rolling three-year and five-year medium-term budget outlooks that are reviewed each year by the Executive Board. The medium-term outlook was discussed by the Board in January 1997. There was broad support to continue the present policy of budget consolidation, albeit with some Directors expressing the view that the proposal might be unnecessarily tight, and with some other Directors indicating that they would have preferred a slightly tighter budget. The medium-term budget outlook reflected management's commitment to keeping the authorized staffing level at current or slightly lower levels and keeping administrative expenses relatively flat in real terms. In line with this policy, resources will be redeployed to ensure that the institution meets the changing needs of the membership through the strengthening of Fund surveillance (including capital account

and financial sector issues), and the ongoing work associated with the use of Fund resources. Efforts were also directed toward strengthening the Fund's financial resources and broadening the scope of the evaluation function. The outlook for the Capital Budget is consistent with the strategy to continue the major building projects that have already been approved, and to continue with other capital investments that will result in cost savings or are required to comply with building codes or to maintain existing buildings and equipment.

The Fund's Administrative Budget for the financial year ended April 30, 1997 (1996/97) was \$490.5 million. For the Capital Budget, \$30.4 million was approved for projects beginning in financial year 1997. The estimated cost of major Fund activities is shown in Table IX.1. Actual administrative expenditures during the year totaled \$471.6 million, and capital project disbursements totaled \$151.5 million, including \$137.8 million for major building projects (Table IX.2).

During 1996/97, Administrative Budget resources were used to support the work of the Fund in the following pro-

Table IX.1

Estimated Cost of Major Fund Activities, Financial Years 1996–98

(In millions of U.S. dollars)

Activity	Financial Year 1996	Percent of Total	Financial Year 1997	Percent of Total	Budget Financial Year 1998	Percent of Total
Staff and management						
Surveillance	130.1	27.6	130.9	27.8	139.9	27.8
Use of Fund resources	117.6	25.0	121.0	25.7	127.9	25.4
Technical assistance	68.5	14.5	66.3	14.1	70.7	14.0
External relations	17.2	3.7	17.1	3.6	18.2	3.6
Administrative support	90.4	19.2	89.4	18.9	93.6	18.6
Subtotal	423.7	90.0	424.8	90.1	450.3	89.4
Executive Board ¹	35.2	7.5	35.0	7.4	36.0	7.1
Board of Governors ²	11.9	2.5	11.8	2.5	17.4	3.5
Subtotal	47.1	10.0	46.8	9.9	53.4	10.6
Total	470.8	100.0	471.6	100.0	503.7	100.0

Note: Due to rounding, details may not add to total.

¹The Executive Board costs include salaries and benefits of Executive Directors, Alternates, and Assistants; business and other travel; communications; building occupancy; books and printing; supplies and equipment; data processing; other miscellaneous costs of Executive Directors' offices; and the costs of staff support services provided for Executive Directors.

²The costs of the Board of Governors consist mainly of the travel and subsistence of Governors, the costs of staff support services provided for the Board of Governors, including the costs of the Annual Meetings, and other miscellaneous administrative services.

Table IX.2

Administrative and Capital Budgets, Financial Years 1995-98¹*(Values expressed in thousands of U.S. dollars)*

	Financial Year Ended April 30, 1995: Actual Expenses	Financial Year Ended April 30, 1996: Actual Expenses	Financial Year Ended April 30, 1997: Actual Expenses	Financial Year Ending April 30, 1998: Budget
Administrative Budget				
I. Personnel expenses				
Salaries	202,885	210,216	216,350	232,900
Other personnel expenses	127,143	131,115	129,550	122,438
Subtotal	330,028	341,331	345,901	355,338
II. Other expenses				
Business travel	41,081	39,624	39,302	48,890
Other travel	31,287	26,458	26,960	28,903
Communications	10,126	9,869	10,693	12,123
Building occupancy	39,800	40,242	41,899	43,586
Books and printing	7,609	8,371	8,579	10,037
Supplies and equipment	7,935	7,219	7,941	8,995
Data processing	16,006	18,129	19,735	23,899
Miscellaneous	9,377	12,831	9,924	13,405
Subtotal	163,221	162,743	165,033	189,838
III. Reimbursements	-31,007	-33,239	-39,368	-41,496
Total Administrative Budget	462,242	470,836	471,564	503,680
Less: Reimbursement for administering the SDR Department	-6,143	-5,841	-5,914	-6,381
Reimbursement for administering the SAF/ESAF	-33,079	-35,634	-43,788	-50,961
Net Administrative Budget expenses ²	423,020	429,361	421,862	446,338
Capital Budget				
Capital project budgets ³	17,445	125,200	30,400	42,600
Capital project disbursements	32,889	34,800	151,500	85,300

