IMF CAPACITY DEVELOPMENT
2024 HIGHLIGHTS

EXCERPTS FROM THE
IMF ANNUAL REPORT

RESILIENCE IN THE FACE OF CHANGE

Contents

80 YEARS
BRETTON WOODS

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Message from the First Deputy Managing Director

The global economy remains remarkably resilient, with growth holding steady as inflation returns to target. The journey has been eventful, starting with supply-chain disruptions in the aftermath of the pandemic, a Russian-initiated war on Ukraine that triggered a global energy and food crisis, and a considerable surge in inflation, followed by a globally synchronized monetary policy tightening. In light of these challenges, IMF capacity development (CD) is key to supporting countries' progress toward achieving their development goals.

In January 2024, the IMF and its development partners launched the Global Public Finance Partnership to foster good policies and strong management of domestic public revenues, combining the IMF's leading expertise on public revenue and spending in areas such as revenue mobilization and tax capacity, expenditure policy and public financial management, and macro-fiscal policies. The IMF has also recently concluded its quinquennial review of its Capacity Development Strategy to ensure the Fund's technical assistance and training are tailored to country needs and well integrated with its economic surveillance and financial support to countries. Taken together, these key efforts will help countries develop human capacity and build institutions for sound macroeconomic policies and sustainable growth.

At the 2024 IMF and World Bank Spring Meetings, we shared an emblematic example of how CD can meaningfully impact a country's capacity to collect more and fund essential services. The minister of finance of Somalia, Bihi Iman Egeh, explained how CD support had helped Somalia increase spending from 2 percent of GDP to 6.3 percent, including on social benefits and education. He added that "CD assistance from the IMF was vital to achieving debt relief in Somalia."

The IMF also continued to step up its CD support to fragile and conflict-affected states (FCS), including by placing 17 additional long-term experts in FCS and in regional capacity development centers supporting FCS in fiscal year 2024 to provide tailored assistance. The IMF and its partners also launched the Ukraine Capacity Development Fund in Kyiv in February 2024 to help Ukraine stabilize macroeconomic conditions and support its government's ambitious economic reform program.

More generally, and with the support of dozens of development partners, the IMF continues to provide CD in core areas of expertise such as public finances, financial sector stability, central bank operations, macroeconomic frameworks, economic statistics, good governance, and countering the financing of terrorism. We also support countries' efforts to address climate change, digitalization, and gender inequality by integrating these transformational issues into our core CD work.

The examples of successful outcomes are many—from assisting Guatemala in implementing a successful overhaul of its customs administration, helping Ghana increase its revenues by 40 percent from 2022 to 2023, boosting financial stability and macroprudential frameworks in the Democratic Republic of the Congo and Sri Lanka, and assisting the Statistics Agency of Uzbekistan in conducting a major revision of its national accounts to conducting a governance diagnostic in Mauritania to boost financial integrity. The efforts to build capacity in our member countries are paying off, and we are committed to continuing this collaboration thanks to the support of our partners.

GITA GOPINATH
First Deputy Managing Director

WHAT WE DO


United States

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The IMF works to achieve sustainable growth and prosperity for all its 190 member countries through economic surveillance, lending, and capacity development.

ECONOMIC SURVEILLANCE

128 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 the 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 Financial Sector Assessment Program (FSAP), the IMF also conducts regular in-depth analysis of systemically important financial sectors.

LENDING

A total of $70 billion to 30 countries, including about $15 billion to 20 low-income countries, for a total of $357 billion to 97 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

$382 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 implement more effective economic policies and tackle complex challenges. The IMF shares its knowledge with government institutions such as finance ministries, central banks, statistical agencies, financial supervisory agencies, and revenue administrations through hands-on advice, training, and peer-to-peer learning. IMF capacity development (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.

Ghana

CAPACITY DEVELOPMENT

Strengthening the capacity of institutions—including central banks, finance ministries, revenue administrations, statistical agencies, and financial sector supervisory agencies—results in more effective policies and greater economic stability and inclusion. The IMF, along with its partners, 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 capacity development (CD)—which includes hands-on technical assistance and training, a suite of diagnostic tools and publications, and peer-learning opportunities—so that member countries can build sustainable and resilient institutions. These efforts are an important contribution to member countries' progress toward the UN Sustainable Development Goals.

CD focuses on the IMF's core areas of expertise, such as public finances, financial sector stability, central bank operations, macroeconomic frameworks, and economic statistics. It helps countries design better macroeconomic policies, mobilize revenue, spend better, access better data, and strengthen monetary and financial stability, as well as tackle cross-cutting issues, such as income

Ethiopia

and gender inequality, corruption, climate change, and digitalization. The IMF is uniquely positioned to support its membership in these areas, with its global reach, institutional experience, and world-class expertise. All IMF members benefit from CD, but a priority is placed on support for low-income and fragile and conflict-affected countries (see Box 1.3).

At the request of country authorities, IMF country teams and technical experts develop and implement an integrated work plan tailored to member countries' needs and absorptive capacity. The IMF works with member countries through a global network of 17 regional capacity development centers (RCDCs), in-country placements of long-term resident advisors, and 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.

In the past decade, more than 200,000 cumulative active learners have taken at least one of the 90+ IMF free online courses. The online learning program also continued to expand its offerings in several languages other than English (Arabic, French, Portuguese, Russian, and Spanish).

Development partners of the IMF and RCDC member countries fund about two-thirds of direct spending on CD. Together, the IMF and its partners strive to help the membership build forward better and work toward a greener, smarter, and more equitable future.

In the past decade, more than 200,000 cumulative active learners have taken at least one of the 90+ IMF free online courses.

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 April 2024 (see Box 1.1).

The review recommended that CD be more flexible, integrated, and tailored to better respond to member needs. The review benefited from the recent independent evaluation of IMF CD and a wide range of inputs, including internal and external consultations with CD stakeholders, surveys of CD recipients and development partners, background studies, and the recommendations of an external advisory group.

The strategic vision for IMF CD is informed by its comparative advantage and the IMF's surveillance priorities amid a changing global CD landscape, characterized by elevated uncertainty from higher debt, geopolitical tensions, climate change, and digitalization. The proposals of this review center around six key areas—namely, CD prioritization and integration, funding models, monitoring and evaluation, delivery modalities, field presence, and human resources policies. Other important CD milestones in FY 2024 include the launch of the inaugural operations of the Global Public Finance Partnership (GPFP) and of the Ukraine Capacity Development Fund (UCDF). The GPFP will become the main vehicle for providing fiscal CD to emerging market and developing economies, with a principal focus on low-income countries and fragile and conflict-affected states. The GPFP will help member countries progress on their domestic resource mobilization agendas, by implementing good policies and strong management of domestic public revenues, which are key to supporting the G20 Domestic Resource Mobilization Initiative and countries' development goals. The UCDF will provide substantial resources for the scaling up of technical assistance and training in support of the Ukrainian government's ambitious economic reform agenda.

FY 2024 also marked the reopening of the office of the Middle East Regional Technical Assistance Center in Lebanon and several significant anniversaries: 30 years of the Pacific Financial Technical Assistance Center (Fiji); 25 years of the Singapore Regional Training Institute (Singapore); 20 years of the Regional Technical Assistance Center for francophone West Africa (Côte d'Ivoire); and 10 years of the Africa Training Institute (Mauritius), the Regional Technical Assistance Center for Anglophone and Lusophone West Africa (Ghana), and the IMF's online learning program (see Box 1.2).

BOX 1.1

Review of the IMF's Capacity Development Strategy

Toward a More Flexible, Integrated, and Tailored Model

Background. Every five years, the Executive Board of the IMF receives information on the evolution of and reforms related to IMF capacity development (CD), makes necessary policy decisions, and provides directions on goals for the next five-year period in the context of a formal CD strategy review (CDSR). The previous review had been completed in 2018.

