5 FINANCES, ORGANIZATION, AND ACCOUNTABILITY

5 FINANCES, ORGANIZATION, AND ACCOUNTABILITY

In FY2010, the IMF continued the implementation of internal reforms approved in 2008. Work progressed on restructuring the income and expenditure sides of the IMF accounts. Sales of IMF gold envisioned in the 2008 reforms, with the intention of enabling a move to a new income model for the Fund and supplementing its resources for concessional lending, were approved by the Board and began. On the expenditure side, further progress was made in aligning the Fund's medium-term budget with revised objectives involving permanent reductions in expenditures and numbers of staff.

In regard to personnel, staff changes in the Office of the Managing Director brought new faces to the management team, including a new Deputy Managing Director, Naoyuki Shinohara, and a Special Advisor to the Managing Director, Min Zhu. A memorial event in April commemorated the life and contributions of Jacques Polak, who helped found the Fund and shape it through its history.

Important reforms to the IMF's transparency policy continued a decade-long progression toward greater openness about the Fund's activities, and the Fund's outreach activities, like much of its other work, expanded and intensified in response to crisis demands.

BUDGET AND INCOME

Gold sales in support of new income model

A central component of the IMF's new income model, endorsed by the Executive Board in April 2008, is the establishment of an endowment funded by the profits from the sale of a portion of the Fund's gold (see "Income, Charges, Remuneration, and Burden Sharing" later in this chapter). In July 2009, the Board agreed that a limited portion of the proceeds from the gold sales would also be used to increase the Fund's resources for concessional lending to low-income countries, and the following September, it approved the sale of a strictly limited volume of the IMF's gold holdings (403.3 metric tons, representing one-eighth of the total holdings; see Web Box 5.1), to be conducted under modalities that would safeguard against disruption of the gold market[84] and in accordance with guidelines endorsed by the Board in February 2008. Under the modalities adopted, the Fund would offer gold for off-market sale to official sector holders such as central banks, then conduct phased on-market sales if necessary.[85] Subsequently, in October and November 2009, three central banks made gold purchases totaling 212 metric tons: the Reserve Bank of India (200 metric tons), the Bank of Mauritius (2 metric tons), and the Central Bank of Sri Lanka (10 metric tons).[86] Though these sales of gold to official holders were off-market transactions, they were conducted at market prices prevailing at the time.

With 191.3 metric tons remaining to sell, the IMF announced in mid-February 2010 that it would soon initiate on-market gold sales,[87] to be conducted in a phased manner over time, in accordance with the priority of avoiding disruption of the gold market. The initiation of on-market sales does not preclude further off-market gold sales directly to interested central banks or other official holders, which would reduce the amount of gold to be placed on the market.

At April 30, 2010, 62.1 percent of the 403.3 metric tons approved for sale had been sold.

Income, charges, remuneration, and burden sharing

Income

Since its inception, the IMF has relied heavily on its lending activities to fund its administrative expenses. The reform of the Fund's income model approved by the Board of Governors in May 2008 will allow the IMF to diversify its sources of income through creation of an endowment funded with the profits from a limited sale of the Fund's gold holdings (approved by the Executive Board in September 2009, as previously discussed), a broadening of the IMF's investment authority to enhance returns on investments, and resumption of the practice of reimbursing the Fund for the cost of administering the PRGT.

Broadening the investment authority requires an amendment of the Fund's Articles of Agreement, and the proposed amendment is being considered by IMF members. As of April 30, 2010, the required threshold for entry into force of the amendment of 112 member consents with 85 percent of the total voting power had not been reached; 67 members with 74 percent of total voting power had provided consents.

Charges

The main sources of IMF income continue to be its lending activities and investments. The basic rate of charge (the interest rate) on IMF financing is determined at the beginning of each financial year as the SDR interest rate plus a margin expressed in basis points.[88] For FY2011, the Board agreed to keep the margin for the rate of charge unchanged from FY2010, at 100 basis points. Consistent with the new income model, the decision was guided by the principles that the margin should cover the Fund's costs for intermediation and buildup of reserves and that it should be broadly aligned with rates in the capital markets. Under this approach, a key objective is to keep the rate of charge stable and predictable.