¹Administrative Budget as approved by the Board for the financial year ending April 30, 1998, compared with actual expenses for the financial years ended April 30, 1995, April 30, 1996, and April 30, 1997; and Capital Budgets as approved by the Board for capital projects in financial years 1995, 1996, 1997, and 1998. Due to rounding, details may not add to total.

²Net Administrative Budget expenses exclude valuation or loss on administrative currency holdings.

³Multiyear Capital Budgets for projects beginning in each financial year.

portions: surveillance and use of Fund resources, with over 100 countries classified as program/intensive, 70 resident representatives located in 64 countries, and an estimated 277 person-years of technical assistance (67.6 percent of expenses); external relations activities to continue to provide a greater openness of the Fund's policies and operations (3.6 percent); administrative support, where investments in technology and continuing work-practice improvements have combined to produce a series of savings in the diverse activities within this category (18.9 percent); Board of Governors (2.5 percent); and Executive Board (7.4 percent). The distribution of estimated administrative costs by function for the financial year is shown in Figure 12.

Organization and Staffing

As part of the effort to consolidate and improve the Fund's operating efficiencies with its member countries, the Central Asia and Southeast Asia and Pacific Departments were

merged into a single Asia and Pacific Department effective January 1, 1997. In addition, a new Regional Office for Asia and the Pacific was established, effective January 1, 1997, to develop closer ties with policymakers, to more closely monitor economic developments, and to strengthen contacts with regional markets. The departmental organization of the Fund and the number of budgeted regular staff by department at the end of the financial year are shown in Figure 13. The responsibilities of Fund departments are described in Box 12.

During financial year 1997, a total of 2,903 staff-years were utilized in the Fund compared with 2,927 staff-years in financial year 1996. Included in the 1997 total were 1,999 regular staff-years (2,043 in financial year 1996), supplemented by other resources including Economist Program staff, overtime, and contractual and other temporary staff-years for a total of 2,545 staff-years (2,577 in financial year 1996); 232 staff-years for the Office of Executive Directors (234 in financial year 1996); and 126 staff-years for externally

Figure 12
Estimated Cost of Major Activities, Financial Year 1997
(As a percent of total costs)

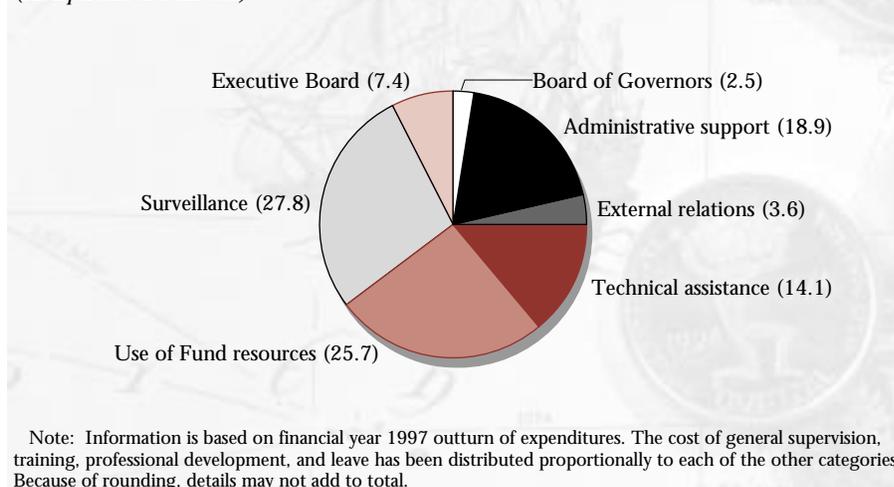


Table IX.3

Nationality Distribution of Professional Staff by Region, 1980, 1990, and 1996
(In percent)