The 2024 CDSR took place in a rapidly changing global landscape. Following the pandemic, member countries are facing a range of challenges. These include macro-financial uncertainties and debt vulnerabilities and are compounded by more frequent and intense climate-related shocks, higher food and energy insecurity, geopolitical tensions, and the digital revolution.

IMF priorities and working practices have also evolved. Addressing climate change, fragile and conflict-affected states, gender, and digital money are new institutional priorities, while surveillance aims to provide more tailored and targeted policy advice amid elevated member uncertainties, as highlighted in the 2021 *Annual Report.*

BOX 1.1

The challenging global economic environment calls for IMF CD that is even more flexible, integrated, and tailored. The Independent Evaluation Office of the IMF (IEO) review of CD in 2022 affirmed that IMF CD is relevant, effective, and valued by members, and the IEO recommendations outlined a pathway for further enhancement of the impact of CD.

KEY CONCLUSIONS OF THE 2024 CDSR

The current size of CD relative to the IMF's other main activities is broadly appropriate, but more flexibility is needed. This flexibility could be in the overall size of CD spending in response to shocks or structural changes and in its composition by region and topic.

Integration with surveillance and lending is central to CD's success. There has been substantial progress in internal processes and coverage of CD issues in Board documents and discussions. The review proposes new avenues for the Board to gain insight into prioritization, enhanced coverage of CD issues in staff reports, and better internal incentives for effective integration.

The review identifies options for enhancing the funding model and discusses ways to mitigate funding risks. Greater use of external financing has enabled the IMF to meet growing demand for CD in a flat real budget environment. However, the fundraising is tightening. The review identifies options and ways to reduce the cost of administering multiple funding sources and risks to support continuity of delivery and prioritization.

Enhanced monitoring and evaluation and modernization of delivery could further boost the impact of CD. The review reaffirms that IMF CD has been broadly effective and impactful. It proposes closer involvement of country authorities in the results management framework, more frequent evaluation, and better incorporation of monitoring and evaluation results in project and strategy development to enhance the impact of CD. The review also proposes modernizing delivery modalities, including through blended delivery that makes good use of technology.

Field presence, in particular regional capacity development centers, is fundamental to the IMF's CD model, enabling more intensive and tailored CD. The review proposes actions to reflect this development through evolution of financing structures, governance, and relationship with headquarters activities. It also proposes continued increases in field presence, taking account of the evolution of all IMF operations and budgetary constraints.

The review proposes several measures to enhance the environment for IMF staff working in CD, accompanied by a strategic review of CD personnel structures. Growth in field presence has been accompanied by changes in the composition of CD staffing and issues in human resource models for CD employees. The focus is on selected short-term measures that can motivate CD staff. The proposed strategic review will be linked to other ongoing work, including work on field-based employment.

Reform proposals are interrelated and involve risks that need to be managed. The review assesses risks involved in implementing the new proposals and associated risk management strategies to inform the effective implementation of the CDSR proposals.

Singapore

Ten Years of the IMF Online Learning Program

The IMF's online learning program has become an increasingly important CD delivery modality, fueled by high demand from member countries and made possible thanks to the generous support of the Government of Japan. The program celebrated its first decade of operations during financial year 2024.

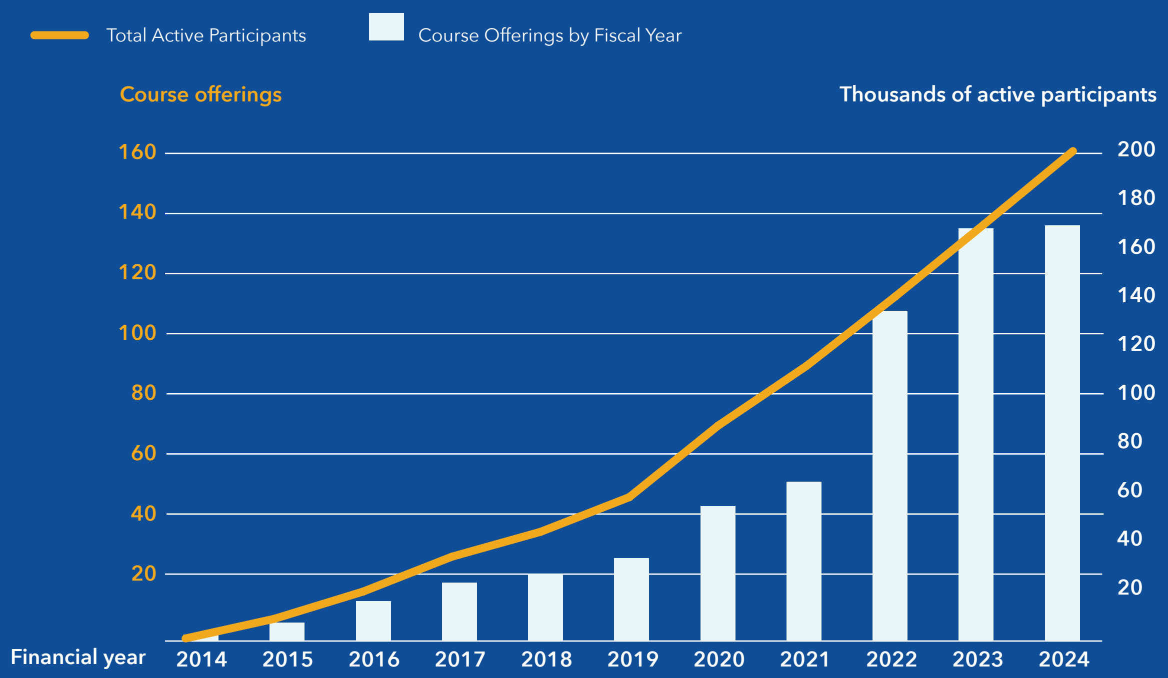
The program has expanded substantially over the past decade. Participation in online courses continues to grow, bringing the overall number of cumulative active global learners to more than 200,000 (see Box figure 1.1). The IMF Institute Learning Channel offers microlearning videos in various areas of IMF expertise and has reached 16,500-plus subscribers and received more than 1.23 million individual views.

With close to 100 online courses available to government officials and the general public, 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 (VITARA) series (Performance Management and Audit Program), and new courses on macroeconomic statistics (Financial Soundness Indicators, Producer Price Index) and debt management (Debt Management Debt Reporting and Investor Relations) are now

BOX 1.2

FIGURE 1.1

Online Learning Course Participation, 2014 - 2024



Source: IMF, Institute for Capacity Development.

available. Moreover, the program offers over 40 courses in languages other than English, so that IMF knowledge is now also available in Arabic, French, Portuguese, Russian, and Spanish.

The use of online learning in blended training and technical assistance, or in conjunction with surveillance, continues to enhance the impact of IMF CD by preparing authorities for virtual or face-to-face missions. One notable example of CD surveillance integration is the use of the online VAT Gap Estimation Model course ahead of a technical assistance mission in Honduras to estimate the value-added tax gap and identify preferential tax regimes and compliance gaps. These findings helped authorities draft a bill to streamline preferential tax regimes, aligned with long-standing recommendations from the IMF. Moreover, in FY 2024, 15 courses, designed specifically for blended CD delivery, covering various topics in macroeconomic analysis and statistics and other training areas, were offered and received positive feedback from the IMF CD departments in terms of learning gains and participant satisfaction.

All courses on the online 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.

BOX 1.3

Scaling Up Capacity Development to Fragile and Conflict-Affected States

Fragile and conflict-affected states, a group of about 40 countries that are home to 1 billion people, are among the most vulnerable members of the international community. While each country is different, fragile states typically suffer from a mix of low state capacity and limited public service delivery, higher concentrations of extreme poverty, governance challenges, gender disparities, and in some cases, armed conflict. As a result, fragile states are more exposed to external shocks—such as pandemics, climate-related risks, and economic crises—but can also be active sources of regional instability through spillovers such as cross-border insecurity and forced displacement.