In the IMF's new charges and maturities framework, approved in March 2009, level-based surcharges of 200 basis points are levied on the use of large amounts of credit (above 300 percent of a member's quota) in the credit tranches[89] and under Extended Arrangements. The IMF also levies time-based surcharges of 100 basis points on the use of large amounts of credit (with the same threshold as above) that remains outstanding for more than 36 months.

In addition to periodic charges and surcharges, the IMF also levies service charges, commitment fees, and special charges. A service charge of 0.5 percent is levied on each drawing from the General Resources Account. A refundable commitment fee on GRA arrangements, such as Stand-By Arrangements, as well as Extended and Flexible Credit Line Arrangements, is charged based on the amounts that may be drawn under the arrangement during each 12-month period. Commitment fees are levied at 15 basis points on amounts committed up to 200 percent of quota, 30 basis points on amounts committed in excess of 200 percent and up to 1,000 percent of quota, and 60 basis points on amounts committed over 1,000 percent of quota. The fees are refunded when credit is used, in proportion to the drawings made. The IMF also levies special charges on overdue principal payments and on charges that are overdue by less than six months.

Remuneration

On the expenditure side, the IMF pays interest (remuneration) to members on their creditor positions in the GRA (known as reserve tranche positions). The Articles of Agreement provide that the rate of remuneration shall be not more than the SDR interest rate, nor less than 80 percent of that rate. The rate of remuneration is currently set at the SDR interest rate, which is also the interest rate on IMF borrowing. In 2009, the Executive Board agreed to boost the IMF's financing capacity, via borrowing, as part of the near-term response to the global financial crisis (see "Ensuring Adequate Resources for the IMF's Work" in Chapter 4). At April 30, 2010, the IMF had borrowed funds from members through bilateral loans and note purchase agreements amounting to SDR 6.4 billion, with a further available amount in undrawn commitments of SDR 167.4 billion.

Burden sharing

The IMF's rates of charge and remuneration are adjusted under a burden-sharing mechanism established in the mid-1980s that distributes the cost of overdue financial obligations equally between creditor and debtor members. Quarterly interest charges that are overdue (unpaid) for six months or more are recovered by increasing the rate of charge and reducing the rate of remuneration (burden-sharing adjustments). The amounts thus collected are refunded when the overdue charges are settled. In FY2010, the adjustments for unpaid quarterly interest charges averaged 1 basis point, reflecting the rise in IMF credit outstanding owing to the effect of the global crisis on members and a similar increase in member reserve tranche positions. The adjusted rates of charge and remuneration averaged 1.30 percent and 0.28 percent, respectively, in FY2010.

Net income

The IMF's net income in FY2010, before taking account of the gold sales it conducted, was SDR 227 million, reflecting income from the high levels of lending activity and the Fund's investments. The returns net of fees on the IMF's investments were 2.53 percent, outperforming by 31 basis points the Board-approved benchmark index, which is constructed using the Merrill Lynch one- to three-year government bond indices for the euro, the yen, sterling, and the U.S. dollar, weighted to reflect the weights of each currency in the SDR basket. Profits from the gold sales in FY2010 were about SDR 3.8 billion and will be transferred to the Fund's Investment Account for investment in an endowment, as agreed under the new income model, after the proposed amendment to the Articles of Agreement regarding broadening of the Fund's investment authority becomes effective.

Administrative and capital budgets

In April of each year, the IMF adopts a rolling three-year medium-term budget (MTB) consisting of a net administrative budget and a capital budget. Within this three-year budget, the Executive Board authorizes total net administrative expenditures, a limit on gross administrative expenditures, and an appropriation for capital projects for the first year of the MTB and takes note of the indicative budget envelopes for the following two years. For FY2010, the authorized net administrative expenditures amounted to US$880 million (see Table 5.1) with a gross expenditure limit of US$1,040 million, consisting of a gross budget of US$979 million (see Table 5.1) and an approved carry-forward of up to US$60 million of unused resources from the FY2009 administrative budget (equivalent to 6 percent of the approved budget for that year).[90] The Board also approved capital expenditures of US$45 million (see Table 5.2).