Region ¹	1980	1990	1996
Africa	3.8	5.8	5.1
Asia	12.3	12.7	14.8
Japan	1.4	1.9	1.7
Other Asia	10.9	10.8	13.1
Europe	39.5	35.1	33.2
France	6.9	5.5	4.9
Germany	3.7	4.3	3.9
Italy	1.7	1.4	2.6
United Kingdom	8.2	8.0	7.1
Other Europe	19.0	15.9	14.7
Middle East	5.4	5.5	5.6
Western Hemisphere	39.1	41.0	41.3
Canada	2.6	2.8	3.6
United States	25.9	25.9	25.9
Other Western Hemisphere	10.6	12.3	11.8
Total	100.0	100.0	100.0

¹Regions are defined on the basis of the country distribution of the Fund's area departments. The Asian region includes the countries in the former Central Asia and the Southeast Asia and Pacific Departments; the European region includes countries in both the European I Department and the European II Department.

financed technical assistance experts and related overhead resources (116 in financial year 1996).

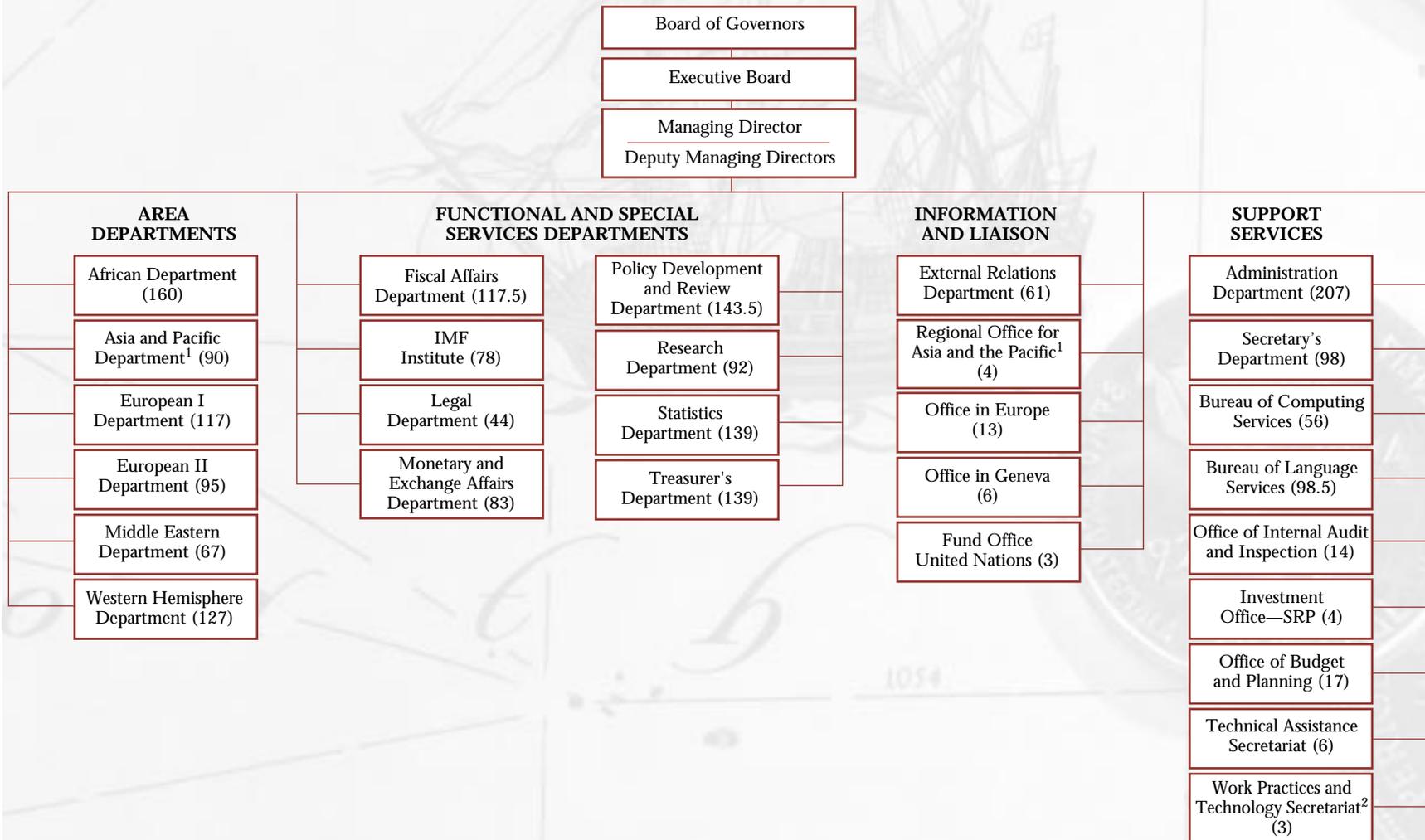
Financial Year 1998

Budgets and Expenditures

In April 1997, the Board approved an Administrative Budget for 1997/98 of \$503.7 million, a 2.7 percent increase over the approved budget for the previous year. In addition, a capital project budget of \$27.2 million was approved for

facility improvements, new technology, and electronic data-processing equipment. The 1997/98 Administrative Budget represents a continuation of the existing policy of budgetary consolidation, which calls for keeping the authorized level at current or slightly lower levels and keeping administrative expenses relatively flat in real terms. A small reduction in authorized staffing was made possible through ongoing efforts to introduce work efficiencies, new technologies, capital investments, and to continue substitution of external funding for internally funded technical assistance experts.

Figure 13
International Monetary Fund: Chart of Organization



Note: Organization as of April 30, 1997. Parentheses indicate number of budgeted regular staff.

¹As of January 1, 1997, the Asia and Pacific Department was formed through the merger of the Central Asia and the Southeast Asia and Pacific Departments. The Regional Office for Asia and the Pacific was also established on this date.

²Effective May 1, 1997, the Work Practices and Technology Secretariat was transferred to the Office of Internal Audit and Inspection and redesignated as the Work Practices Section.