The IMF has stepped up its engagement with fragile and conflict-affected states, including through the implementation of a comprehensive strategy approved in 2022. The strategy provides an operating framework and a set of priority actions that enable the IMF to better support these countries to achieve macroeconomic stability, strengthen resilience, and promote inclusive growth to exit fragility. Recognizing that the path from fragility to stability can take decades, scaled-up capacity development to strengthen economic institutions is a core pillar of the fragile and conflict-affected states strategy. During FY 2024, about 17 additional long-term experts were placed in countries and in regional capacity development centers to build authorities' capacity to boost tax revenues, control and prioritize government spending, manage public debt, develop well-functioning central banks, step up financial regulation and supervision, strengthen governance, publish timely and accurate economic statistics, and build macroeconomic frameworks and basic tools to inform policy decisions. These are some country examples:

- Supporting authorities to design and implement a public financial management strategy in Chad, strengthening tax forecasting capacity in Mali, and applying blockchain technology to strengthen wage bill control in Guinea-Bissau.
- Modernizing central bank operations and financial sector supervision in Mozambique and Somalia, as well as technical assistance on the consumer price index compilation system in Iraq and supporting the central bank of Haiti on quarterly estimates of GDP.
- Technical assistance to develop macroeconomic frameworks and improve forecasting capacity in Papua New Guinea and Timor-Leste.
- Assistance to Chad on updating statistics for national accounts and to Yemen on public sector debt and government finance statistics.

Together with the 12 long-term experts already deployed in FY 2023, the IMF has added 27 new resident advisors in regional capacity development centers and in-country postings since the approval of the fragile and conflict-affected states strategy in March 2022 thanks to the generous support of development partners. As a result, the IMF's capacity to deliver CD to these countries with field-based long-term experts working closely with authorities has increased significantly, in line with the strategy. This is especially critical for conflict-affected countries, where remaining engaged through CD is critical to prevent the collapse of institutions responsible for economic policymaking in highly constrained environments.

Ukraine

CAPACITY DEVELOPMENT IN NUMBERS FY 2024

$382

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


Ghana

7

training languages offered


Morocco

2,346

CD visits, involving 1,716 experts


Morocco


Egypt

521

courses delivered

18,563

LC Officials trained

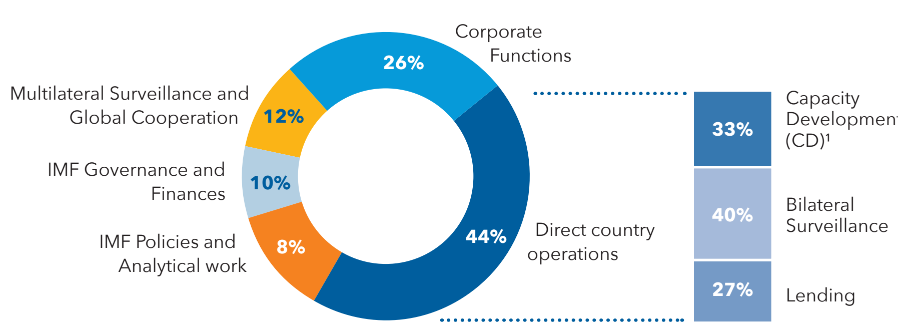

Egypt

2

fragile and conflict-affected states among the top 10 recipients of CD


Bangladesh

IMF Spending by Main Output



Source: IMF staff calculations.

Note: Excludes miscellaneous and central reserves. Direct country operations include only direct engagement with membership.

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

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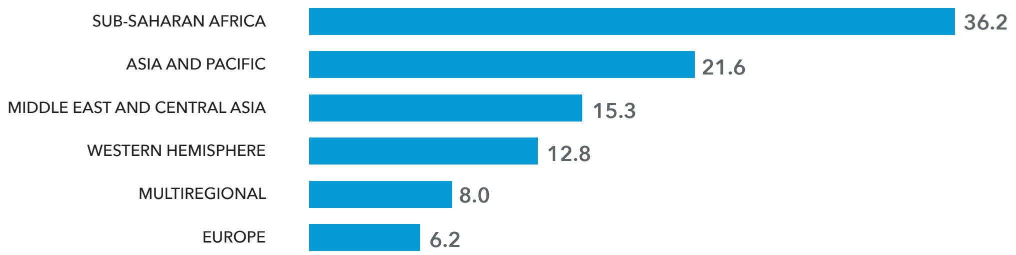
FIGURE 1.2
CAPACITY DEVELOPMENT DELIVERY BY
REGION
FY 2024
(percent of total)

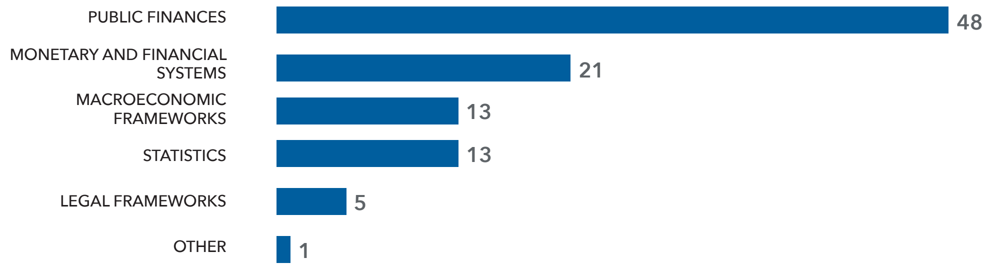


Sources: IMF, Capacity Development Management and Administration Program; and IMF staff calculations.

FIGURE 1.3
CAPACITY DEVELOPMENT DELIVERY BY
COUNTRY INCOME GROUP
FY 2024
(percent of total)

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

FIGURE 1.4
DIRECT CAPACITY DEVELOPMENT DELIVERY BY
TOPIC
FY 2024
(percent of total)

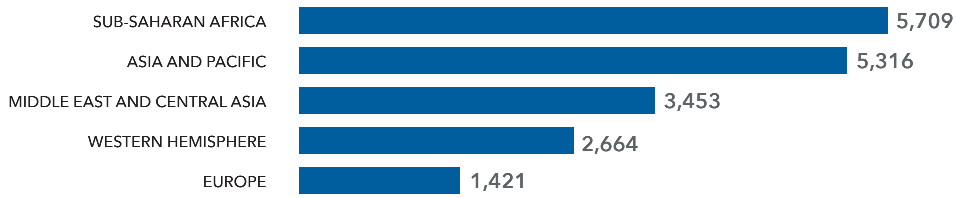


Sources: IMF, Capacity Development Management and Administration Program; and IMF staff calculations.

FIGURE 1.5

TRAINING

PARTICIPATION BY PARTICIPANTS' REGION OF ORIGIN FY 2024
(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 1.6

TRAINING

PARTICIPATION BY INCOME GROUP FY 2024
(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 1.3.

