



To: Members of the Executive Board

August 20, 2019

From: Aleksei Mozhin

Subject: **Age Limit for the Managing Director—Proposed Amendment of Section 14(c) of the By-Laws**

1. At the request of Executive Directors, and in light of the publicly announced nomination of a candidate who is over the age of sixty-five for the post of Managing Director, I am circulating the attached draft Report of the Executive Board to the Board of Governors. The draft report proposes an amendment of Section 14(c) of the By-Laws regarding the age limit for the Managing Director.

A. BACKGROUND

2. Section 14(c) of the Fund's By-Laws provides in relevant part that "*The contract of the Managing Director shall be for a term of five years and may be renewed for the same term or for a shorter term at the discretion of the Executive Board, provided that no person shall be initially appointed to the post of Managing Director after he has reached his sixty-fifth birthday and that no Managing Director shall hold such post beyond his seventieth birthday.*"

3. The Fund's By-Laws (adopted in 1946) initially prescribed a contract term of five years, but no age limit.¹ In 1951, Section 14(c) of the By-Laws was amended to its current form, reflecting a determination by the Executive Board that, "as a matter of policy, no person shall hold the office of Managing Director after he has reached the age of 70 years."² The provision for an age limit of sixty-five for the Managing Director's initial appointment is not specifically discussed in the relevant records, but presumably reflects the fact that otherwise a candidate that is over sixty-five would be unable to serve the full five-year term required for the Managing Director's first contract under Section 14(c).

4. Executive Directors have discussed changing the existing age limit three times: in 1977, during a general review of the Fund's By-Laws; in 2001, based on a recommendation in a report from a joint Bank-Fund working group on the selection processes for the Managing Director of the Fund and the President of the Bank; and in 2011, when an individual over the age of sixty-five was nominated to serve as Managing Director. In each

¹ The original text of Section 14(c) of the By-Laws read in relevant part as follows: "[...] The term of contract of the Managing Director shall be five years."

² See: [EBS/51/196 of 3/20/1951](#), *Proposed Amendment to By-Law 14(c)*; [EBM/51/654, 3/21/1951](#) and [EBM/51/662, 4/4/1951](#); Resolution No. 6-4, 7/23/1951, *Amendment of Section 14(c) of the By-Laws*.

case, the agreement was to leave the age limit unchanged. The 1977 discussion concluded by noting that if the age limit “were to be inconsistent with the appointment of a particular individual to the post, the rule could be changed by the Board of Governors with a majority vote.”³ In the 2001 discussion, Executive Directors expressed differing views on whether or not to remove the Fund’s age limit in light of the fact that the Bank has no such limit; ultimately the Executive Board endorsed the 2001 report as “guidance for future selection processes” but did not adopt the specific recommendations in the report.⁴

B. SPECIFIC CONSIDERATIONS

No age limit for the Fund’s Executive Directors:

5. The Fund’s legal framework provides for no constraints on the age of Executive Directors. Staff has also found no record of such a limit being previously considered by the Board. The general rule is that any person nominated by one or more Governors shall be eligible for election as an Executive Director.

No age limit for the President of the World Bank:

6. The World Bank’s legal framework does not prescribe any age limit for holding the position of the President, either at the time of the initial appointment or subsequently.⁵ As noted above, a 2001 joint Bank-Fund working group of Executive Directors recommended eliminating the Fund’s age limit, in line with the Bank, but no action was taken on that recommendation.

Age limit for Deputy Managing Directors (with exceptions):

7. Deputy Managing Directors (DMDs) are members of staff, as the position was created under the authority of the Managing Director as chief of the operating staff; they are therefore subject to all staff rules, except as otherwise provided in their contracts.⁶ Because (i) DMDs chair Board meetings in the Managing Director’s absence and (ii) the terms of employment of DMDs may differ from those generally applicable to staff, the terms of service of DMDs are also subject to the approval of the Executive Board. DMDs are generally subject to a term of five years that will normally not extend beyond the individual’s sixty-fifth birthday, but exceptions have also been applied in a few cases.

³ See [EBM/77/73, 5/16/1977](#) pp. 4-5.

⁴ [BUFF/01/64, 4/26/2001](#).

⁵ Section 13(c) of the IBRD’s By-Laws.

⁶ The age limit in the By-Laws applies solely to the Managing Director.

Limit on staff employment beyond age sixty-five:

8. Under the Fund’s internal rules, the age limit for appointment of staff is set at sixty-five. The tenure of already-serving staff that reach the mandatory retirement age can be extended in exceptional circumstances by the Managing Director for a period of no more than two years beyond the sixty-fifth birthday.

C. PROPOSED AMENDMENT

9. To permit a person to be appointed to the position of Managing Director after reaching the age of sixty-five, it would be necessary to amend the clause in Section 14(c) of the By-Laws that establishes the age limit. One option would be to maintain an age limit but increase the specific ceilings (currently sixty-five and seventy) for initial appointment and for holding the post after appointment, respectively.

10. Alternatively, the By-Laws could be amended to eliminate the age limit entirely. This would revert the By-Laws to their original form in this respect and would be consistent with the lack of an age limit for Executive Directors. By not specifying a new age limit, this approach would also provide for more flexibility in selecting candidates for the post of Managing Director in the future.