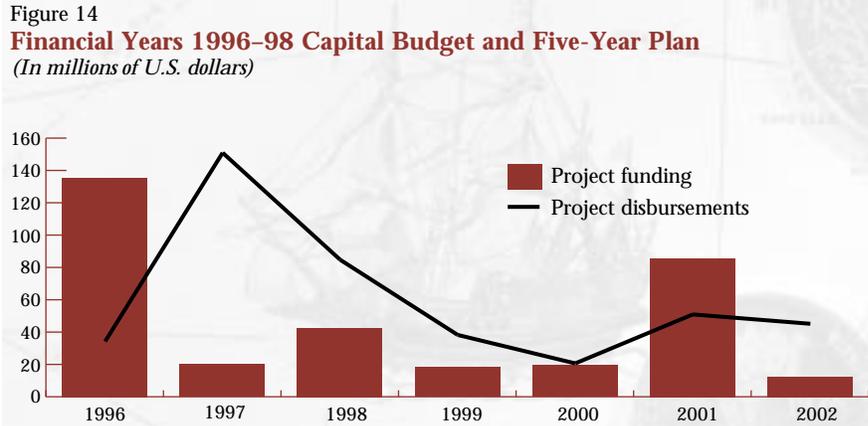


Table IX.4.
Gender Distribution of Staff by Level, 1980, 1990, and 1996

Staff Level	1980		1990		1996	
	Number	Percent	Number	Percent	Number	Percent
<i>All staff</i>						
Total (all levels)	1,444	100.0	1,774	100.0	2,172	100.0
Women	676	46.8	827	46.6	1,005	46.3
Men	768	53.2	947	53.4	1,167	53.7
<i>Support staff</i>						
Total	613	100.0	642	100.0	704	100.0
Women	492	80.3	540	84.1	599	85.1
Men	121	19.7	102	15.9	105	14.9
<i>Professional staff</i>						
Total	646	100.0	897	100.0	1,169	100.0
Women	173	26.8	274	30.5	379	32.4
Men	473	73.2	623	69.5	790	67.6
Economists						
Total	362	100.0	529	100.0	759	100.0
Women	42	11.6	70	13.2	138	18.2
Men	320	88.4	459	86.8	621	81.8
Other career streams						
Total	284	100.0	368	100.0	410	100.0
Women	131	46.1	204	55.4	241	58.8
Men	153	53.9	164	44.6	169	41.2
<i>Managerial staff</i>						
Total	185	100.0	235	100.0	299	100.0
Women	11	5.9	13	5.5	27	9.0
Men	174	94.1	222	94.5	272	91.0
Economists						
Total	99	100.0	184	100.0	240	100.0
Women	4	4.0	9	4.9	15	6.3
Men	95	96.0	175	95.1	225	93.7
Other career streams						
Total	86	100.0	51	100.0	299	100.0
Women	7	8.1	4	7.8	12	20.3
Men	79	91.9	47	92.2	47	79.7

Box 12

Departments of the Fund and Their Major Responsibilities

The Fund's departmental structure supports its major activities in the areas of surveillance, the use of Fund resources, and technical assistance (see Figures 12 and 13). Surveillance-related activities, including multilateral surveillance work and the data dissemination initiative, form the largest category of the Fund's work load, directly absorbing about 28 percent of Administrative Budget resources. Use of Fund resources work comprises about 26 percent of administrative costs. Technical assistance and training, mainly in the central banking, fiscal, and statistical fields, uses about 14 percent of administrative resources. Other activities include administrative support, support for the Board of Governors and Executive Board, training, professional development, and related activities, and external relations.

Area Departments

The *area departments* advise management and the Board on the economies and economic policies of the countries in their areas, assist in the formulation of Fund policies toward these countries, and carry out these policies. Area department staff also negotiate arrangements for the use of Fund financial resources and review performance under Fund-supported arrangements. Together with other departments, the area departments

provide member countries with policy advice and technical assistance, and maintain contact with regional organizations and multilateral institutions in their areas.

Much of the Fund's bilateral surveillance work is carried out by the area departments through their direct contacts with member countries, supplemented by staff in functional departments. To strengthen surveillance, particular attention is given to those economies that are of systemic importance to the international monetary system. In addition, more than 70 staff members are assigned to member countries as resident representatives.

Functional and Special Services Departments

The *Fiscal Affairs Department* is responsible for all activities involving the public finance of member countries. It participates in area department missions on fiscal issues, reviews the fiscal content of Fund policy advice and of Fund-supported adjustment programs, and provides technical assistance in public finance. It also conducts research and policy studies on fiscal issues, as well as on income distribution and poverty, social safety nets, public expenditure policy issues, and the environment.

The *IMF Institute* provides technical assistance through training officials of member countries, particularly developing countries, in such topics as financial programming and policy, external sector policies, balance of payments methodology, national accounts and government finance statistics, and public finance.

The *Legal Department* advises management, the Board, and the staff on the applicable rules of law. It prepares most of the decisions and other legal instruments necessary for the Fund's activities. It serves as counsel to the Fund in litigation and arbitration cases, provides technical assistance on legislative reform, and responds to inquiries from national authorities and international organizations on the law of the Fund.

The *Monetary and Exchange Affairs Department* provides technical assistance to central banks in such areas as monetary and exchange rate policies, banking supervision, and prudential regulation, and on issues related to payments systems. Experts are assigned to central banks requesting technical assistance. The department works with area departments by reviewing topics in its area of expertise in the context of surveillance and requests for the use of Fund resources. It also contributes to the exercise of Fund jurisdiction on exchange practices and restrictions.

The Capital Budget represents a continuation of plans for completing major building projects, replacing older facilities and electronic data-processing equipment, and other medium-term programs. Figure 14 (on preceding page) summarizes the five-year Capital Budget Plan. The Administrative Budget for financial years 1994–97 in nominal and real terms is shown in Figure 15.