Top 10 Partners for IMF Capacity Development

(Contributions in US dollars over the past three years, FYs 2022–24)

1. Japan
2. European Union
3. China
4. Switzerland
5. India
6. France
7. Kuwait
8. Germany
9. The Netherlands
10. Korea

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

Top 10 Recipients of IMF Capacity Development

(FY 2024, US dollar spending)

1. Cambodia
2. Sri Lanka
3. Uzbekistan
4. Democratic Republic of the Congo
5. Ghana
6. Mozambique
7. Malawi
8. The Gambia
9. Sierra Leone
10. Bangladesh

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

Top 10 Recipients by Training Participation

(FY 2024, participant weeks)

1. India
2. China
3. Bangladesh
4. Cambodia
5. Nigeria
6. Kenya
7. Cameroon
8. Sri Lanka
9. Uzbekistan
10. Nepal

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

Table 1.1. Thematic and Country Funds for IMF Capacity Development

(As of April 30, 2024)

Name	Partners
Anti–Money Laundering/ Combating the Financing of Terrorism (AML/CFT)	Canada, France, Germany, Japan, Korea, Luxembourg, The Netherlands, Qatar, Saudi Arabia, Switzerland, United Kingdom
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, Canada, 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
Global Public Finance Partnership (GPFP)	Belgium, France, Germany, Japan, Luxembourg, The Netherlands, 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, Sweden, United Kingdom
Tax Administration Diagnostic Assessment Tool (TADAT)	European Union, France, Germany, Japan, The Netherlands, Norway, Switzerland, United Kingdom
Ukraine Capacity Development Fund	Ireland, Latvia, Lithuania, The Netherlands, Japan, Slovak Republic

Table 1.2. IMF Regional Capacity Development Centers

(As of April 30, 2024)

Name	Partners	Member Countries
Africa Training Institute (ATI)	China, European Investment Bank, European Union, Germany, Mauritius (host)	45 countries in sub-Saharan Africa are eligible for training
AFRITAC Central (AFC)	China, Belgium, European Union, France, Gabon (host), Germany	Burundi, Cameroon, Central African Republic, Chad, Republic of Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, São Tomé and Príncipe
AFRITAC East (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)	China, European Union, Germany, Mauritius (host), 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
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

Source: IMF, Institute for Capacity Development.

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

Name	Partners	Member Countries
Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC)	Asian Development Bank, China, European Union, Kazakhstan (host), Korea, Poland, Russia, Switzerland, United States	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, European Union, Fiji (host), Japan, 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)	38 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

IN FOCUS

Sustaining the Recovery

Following the pandemic, the global economy has been remarkably resilient, and inflation has been steadily receding toward central bank targets. While most signs point to a global soft landing, greater divergence in growth and inflation has emerged among countries, buffers have been eroded, and medium-term growth prospects are lackluster. Equally worrisome, vulnerable countries are at risk of falling further behind.

Against this backdrop, the key policy priorities are to rebuild buffers, revive medium-term growth, and ensure that IMF policies, its lending toolkit, and its governance are fit for a changing world.

Global inflation is forecast to decline steadily, with advanced economies returning to their inflation targets sooner than emerging market and developing economies (Figure 1.1). Fully restoring price stability is not yet guaranteed, and central bankers will need to carefully balance the risk of premature easing against that of delaying too long. Varying inflation dynamics call for country-specific approaches.

Medium-term growth is expected to remain low (Figure 1.2). According to IMF projections, the forecast for global growth is 3.1 percent in 2029—one of the lowest five-year-ahead forecasts in decades. This does not augur well for the poverty reduction and job creation needed for burgeoning populations of young people in developing economies and emerging markets. Slowing growth prospects mean that some—particularly low-income—countries face being left behind in the march toward income convergence.

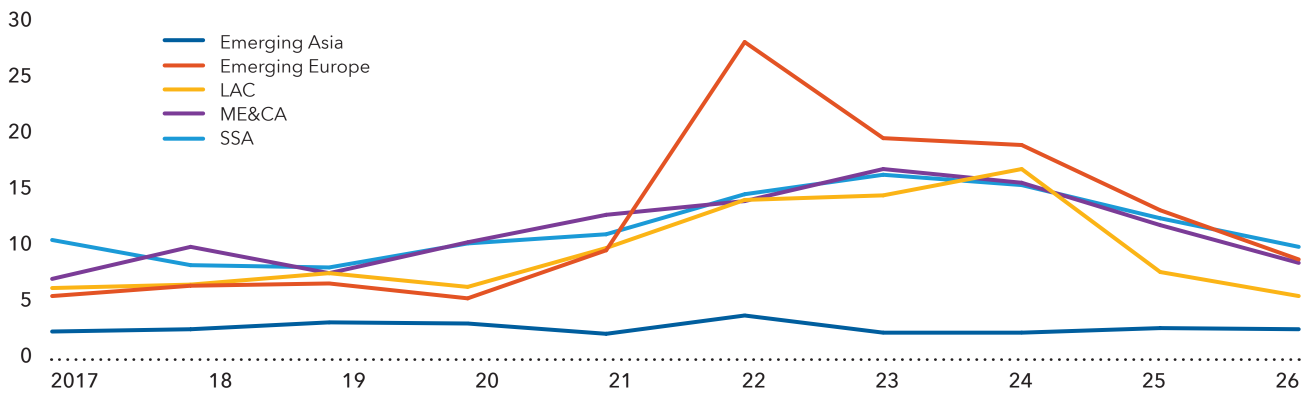
The forecast for global growth is expected to be 3.1% in 2029—one of the lowest five-year-ahead forecasts for decades.

Four years after the outbreak of COVID-19, fiscal deficits and debts are higher than prepandemic projections and are forecast to remain higher over the medium term. Without decisive action, global public debt is projected to inch above 100 percent of GDP by 2029.

The priority then must be to rebuild fiscal space to make economies more resilient to future shocks and to allow for needed public investment to manage climate and technological transitions. For example, a carefully calibrated mix of revenue and spending will allow for the achievement of climate goals while ensuring debt sustainability and political feasibility. Carbon pricing will be a necessary instrument and should be complemented by policies to address market failures and catalyze private financing and investment in low-carbon technologies.

Figure 2.1. Global Inflation to Steadily Decline

(Headline inflation by EMDE Region; Percent)



Source: IMF staff calculations.
Note: Core inflation excludes volatile food and energy prices. EMDEs = emerging market and developing economies; LAC = Latin America and the Caribbean; ME&CA = Middle East and Central Asia; SSA = sub-Saharan Africa.

To support medium-term growth, countries will have to select an appropriate policy mix to contain inflation and put public finances on a sustainable track. In addition to rebuilding buffers and safeguarding debt sustainability, creating space for investment will be challenging, as economies continue to struggle with the legacies of high debt and deficits.

Well-designed fiscal policies to stimulate innovation and the diffusion of technology can deliver faster productivity and economic growth across countries. Policymakers should also usefully leverage areas highlighted by the IMF to counter lower, medium-term growth, including measures such as encouraging greater female participation in labor markets and enhancing green investment.

In 2024 more than half the world (as measured by both population and GDP) is scheduled to hold elections. It will be tempting for governments to delay fiscal consolidation, but doing so could force a more painful adjustment later.

Debt refinancing risks remain high for many countries, and continued international cooperation is needed to improve the global debt-restructuring architecture, including through the Group of Twenty's (G20's) Common Framework and by further enhancing the global financial safety net. These initiatives and the work of the Global Sovereign Debt Roundtable will help economies in debt distress achieve debt sustainability.

In addition to managing fiscal resources, policymakers must also grow the economic pie. Targeted and carefully sequenced structural reforms will be critical to boost productivity, ease debt burdens, and support green and digital transitions. Similarly, green investments—or policies such as those that address unequal gender access in labor markets—will produce their own inherent boost to combat the low long-term growth outlook. For emerging market and developing economies, prioritizing reforms in areas such as governance, business regulation, and external sector policies could unleash productivity gains.