FY2010 was the second year of a program of reforms, initiated with the FY2009 budget, aimed at reshaping the IMF so that it can deliver more-focused outputs cost-effectively. As part of this reform, the Fund's new structural steady-state budget—the indicative budget for FY2011 (and beyond)—entails a permanent reduction in expenditures by US$100 million in real terms, and a reduction in the number of staff positions by 380, compared to the FY2008–10 MTB.

Despite the continuing global economic and financial crisis that erupted shortly after the IMF's reform efforts began, further progress was made in achieving the MTB objectives. The institution was able to respond to the increase in demands related to the crisis through a series of temporary measures. First, part of the staff who volunteered to leave the Fund stayed on temporarily and helped in early stages of the crisis. Second, financial resources were shifted between financial years through a carry-forward mechanism, allowing underspending from one year to finance temporary spending in another year, resulting in an actual carry-forward of US$52 million for this purpose for FY2010. Third, limited-term experts were brought in to assist with the crisis response or to fill in for experienced staff who were deployed to crisis departments. Finally, resources were redeployed across departments to provide financing for the areas that were most directly affected by the crisis.

Actual net administrative expenditures in FY2010 amounted to US$863 million, US$69 million less than the budget,[91] mainly as the result of delays in replacing the greater-than-targeted number of staff who volunteered to leave the IMF as part of the reform-related downsizing.[92] Against this background, the budget strategy for FY2011–13 is to continue financing the Fund's crisis response while delivering the US$100 million savings agreed. For

Table 5.1

Administrative budget by major expenditure category, FY2008–13

	FY2008		FY2009		FY2010		FY2011	FY2012	FY2013
(In millions of U.S. dollars)	Budget	Outturn	Budget	Outturn	Budget[1]	Outturn	Budget[1]	Budget	Budget
Personnel	723	714	697	659	710	694	739	789	823
Travel	101	94	98	77	89	89	104	113	118
Buildings and other	161	158	164	150	168	162	169	180	191
Annual Meetings	0	0	0	0	5	5	0	0	5
Contingency reserves	10	0	8	–	7	–	0	4	8
Total gross budget/expenditures	994	967	967	885	979	950	1,013	1,086	1,144
Receipts	-71	-76	-99	-72	-100	-87	-122	-159	-173
Total net budget/expenditures	**922**	**891**	**868**	**813**	**880**	**863**	**891**	**927**	**971**
(In millions of FY2008 U.S. dollars)									
Personnel	723	714	670	633	659	644	660	677	679
Travel	101	94	94	74	83	82	93	97	97
Buildings and other	161	158	157	144	156	151	151	155	157
Annual Meetings	0	0	0	0	5	5	0	0	5
Contingency reserves	10	0	8	–	6	–	0	3	6
Total gross budget/expenditures	994	967	929	851	909	882	904	932	943
Receipts	-71	-76	-95	-69	-93	-81	-109	-136	-143
Total net budget/expenditures	**922**	**891**	**835**	**782**	**817**	**801**	**796**	**796**	**801**

Source: IMF Office of Budget and Planning.
Note: Components may not sum exactly to totals because of rounding.
1 The administrative budget excludes provisions for crisis-related expenditures that are paid for through the carry-forward. The actual FY2010 and FY2011 carrry-forward provisions amount to US$52 million and US$62 million, respectively.

Table 5.2

Medium-term capital expenditure, FY2008–13 (In millions of U.S. dollars)

	FY2008		FY2009		FY2010		FY2011	FY2012	FY2013
	Budget	Outturn	Budget	Outturn	Budget	Outturn	Budget	Budget	Budget
Building facilities	21	16	17	17	15	12	17	23	24
Information technology	26	28	32	32	30	33	32	29	24
Total capital expenditures	**47**	**43**	**48**	**49**	**45**	**45**	**48**	**52**	**48**

Source: IMF Office of Budget and Planning.
Note: Components may not sum exactly to totals because of rounding.

FY2011, therefore, the budget approved by the Executive Board in April 2010 continues to make a distinction between structural spending and temporary spending, with the latter to be financed by the budget underrun incurred in FY2010.