Organization and Staffing

The total authorized staffing of the Fund was reduced by six staff positions in 1996/97 and will be reduced by a further three positions in 1997/98. The main emphasis of the work program of the institution—namely the strengthening of surveillance, work associated with the use of Fund resources, the strengthening of the Fund's financial resources, and ensuring that the institution continues to meet the changing needs of the membership—will be met through internal redeployment. The effect of eliminating positions will be somewhat moderated through the filling of existing vacancies.

Recruitment and Composition of Staff

The Fund's recruitment policy is based on Article XII, Section 4(d) of the Articles of Agreement, which states: "In appointing the staff the Managing Director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible." At the end of the 1996/97 financial year, 121 of the Fund's 181 member countries were represented on the staff. Table IX.3 (on page 227) shows the evolution of the nationality distribution since 1980 for Fund staff at the professional level.

In addition, the Fund views staff diversity as an important asset in developing its quality as an international institution. In this respect, 1996/97 was an important year. A Special Advisor on Diversity, appointed in late 1995, completed her first full year of operation; the Managing Director issued a statement and action plan, "Measures to Promote Staff Diversity and Address Discrimination," in July; Fund departments subsequently prepared action plans to promote

The *Policy Development and Review Department* plays a central role in the design and implementation of Fund financial facilities and operations, in surveillance policies, and in other areas. Together with the Research Department, it takes a lead in the areas of multilateral surveillance, policy coordination, and associated review and support activities. With area departments, it helps to mobilize other financial resources for members using Fund assistance, including work on debt and program financing (through the Paris Club and international banks).

The *Research Department* carries out policy analysis and research in areas relating to the Fund's work. The department plays a prominent role in the development of Fund policy concerning the international monetary system and surveillance. It cooperates with other departments in formulating the Fund's policy advice to member countries. It also coordinates the semiannual World Economic Outlook exercise and the *International Capital Markets* report, as well as analysis for the Group of Seven policy coordination exercise and for the Board's seminars on World Economic and Market Developments. The department also develops the Fund's contacts with the academic community and with other research organizations.

The *Statistics Department* maintains a database of country, regional, and global economic and financial statistics

and reviews country data in support of the Fund's surveillance role. It is also responsible for developing statistical concepts in balance of payments, government finance, and money and financial statistics, and for producing methodological manuals. The department provides technical assistance and training to help members develop statistical systems and produces the Fund's statistical publications. In addition, it is responsible for the development and maintenance of standards for the dissemination of data by member countries.

The main functions of the *Treasurer's Department* are formulating the Fund's financial policies and practices; conducting financial operations and transactions in the General Department, SDR Department, and Administered Accounts (including the ESAF Trust and related accounts); controlling expenditures under the administrative and capital budgets; and maintaining the Fund's accounts and financial records. The department's responsibilities include work on quotas, borrowing, the Fund's liquidity, the Fund's policies on the SDR, its policies on its currency and gold holdings, and its policies on accounting and on financing its capital projects and expenditures.

Information and Liaison

The *External Relations Department* is responsible for the editing, production,

and distribution of the Fund's nonstatistical publications; providing information services to the press and the general public; and maintaining contacts with nongovernmental organizations and parliamentary bodies.

The Fund's offices for Asia and the Pacific, in Europe, in Geneva, and at the United Nations maintain close contacts with other international and regional institutions in the areas of their responsibilities.

Support Services

The *Administration Department* manages recruitment, training, and career planning programs; supervises the operation of the headquarters building and leased space; provides administrative services to the Fund; and administers the Joint Fund-Bank Library.

The *Secretary's Department* assists management in preparing and coordinating the work program of the Board and other official bodies, including scheduling and assisting in the conduct of Board meetings. The department also manages the Annual Meetings, in cooperation with the World Bank, and is responsible for the Fund's archives, communications, and security program.

The Fund's *bureaus and offices* are responsible for such aspects as computer services, language services, auditing, budget matters, technical assistance, work practices, and investments under the staff retirement plan.

staff diversity with respect to gender and nationality; in addition to achieving diversity through recruitment efforts, a strong emphasis was placed on the managerial qualities required to administer and supervise the Fund's increasingly diverse staff.