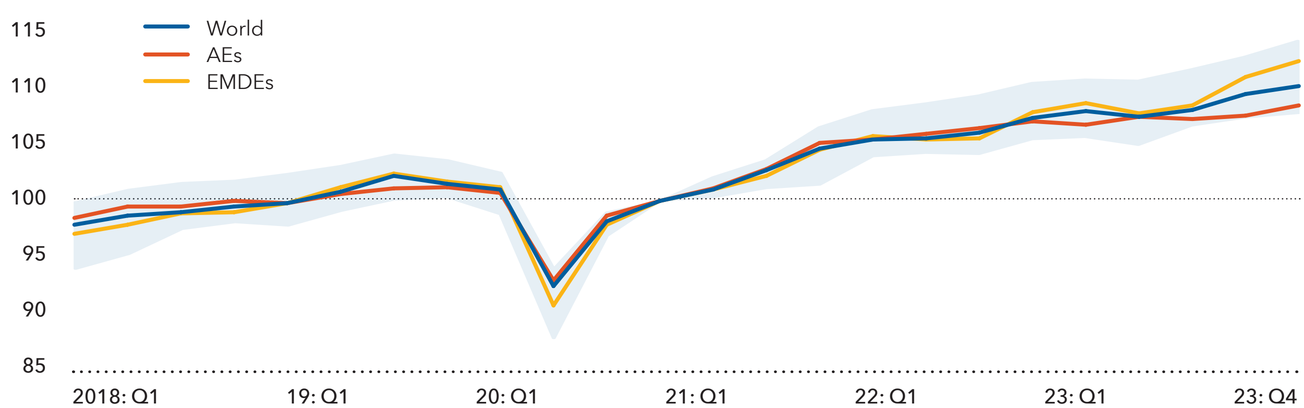
Four years after the outbreak of COVID-19, **fiscal deficits and debts are higher** than prepandemic projections.

Global trends such as those discussed in "High Uncertainty and the Unknown," later in this report, hold great promise for higher productivity and improved trend growth, but they also risk triggering dislocations, notably in labor markets. Other trends, such as rising geoeconomic fragmentation, a surge in trade restrictions and industrial policies, and climate change, could further undercut the weak outlook. These trends call for more international cooperation and a concerted multilateral response to limit their costs and leverage their benefits.

Against this backdrop and in line with its mandate, the IMF has provided policy advice, financing, and capacity development to its members, remaining flexible and responsive to evolving circumstances. It will continue to play a critical role in facilitating global cooperation and strengthening the international monetary system.

Figure 2.2. Medium-Term Growth to Remain Low

(Real GDP; index, 2020: Q4 = 100)



Sources: Haver Analytics; and IMF staff calculations.

Note: The figure plots the median of a sample of 44 economies. The bands depict the 25th to 75th percentiles of data across economies. AEs = advanced economies; EMDEs = emerging market and developing economies.

A Fund for the Future

Given its location at the northern point of the African continent, with the youngest and fastest-growing population, the choice of Marrakech for the October 2023 IMF–World Bank Annual Meetings was appropriate for the eve of the 80th anniversary of the founding of the Bretton Woods institutions (see page 24). The IMF is marking its history, but it is also firmly focused on the future.

Agreements on governance and financing reached in Marrakech testify to the membership's determination to shape an IMF that meets not only the needs of members today, but also those in the future. Over the past year, the IMF has continued to evolve to better serve its members, further adapting its lending, policy advice, and capacity development to help countries respond to shifting global conditions.

The IMF successfully reached its target of raising **SDR 12.6 billion** for PRGT loan resources.

The IMF harnesses the power of multilateralism, in partnership with the World Bank, to achieve its goals, as illustrated by the "Marrakech Principles for Global Cooperation" issued jointly with the World Bank and top Moroccan officials at the end of the meetings.

To better reflect the makeup of the global economy, and following a recommendation by the IMF's Executive Board, in December the IMF Board of Governors approved an increase in IMF quotas under the 16th General Review of Quotas. Once member countries give their consent to this decision, which in many cases involves legislative approval, IMF members' quotas will increase by 50 percent (SDR 238.6 billion, or $314 billion), bringing total quotas to SDR 715.7 billion ($943 billion). When the quota increase becomes effective, it will reduce the Fund's reliance on borrowed resources with no reduction in its lending power—critical for a strong, quota-based, and adequately resourced IMF. Looking ahead to the 17th General Review of Quotas, the Board of Governors called for work to develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula.

Another important milestone reached in Marrakech was the achievement of the 2021 fundraising targets for the Poverty Reduction and Growth Trust (PRGT). Ahead of the Annual Meetings, and with the support of 17 members, the IMF successfully reached its target of raising SDR 12.6 billion ($17 billion) for PRGT loan resources. Additional pledges received around the time of the Annual Meetings yielded about SDR 14.7 billion under the 2021 fundraising round, exceeding the target by a wide margin.

In addition, in Marrakech, the target of SDR 2.3 billion ($3 billion) for PRGT subsidy resources was also met, thanks to the support of more than 40 PRGT partners. This is an important first step to help ensure that the PRGT can continue providing financing at zero interest to the poorest and most vulnerable members. (For more information on the PRGT, see "Lending and Debt Revisited.")

Given their macro-critical impact, climate considerations are increasingly mainstream in the IMF's work—through macroeconomic and financial policy advice but also through its lending. The IMF's Resilience and Sustainability Trust (RST) provides longer-term, affordable financing to help members

Given their macro-critical impact, climate considerations are increasingly mainstream in the IMF's work—through macroeconomic and financial policy advice but also through its lending.

address structural challenges arising from climate change and pandemic preparedness.

In May 2023, the Executive Board also approved the introduction of an interest rate cap for the RST's lowest-income borrowers (Group A countries) following the first ever review of the adequacy of RST resources. As of the end of April 2024, 18 arrangements, amounting to the tune of SDR 6.3 billion had been approved for financing from the RST under the Resilience and Sustainability Facility. In addition, the IMF received contributions from eight members to add SDR 1 billion across the RST's deposit and reserve accounts during the year ending April 30, 2024. New commitments to the loan account from six members during the year ending April 30, 2024, totaled SDR 4.4 billion. The new agreements added critical resources that support the continued smooth operations of this lending vehicle.

Both the PRGT and the RST received a financing boost after the G20 achieved its goal of SDR channeling of $100 billion from stronger members to those in greater need. The Executive Board's consideration of the ex post report on the 2021 $650 billion SDR allocation concluded that it had benefited the global economy and its members.

In Marrakech, there was also a boost to the IMF's governance and representation with the announcement of a 25th chair on the IMF Executive Board—a third chair for sub-Saharan Africa. IMF research predicts that much of future global economic growth will come from emerging market and developing economies. This decision helps ensure that the IMF will continue to remain representative of its diverse membership and was accompanied by an additional commitment to increase gender diversity on the Board.

In order to effectively meet future needs, it is essential to identify where those needs lie. The IMF's participation in the G20 Data Gaps Initiative (DGI-3) demonstrates the IMF's role in the provision of data and information to support effective policies. This multilateral initiative aims to close critical data gaps in the areas of climate change, financial innovation, and inclusive growth with the objective of ensuring regular collection and dissemination of reliable and timely statistics for policy use.

Lending and Debt Revisited

The global economy has suffered successive shocks in recent years. In this environment, a priority for the IMF is to ensure that the global financial safety net and IMF lending vehicles are equipped to address the evolving needs of the global economy, with a focus on crisis prevention, financial stability, and the protection of its most vulnerable members.

Many of the changes made to the IMF's lending vehicles in response to the changing climate are detailed in the "Lending" section in Part Two of this *Annual Report*. Highlights include an extension to normal access limits under both the General Resources Account and the precautionary facilities. Both are scheduled to undergo comprehensive review. In addition, the Board has endorsed staff proposals for reforms of the precautionary facilities to assess their effectiveness, usage, and adaptability to changing global economic conditions.

Another lending instrument that was adjusted over the past financial year was the Food Shock Window. The former was a major IMF innovation designed to allow countries to address the global food crisis. Following an extension of its initial 12-month term, the IMF closed the Food Shock Window in March 2024; the Fund was able to use existing measures to support countries that were and are affected by food shocks. During its lifetime, six countries accessed financing under the Food Shock Window, receiving a total disbursement of $1.8 billion. Despite the end of this financing vehicle, the IMF has continued its close engagement with other international organizations and joined several international initiatives on food insecurity, drawing attention to the urgency and scope of the global food crisis, advocating, calling for urgent and coordinated action, and creating a framework for closer collaboration both at the policy and country levels.