For financial reporting purposes, the IMF's administrative expenses are accounted for in accordance with International Financial Reporting Standards (IFRS) rather than on a cash basis of budgetary outlays. These standards require accounting on an accrual basis and the recording and amortization of employee benefit costs based on actuarial valuations. Table 5.3 provides a detailed reconciliation between the FY2010 net administrative budget outturn of US$863 million and the IFRS-based administrative expenses of SDR 725 million (US$1,132 million) as reported in the audited IMF financial statements.

The approved net administrative expenditures for FY2011 amount to US$891 million (see Table 5.1), with a gross expenditure limit of US$1,079 million, consisting of a gross administrative budget of US$1,013 million (see Table 5.1) plus an approved carry-forward of up to US$66 million from the FY2010 budget.[93] The Fund's FY 2011–13 medium-term budget and departmental business plans have been formulated on the basis of a new outputs framework—responsibility areas (see Table 5.4 for a detailed breakdown)[94]—and new standard costs by pay grade.[95] Both initiatives are integral parts of wider budget reforms in the context of introducing the new Analytic Costing and Estimation System in the Fund.

The IMF Business Plan for FY2010 reflected the demands of the financial crisis—increased shares of resources to country program and financial support and global monitoring, with focus on early warning systems and financial safety nets, and more-coordinated and more-targeted technical assistance. The Business Plan for FY2011 reflects the IMF's priorities resulting from the decisions made at the 2009 Annual Meetings. The IMF's work in FY2011 will focus on global cooperative solutions to work out effective exit strategies from stimulus policies, strengthen oversight of economic and financial systems, and reform the global financial architecture. Concurrently, the IMF will continue to provide direct services to member countries through assistance and policy advice to countries affected by the crisis and substantial technical assistance for capacity building in less-developed member countries.

Actual capital expenditure in FY2010 was US$45 million: US$12 million for building facilities and US$33 million for information technology (IT) projects (Table 5.2). Work on developing detailed long-term investment plans for the Fund's physical assets is underway; pending its completion, only the most critical capital facilities projects and some other necessary stand-alone projects are proceeding. (Even within this curtailed spending on capital projects, the IMF managed to win a coveted award during the year for environmental improvements in its headquarters buildings; see Box 5.1.) IT projects are on track and are contributing to the Fund's streamlining initiatives. For example, the recently introduced eReview system was initiated to modernize the review process for internal Fund

Box 5.1

IMF headquarters buildings win LEED Gold Award

In December 2009, the IMF became the first international financial organization to be awarded the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Gold for Existing Buildings—one of the highest environmental designations in the world.[1] Both of the Fund's headquarters buildings received the designation, joining, at the time, four other buildings in Washington, D.C. (four additional buildings in the District had also been recognized as of the end of FY2010).

The LEED rating system is a globally recognized rating for green buildings. LEED for Existing Buildings, an award verified by the Green Building Certification Institute, focuses on how well buildings are operated according to factors like their utilization of energy and water, recycling and reduction of waste, and the creation of a healthy work environment for staff.

Several major changes took place in the headquarters buildings to enable them to comply with the LEED requirements in the months leading up to certification. Water fixtures were upgraded, flush valves and aerators were changed, and a broader no-smoking policy was instituted throughout the two buildings, prohibiting smoking within 25 feet of IMF entryways, operable windows, and air intakes.

Earning LEED certification is just one element in the Fund's overall sustainability program, launched in 2008, which focuses on three areas: continuing to reduce the IMF's energy and water use, improving its sustainable procurement, and its recycling program. As part of another notable sustainability initiative, in an effort to reduce its carbon footprint, the IMF has purchased credits to offset its carbon emissions for FY2008, FY2009, and FY2010 resulting from passenger air travel booked through the Fund's travel agency.

1 See PR 09-442, "IMF Wins Coveted Environmental Award for Headquarters Buildings" (www.imf.org/external/np/sec/pr/2009/pr09442.htm).