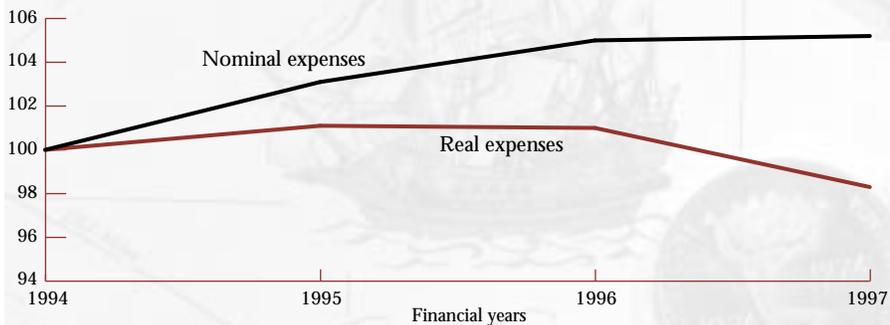
Table IX.4 (on page 229) shows the evolution of the gender distribution since 1980 for Fund staff at various administrative levels. At the end of 1996, women accounted for 46.3 percent of total staff and 27.7 percent of combined professional and managerial staff. Among economists—the largest group of professionals in the Fund—the share of women was 18.2 percent in 1996, up from 11.6 percent in 1980. Among professionals in other career streams in 1996, the share of women was much higher—58.8 percent (compared with 46.1 percent in 1980).

Recruitment in calendar year 1996 consisted of a total of 133 new staff members (67 economists, 24 other professionals, and 42 support staff). This was broadly in line with recruitment in the previous calendar year and slightly higher than the number of separations (117) in 1996. The

total turnover rate in 1996 was 5.3 percent, closely in line with the medium-term average. The flow of new entrants into the institution has now stabilized at about the level immediately preceding the temporary surge in recruitment during the period 1992–93, when a total of over 500 new staff members entered on duty. It is expected that recruitment of new staff will decline slightly in the next two or three years.

The salary structure for the Fund staff is reviewed and, if warranted, adjusted annually on the basis of a comparison with salaries paid by selected private financial and industrial firms and public sector organizations in the United States, France, and Germany. The objective is to maintain Fund salaries at an internationally competitive level that supports the recruitment and retention of staff drawn from the full range of the Fund's members and of the high caliber needed to meet the needs of the organization's member countries. The salary structure was increased by 3.5 percent for the 1996/97 financial year (for the 1997/98 financial year, the increase was 4.3 percent).

Figure 15
Administrative Expenses, Financial Years 1994–97
 (Index; financial year 1994 = 100)



Note: Real administrative expenses have been derived using the CPI-U (consumer price index for all urban consumers) for Washington, D.C., Maryland, and Virginia (source: U.S. Bureau of Labor Statistics). It should be noted that the CPI-U uses weights that do not reflect the pattern of Fund administrative expenses. If the Fund expenses were used as weights, the overall increase in prices would be higher than that reflected in the CPI-U, and the level of real expenses would be correspondingly lower during financial years 1994–97.

Building Projects

In the late 1960s, the Fund adopted a long-term strategy for housing its staff in one location in the Washington, D.C. central business district and designed a headquarters building that could be expanded, over time, as the Fund's need for space increased. The first phase of the headquarters building was completed in the early 1970s, and a second phase was finished ten years later.

Commercial space was leased several blocks away from headquarters in the late 1980s and early 1990s to accommodate the Fund's growth in this period. When it became clear that there would be a long-term need for more space, management and the Board reassessed the Fund's space strategy and budgetary costs in light of other available

options. When that strategy was reconfirmed, plans were made to complete the final Phase III addition to the headquarters building, and to proceed with Phase IV, the purchase of an existing building immediately adjacent to headquarters.

The final Phase III addition to the headquarters building is under construction, and is scheduled for occupancy in 1998. The newly acquired Phase IV building will be ready after the current tenant has left and the building has been renovated. When these two projects have been completed, all of the staff will be housed in two immediately adjacent buildings owned by the Fund, overall occupancy costs will be reduced, and the Fund's long-term space and budget strategies will have been realized.