One of the IMF lending vehicles that saw the greatest demand by members over the past fiscal year was the PRGT (which currently makes loans at zero interest). PRGT lending commitments approved during FY 2024 amounted to SDR 4.9 billion ($6.5 billion).

The unprecedented scaled-up support to low-income countries in recent years, together with sharply higher interest rates, has impacted the PRGT long-term self-sustained lending capacity, which is projected to fall to about SDR 1 billion a year—less than a fifth of the recent lending levels, and below the level of SDR 1.2 billion a year before COVID-19.

PRGT lending commitments during FY 2024 amounted to

$6.5 billion

(SDR 4.9 billion).

While efforts have so far focused on bilateral fundraising facilitated by SDR channeling to support PRGT lending, the focus in the 2024 comprehensive review of the IMF's PRGT facilities and financing is to identify a reform package that ensures adequate PRGT support to low-income countries while restoring the Trust's long-term financial viability. The IMF's Board agreed to postpone the next review of the PRGT interest rate to allow for all policies regarding low-income country facilities to be considered together during the 2024 review of the IMF's PRGT facilities and financing. As a result, the interest rates on all PRGT credit will be kept at zero until the completion of the review.

The ongoing review of the IMF's PRGT facilities and financing will cover both the review of facilities, including access limits, and PRGT financing, with the aim of ensuring the long-term financial sustainability of the Trust. The PRGT is just one example of how the IMF continuously reviews and adapts its lending facilities to better meet the needs of its members.

Continued Momentum on Global Sovereign Debt

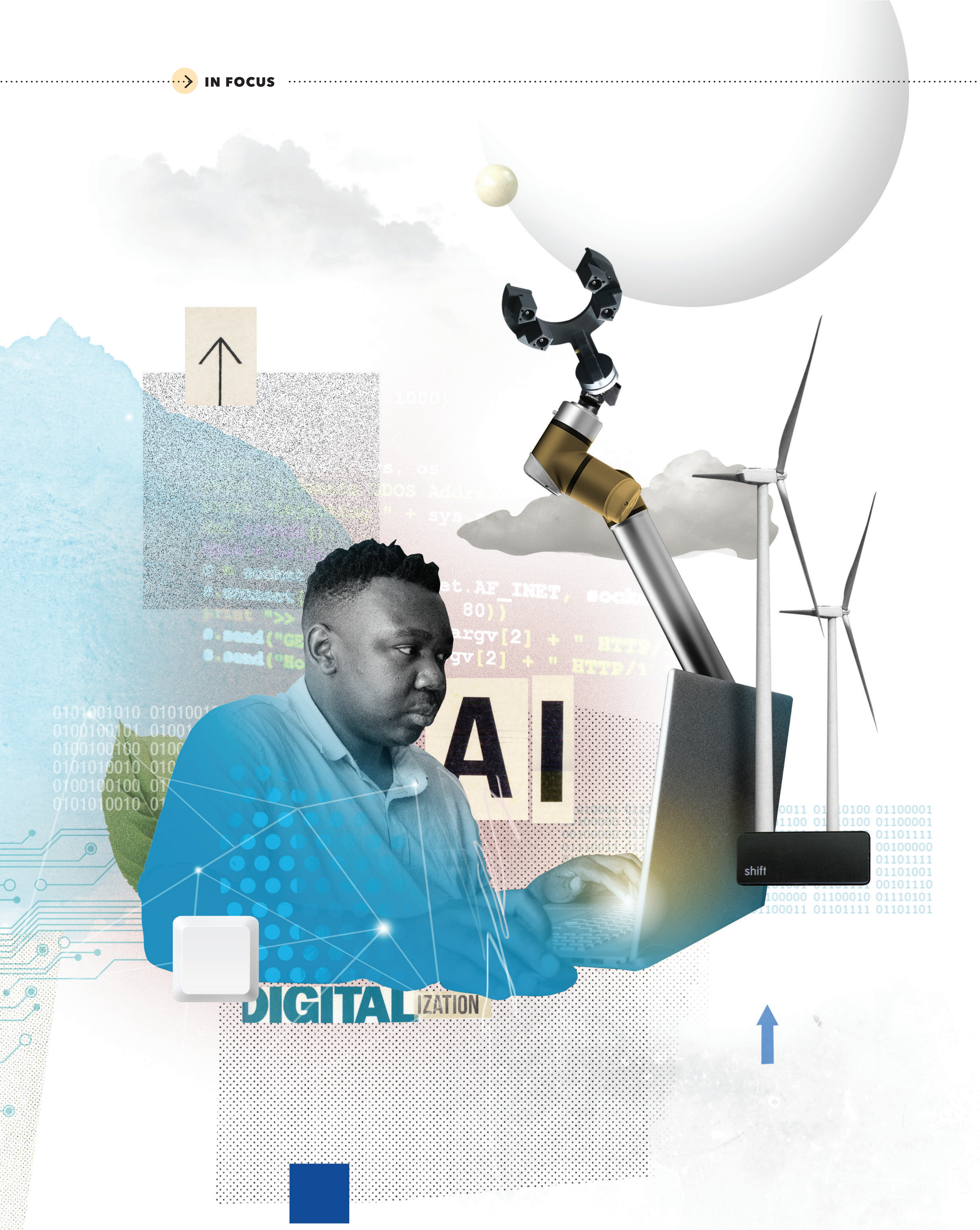
Debt resolution is a first-order issue for the IMF, and it has been an active player in addressing sovereign debt as part of broader efforts to support global economic stability and development. High debt-servicing costs are a growing challenge for low-income countries, whose budgets are being strained by financing pressures from higher interest payments and the quickening pace of debt repayments.

The IMF remains committed to addressing global debt challenges and enhancing the effectiveness of the G20 Common Framework for debt treatment. The Framework has been delivering results with faster timelines in each successive individual country case, most recently with Ghana and Zambia.

To further promote debt resolution, the IMF convened, together with co-chairs the World Bank and India (as part of its G20 Presidency), a second meeting of the Global Sovereign Debt Roundtable in October 2023. This gathering brought together creditors and borrowing countries with the aim of advancing work on debt vulnerabilities.

A co-chairs progress report for the Global Sovereign Debt Roundtable noted that the Roundtable had contributed to progress on the international debt agenda by providing a platform to advance greater common understanding among key stakeholders. It notes that the Roundtable helped forge consensus on improvement of processes, including on comparability of treatment and on swifter and more predictable restructuring.

The G20 Common Framework on debt treatment has been **delivering results with faster timelines** in each successive individual country case.


AI
DIGITALIZATION
shift

High Uncertainty and the Unknown

Despite the global economy's postpandemic resilience, economic disruption is likely from a myriad of transformative forces, such as climate change, geopolitical fragmentation, conflict, digitalization—combined with cyber risks—and artificial intelligence (AI). The immediate future promises to be one of continued high uncertainty.

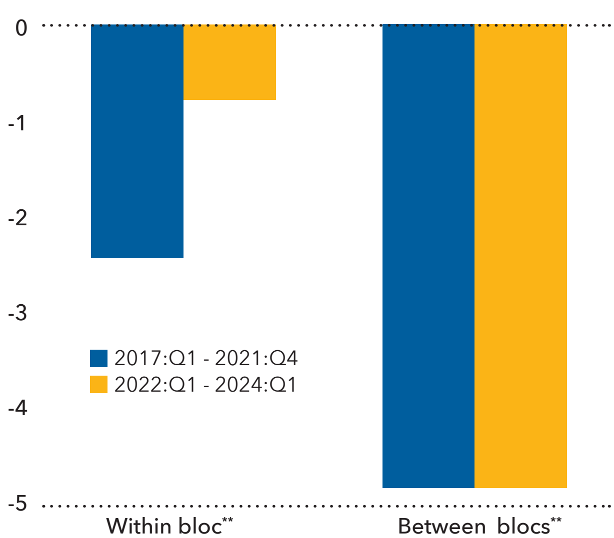
One source of that uncertainty is the effect of climate change, which presents a major threat to countries' long-term growth and prosperity. Global ambitions and policy implementation gaps persist. Reducing greenhouse gas emissions to keep the increase in the global average temperature well below 2°C above preindustrial levels—and ideally to 1.5°C—calls for urgent action.