11. I would propose that this latter approach be followed, in which case the revised Section 14(c) of the Fund’s By-Laws would read as follows:

“The salary of the Managing Director shall be determined by the Board of Governors and shall be included in his contract. The Fund shall also pay any reasonable expenses incurred by the Managing Director in the interest of the Fund (including travel and transportation expenses for himself, and expenses for his family, and his personal effects in moving once to the seat of the Fund during or immediately before his term of office and in moving once from the seat during or within a reasonable period after his term of office). The contract of the Managing Director shall be for a term of five years and may be renewed for the same term or for a shorter term at the discretion of the Executive Board, ~~provided that no person shall be initially appointed to the post of Managing Director after he has reached his sixty-fifth birthday and that no Managing Director shall hold such post beyond his seventieth birthday.~~”

12. Section 11 of the By-Laws provides that “*Except as otherwise specifically provided in the Articles of Agreement, all decisions of the Board of Governors shall be made by a majority of the votes cast.*” Amendments to the By-Laws are not subject to any special majority requirement under the Articles and therefore can be adopted by a majority of the votes cast. Abstentions do not count towards the total of votes cast.⁷

⁷ Pursuant to Article XII, Section 2(d) and By-Law 13(e), the quorum requirement for action by the Board of Governors is a majority of the Governors having not less than two-thirds of the total voting power.

**Age Limit for the Managing Director—
Proposed Amendment of Section 14(c) of the By-Laws**

**REPORT OF THE EXECUTIVE BOARD
TO THE BOARD OF GOVERNORS**

1. In accordance with the Executive Board's responsibility to select a Managing Director, the Executive Board launched the selection process for the next Managing Director on July 26, 2019. The Executive Board expects to consider a candidate who is over the age of sixty-five for the post of Managing Director, in light of the publicly announced nomination of such a candidate.
2. Section 14(c) of the Fund's By-Laws provides in relevant part that, "The contract of the Managing Director shall be for a term of five years and may be renewed for the same term or for a shorter term at the discretion of the Executive Board, provided that no person shall be initially appointed to the post of Managing Director after he has reached his sixty-fifth birthday and that no Managing Director shall hold such post beyond his seventieth birthday." The age limit in this provision was added to the By-Laws in 1951.
3. To permit a person to be appointed to the position of Managing Director after reaching the age of sixty-five, it would be necessary to amend the clause in Section 14(c) of the By-Laws, cited in paragraph 2 above, that establishes the age limit. Both the limit on appointment after reaching the sixty-fifth birthday and the limit on holding the post after the seventieth birthday would need to be amended in this context, since otherwise a candidate that is over sixty-five would be unable to serve the full five-year term required for the Managing Director's first contract under Section 14(c).
4. The Executive Board considered eliminating the age limit on earlier occasions but has not previously taken a decision to propose such a change to the Board of Governors. A previous discussion concluded by noting, however, that if the age limit were to be inconsistent with the appointment of a particular individual to the post of Managing Director, the rule could be changed by the Board of Governors.
5. Amending the By-Laws to eliminate the age limit would be consistent with the lack of an age limit for Executive Directors and the World Bank's President.
6. Retaining an age limit may prevent qualified candidates over the limit from being considered for the position of Managing Director in the future based solely on their age. Not specifying a new age limit would also provide for more flexibility in selecting candidates for the post of Managing Director in the future.
7. Accordingly, the Executive Board recommends that the Board of Governors adopt the Resolution set forth in the Attachment hereto amending Section 14(c) of the By-Laws to eliminate the age limit for the post of Managing Director.

INTERNATIONAL MONETARY FUND

Resolution 74-2 of the Board of Governors**AMENDMENT OF SECTION 14(c) OF THE BY-LAWS**

WHEREAS, the Executive Board has launched the selection process for the next Managing Director; and

WHEREAS, in 1951, the original By-Laws were amended to add an age limit on appointment of and service by the Managing Director; and

WHEREAS, Section 14(c) of the Fund's By-Laws currently provides in relevant part that, "The contract of the Managing Director shall be for a term of five years and may be renewed for the same term or for a shorter term at the discretion of the Executive Board, provided that no person shall be initially appointed to the post of Managing Director after he has reached his sixty-fifth birthday and that no Managing Director shall hold such post beyond his seventieth birthday"; and

WHEREAS, to permit a person to be appointed to the position of Managing Director after reaching the age of sixty-five, and to serve the full five-year initial term required by the By-Laws, it would be necessary to amend the clause in Section 14(c) of the By-Laws that establishes the age limit; and

WHEREAS, the Executive Board considered eliminating the age limit on earlier occasions, and while not taking a decision to propose such a change to the Board of Governors, concluded an earlier discussion by noting that if the age limit were to be inconsistent with the appointment of a particular individual, the rule could be changed by the Board of Governors; and

WHEREAS, amending the By-Laws to eliminate the age limit would be consistent with the lack of an age limit for Executive Directors and the World Bank's President; and

WHEREAS, retaining an age limit may prevent qualified candidates over the limit from being considered for the position of Managing Director in the future based solely on their age; and

WHEREAS, not specifying a new age limit would also provide for more flexibility in selecting candidates for the post of Managing Director in the future; and

WHEREAS, the Executive Board has requested the Board of Governors to vote on this Resolution without a meeting pursuant to Section 13 of the Fund's By-Laws:

NOW, THEREFORE, the Board of Governors, noting the recommendation of the Executive Board, hereby RESOLVES that:

Paragraph (c) of Section 14 of the By-Laws is amended to read as follows:

“The salary of the Managing Director shall be determined by the Board of Governors and shall be included in his contract. The Fund shall also pay any reasonable expenses incurred by the Managing Director in the interest of the Fund (including travel and transportation expenses for himself, and expenses for his family, and his personal effects in moving once to the seat of the Fund during or immediately before his term of office and in moving once from the seat during or within a reasonable period after his term of office). The contract of the Managing Director shall be for a term of five years and may be renewed for the same term or for a shorter term at the discretion of the Executive Board.”