Uncertainty arises as well from predictions of the weakest medium-term global growth in three decades (see "Sustaining the Recovery"). A significant and broad-based slowdown in total factor productivity growth accounts for more than half of the decline. Exacerbating the slowdown is a widespread drop in postcrisis private capital formation and slower working-age population growth in major economies. Without timely policy interventions or a boost from emerging technologies, global growth is expected to be only 3.1 percent by the end of the decade, significantly below its prepandemic (2000–19) average by 1 percentage point. Improved capital and labor allocation to more productive firms will be essential to enhance growth.

The view that the world is transitioning to a low-growth economy has been fueled in part by increasing geopolitical fragmentation—a world where geopolitics determines trade and investment decisions and, at its extreme, triggers the creation of rival economic blocs (Figure 2.3). Reversals in trade, capital flows, and investment are already reshaping the global economy. Nearly 3,000 trade-restricting measures were imposed in 2023, almost three times the number during 2019. This trend risks reversing the transformative gains from past global economic integration. Restrictions diminish efficiency gains from specialization, limit economies of scale, and reduce competition. Greater integration of the

Figure 2.3. Geopolitical Fragmentation Is Affecting Trade

*(Percentage point differences in trade growth before and after the start of war in Ukraine)**



Sources: Trade Data Monitor; and IMF staff calculations.

Notes: *Bilateral quarterly growth rates are computed as the difference in log bilateral trade averaged using weights equal to the bilateral nominal trade. Strategic sectors include the following Harmonized System two-digit chapters: 28, 29, 30. 38, 84, 85, 87, 88, 90, 93. Before war is between 2017:Q1 and 2021:Q4.

** The bloc definition is based on a hypothetical bloc comprising Australia, Canada, Europe, New Zealand, and the US and a hypothetical bloc including China, Russia, and countries siding with Russia during the March 2, 2022, UN General Assembly vote on the war in Ukraine. Other countries are considered nonaligned.

global marketplace and more complex value chains mean the cost of fragmentation will be higher.

Greater geoeconomic fragmentation has also put governments under increasing pressure to adopt more active industrial policy stances. In some cases, these industrial policy measures can help address market failures. But they can also prove costly and lead to various failures, ranging from corruption to misallocation of resources. Industrial policies can also lead to damaging cross-border spillovers, raising the risk of retaliation by other countries, which can ultimately weaken the multilateral trading system and worsen geoeconomic fragmentation.

Conflicts are a major driver of economic fragmentation, and greater political instability and conflict have been a hallmark of the reporting period. The wars in Ukraine and in Gaza are two prominent examples of the many conflicts disrupting global recovery and growth. Over the past decade, for example, parts of Africa and the Middle East have faced conflict, civil unrest, and food insecurity. IMF analysis suggests that this may cause an economic contraction of up to 20 percent in the Sahel. If the situation persists, more than 60 percent of the world's poor will live in fragile and conflict-affected states by 2030.

Growing economic fragility and the conflict landscape do not portend well for the global economy; in contrast, other forces, such as digitalization could prove to be a boon. But these forces will also require thoughtful responses to mitigate the dislocation they might trigger.

The comprehensive integration of digital technologies into all aspects of economic and financial systems, processes, and policies has the potential to reshape the international monetary system. Some governments have been slow to harness digital technology to improve the delivery of public services and strengthen public finance. To maximize gains from digitalization, policymakers will need to link unconnected households to the internet and facilitate the adoption of digital solutions in the public sector.

Greater digitalization, combined with heightened geopolitical tensions, involves its own risks—for example, in the form of cyberattacks. The potential for systemic consequences has risen alongside the danger of extreme losses from cyber incidents. Such losses could potentially cause funding problems for companies and even jeopardize their solvency. Policies and governance frameworks at firms must keep pace with these rising dangers. The IMF actively helps member countries strengthen their cybersecurity frameworks through policy advice, including as part of the Financial Sector Assessment Program, and through capacity-building activities.

The potential ramifications of increasing AI usage are potentially profound. AI could herald the start of a technological revolution, which could jump-start productivity, boost global growth, and raise incomes around the world. Simultaneously, it could also replace jobs and deepen inequality (Figure 2.4). Those who can harness AI could experience an increase in their productivity and wages, while those who cannot risk falling behind.

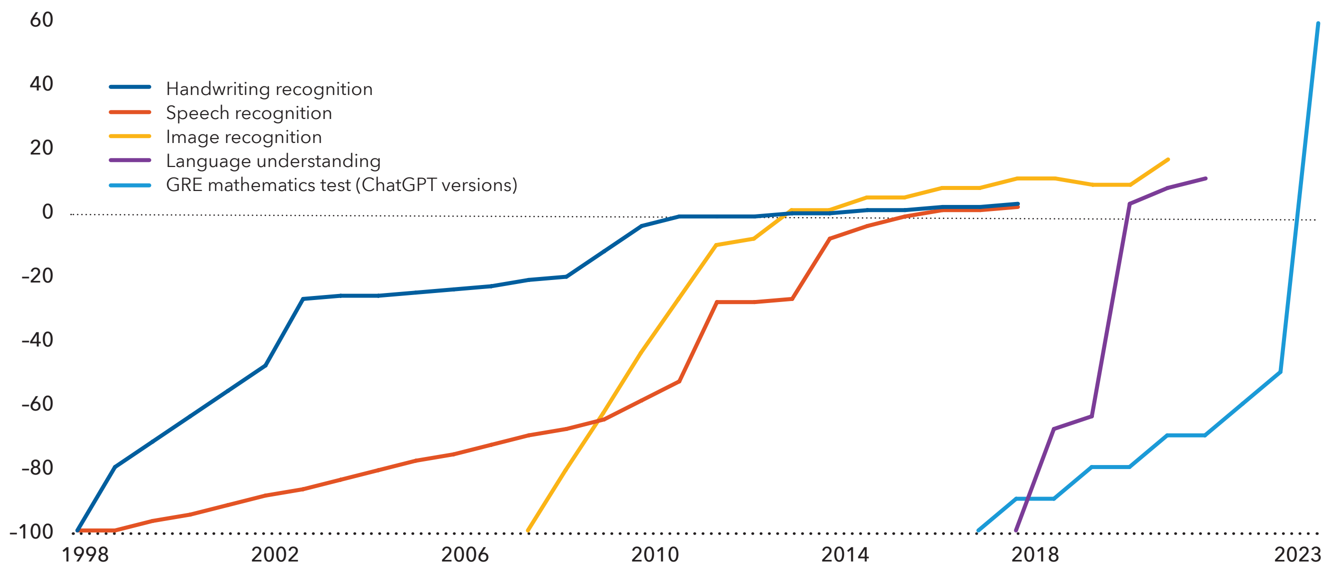
According to one recent IMF paper, about 60% of jobs in advanced economies may be impacted by artificial intelligence (AI).

According to one recent IMF paper, about 60 percent of jobs in advanced economies may be affected by artificial intelligence (AI). In emerging markets and low-income countries, that figure is expected to be 40 and 26 percent, respectively.

Despite the potential gains, policymakers will have to proactively address the overall inequality caused by AI. To help countries craft the right policies, the IMF has developed an AI

Figure 2.4. Effects of AI on Jobs Could Be Profound

(AI performance on human tasks; human benchmark = 0; initial AI performance = -100)



Sources: Kiela and others 2021; OpenAI; and IMF staff calculations.
Note: Figure is based on a number of tests in which human and AI performance were evaluated in five different domains, from handwriting recognition to language understanding. For the GRE mathematics test, the human benchmark is set at the median percentile, with -100 in 2017 reflecting the publication of the seminal paper on GPTs. AI = artificial intelligence; GPT = generative pretrained transformer; GRE = Graduate Record Examination.

Preparedness Index that measures readiness in areas such as digital infrastructure, human-capital and labor-market policies, innovation, economic integration, and regulation and ethics. Wealthier economies, including advanced economies and some emerging market economies, tend to be better equipped for AI adoption than low-income countries, though there is considerable variation across countries.

Ensuring that the benefits of this potential revolution are more evenly shared, not only within countries but also between regions and countries, may require a reallocation of capital and labor from less-developed regions. With sufficient investment, AI may help emerging market and developing economies leapfrog in certain sectors, facilitating the offshoring of a broader selection of tasks and so reducing cross-country inequality.

The unpredictability of these forces—fragmentation, conflict, digitalization, and AI—translates into a more shock-prone world. Economies will need to become more resilient—not just individually but also collectively. To this end, there is much to be gained from engaging multilaterally. For example, the international community could scale up assistance and develop financing solutions that support peace and stability as global public goods. Supported by institutions such as the IMF, countries will need to work together to pursue targeted progress where common ground exists and maintain collaboration in areas where inaction would be devastating.

BOX 2.1

Toward a Greener Planet:
The IMF, Climate, and Climate Financing

Climate change is a major threat to long-term growth and prosperity in all countries. The IMF helps its members address the challenges and risks caused by climate change through macroeconomic and financial policy advice, surveillance, capacity development, and lending.

This past financial year, the IMF continued to mainstream climate-related risks and opportunities into its policy advice. Part of the October 2023 *Fiscal Monitor*—one of the IMF's flagship publications—was devoted to discussion of the fiscal policies appropriate for a warming world. The report concluded that the best way to achieve climate goals and maintain debt sustainability in a politically feasible way is through a carefully calibrated mix of revenue- and spending-based policies. It advocated carbon pricing, or its equivalents, as a necessary instrument to help meet climate goals, complemented by measures to address market failures. It also encouraged private financing as well as investment in low-carbon technologies with transfers to protect the vulnerable during the green transition.

The IMF adds significantly to the stock of knowledge on the fiscal and macro-critical impact of climate change. In the past financial year, four *Staff Climate Notes* were issued and more than 550 publications covered climate issues during the same period.

Climate considerations have also played a part in IMF lending. The IMF's Resilience and Sustainability Facility (RSF) provides affordable long-term financing to help countries implement policy reforms that reduce macro-critical risks, including from climate change. Over the past financial year, 13 countries received funding commitments from the RSF. This is in addition to the five that benefited from the facility in the previous year. In all, three-quarters of the IMF's 190 member countries are eligible for the RSF. (For more on the RSF, see the "Lending" section.)

Over the past financial year, the IMF has continued to support its members through capacity development in countries vulnerable to climate change and natural disasters. The organization leverages a range of tools and offers Climate Change 101 training to help build knowledge at finance ministries and central banks.

Another IMF publication—the *Climate Finance Monitor*—tracks and analyzes global financial flows for climate change mitigation and adaptation. It provides comprehensive data, insight, and guidance on climate financing, which leads to more informed and appropriate policies and actions.

Further progress in the area of climate change was reported in November 2023 when the IMF issued a progress report on the implementation of the Group of Twenty Data Gaps Initiative (DGI-3). Of the 14 recommendations in the report, 7 are related to climate change, the area of greatest progress. The IMF continued the dialogue on economic and financial sector policies in pursuit of shared climate goals during the COP28 Climate Change Conference in Dubai last year. At the conference, it contributed to the first global stocktaking of progress on the Paris Agreement and shared a pavilion with the World Bank Group and the *Financial Times* to present opportunities for knowledge exchange. Discussions centered on reducing emissions, boosting climate financing, increasing resilience to climate shocks, and easing the transition to low-carbon economies.

Together, these initiatives and contributions highlight the IMF's continued commitment to addressing the macro-critical consequences of climate change facing member countries.

Looking Backward, Looking Forward

The IMF at 80

Above left and right: Archival photos from the IMF/WBG Annual Meetings, which were held in Nairobi, Kenya, in 1973. Mr Witteveen and President Jomo Kenyatta and with an unnamed Kenyan woman.

"The point in history at which we stand is full of promise and of danger. The world will either move toward unity and widely shared prosperity or it will move apart into necessarily competing economic blocs."

Franklin D. Roosevelt, Message to Congress on the Bretton Woods Agreements, 1945.

These words delivered by US President Franklin D. Roosevelt in the closing months of World War II, supporting creation of the IMF and the Bank for Reconstruction and Development (later the World Bank), are as fitting today as when first delivered.

Eighty years on, the world faces many of the same challenges as it did at the IMF's inception: a war in Europe and rising populism and protectionism, on top of potentially disruptive global trends. The choice remains the same: international cooperation and shared prosperity, or a world of competing economic blocs.

Clockwise: Bulgaria joins the IMF on September 25, 1990; Office group at the Annual Meetings in Kenya, 1973; MD Witteveen 1973.

The IMF has always defaulted to multilateralism and collaboration. It has been a transmission line for good policy and cooperation. To do this successfully, it has evolved in the face of changing circumstances. The four sections of Part One included in this year's *Annual Report*, illustrate how in the past financial year alone, the IMF has calibrated its policy advice, lending, capacity development, and processes to adapt to a fast-changing world.

But it cannot stand still. It must and will continue to ensure that it remains a Fund for the Future. The election of the 25th chair for sub-Saharan Africa during FY 2024 illustrates the IMF's evolving representation to reflect a changing world. Through prudent management and the support of the membership, it must be a Fund with the financial strength for a changing world and an IMF that continues to bring members together through lending, surveillance, and capacity development.

The IMF will continue to deliver on its mandate of macroeconomic and financial stability not just as a provider of financial support but as a strategic partner providing good macroeconomic guidance and as a "trusted advisor." This is essential because good macroeconomic and financial policies are the foundation for growth and employment. They help countries lift their economic prospects in a world confronted by transformational challenges.

The IMF is also committed to supporting its members with analysis of the way challenges including climate change, inequality, and new technologies affect macroeconomic and financial stability. The IMF will do this in partnership with other organizations, including its sibling, the World Bank.

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The *Annual Report* was prepared by the Publisher Division of the IMF's Communications Department, in consultation with departments across the IMF. Jeremy Harrison, Linda Kean, and Jim Beardow oversaw the work of the report team, which was under the direction of the Executive Board's Evaluation Committee, chaired by Philip Jennings. Hyun-Sung Khang was chief writer, and Nasim Amini Abbas was editor and project manager. Denise Bergeron served as production manager.

Design: Feisty Brown, feistybrown.com
Web Design: Cantilever, cantilever.co
Cover & In Focus Illustrations: Nazario Graziano

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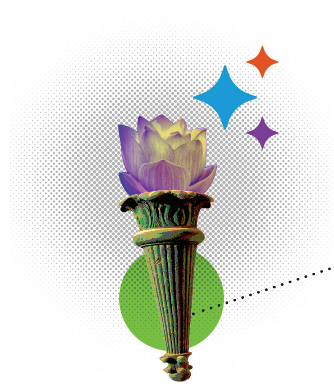

"The need for global cooperation is higher than ever to tackle trends that affect us all, from climate change to the AI revolution."

KRISTALINA GEORGIEVA
IMF Managing Director

IMF CAPACITY DEVELOPMENT
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