Table 5.3

Administrative expenses reported in the financial statements (In millions of U.S. dollars, unless otherwise indicated)

FY2010 net administrative budget outturn	**863**
Timing differences:	
Pension and postemployment benefits costs	207
Capital expenditure—amortization of current and prior years' expenditure	41
Amounts not included in the administrative budget (capital and restructuring budgets):	
Capital expenditure—items expensed immediately in accordance with IFRS	10
FY2010 IFRS restructuring costs[1]	11
Total administrative expenses reported in the audited financial statements	**1,132**
Memorandum item:	
Total administrative expenses reported in the audited financial statements (in millions of SDRs)	725

Sources: IMF Finance Department and Office of Budget and Planning.
Note: Components may not sum exactly to totals because of rounding. Conversions are based on the average FY2010 U.S. dollar/SDR exchange rate of 1.56.
1 Represents costs recognized during FY2010. In accordance with IFRS, certain restructuring costs are recognized prior to actual cash outlays; the FY2008 financial statements included a provision of SDR 68 million, equivalent to US$111 million.

Table 5.4

Budgeted expenditures shares by responsibility area, FY2008–13

(Percentage shares of total gross expenditures, excluding reserves)

	FY2008 Outturn	FY2009 Outturn	FY2010 Outturn	FY2011 Budget	FY2012 Budget	FY2013 Budget
Global cooperative economic solutions	**33**	**32**	**33**	**31**	**30**	**30**
Lead the global economic policy dialogue	19	20	17	20	19	19
Global economic analysis	8	7	5	7	7	7
Cooperative economic policy solutions	3	3	3	3	3	3
Tools to prevent, resolve systemic crises	6	6	6	6	6	6
Regional approaches to economic stability	3	3	3	4	4	3
Oversight of the global economic and financial system	14	12	16	12	11	11
Development of international financial architecture	2	2	2	2	2	2
Data transparency	4	4	4	4	4	4
The role of the Fund in the international monetary system	7	7	9	6	6	6
Direct member services	**67**	**68**	**67**	**69**	**70**	**70**
Advise member countries on economic policies	26	25	23	22	21	22
Assessment of economic policies and risks	22	23	21	19	19	19
Financial soundness evaluations	2	1	1	2	2	2
Standards and codes	2	1	1	1	1	1
Support countries' economic policy adjustments	17	18	21	20	19	18
Arrangements supported by Fund resources	17	15	17	20	19	18
Arrangements not supported by Fund resources	0	3	4	0	0	0
Provide capacity building	24	25	24	27	29	31
Technical assistance	17	18	19	20	22	24
Training	7	7	4	7	7	7

Source: IMF Office of Budget and Planning.
Note: Components may not sum exactly to totals because of rounding. Support and governance expenditures are allocated across outputs. Excludes departmental carry-forward for FY2011.

Box 5.2

Reducing administrative costs

The Managing Director's commitment, upon his appointment, to reduce the Fund's administrative budget by US$100 million has been achieved, through downsizing and aggressive pursuit of efficiency gains and other cost savings in ongoing operations. The application of strategic sourcing principles to several major service contracts has enabled the Fund to reduce costs while sustaining essential service levels. New initiatives to use outsourced providers (both local and global) in areas such as information technology and translation services have also achieved substantial savings. Similarly, renegotiation of airline contracts has netted the Fund several million dollars in travel rebates. To create other administrative efficiencies, a number of efforts have focused on streamlining the document and policy review process, as well as other work practices.

documents and facilitate greater collaboration among area and reviewing departments. (See Box 5.2 for more on savings through administrative cost-cutting efforts at the Fund.) The Executive Board in April 2010 approved an appropriation of about US$48 million for building facilities and IT projects beginning in FY2011 (Table 5.2). The capital budget envelope proposed for the FY2011–13 capital plan is US$148 million.

Like the previous MTB, the FY2011–13 MTB was set in an unusually uncertain and challenging environment. Additional demands on the IMF, including the provision of financial support to member countries, work on improving the global financial architecture, and enhanced surveillance, are expected to continue in FY2011 and beyond. Furthermore, there are uncertainties regarding the outcome of discussions on the IMF's mandate (see Chapter 4). These discussions are expected to continue through the middle of FY2011, and their outcome could have budgetary consequences, which will need to be taken into account in future budget plans.

Arrears to the IMF

Overdue financial obligations to the IMF (including its Trusts) fell from SDR 1,326 million at end-April 2009 to SDR 1,309 million at end-April 2010 (Table 5.5). Sudan accounted for about 75 percent of remaining arrears, and Somalia and Zimbabwe for 18 and 7 percent, respectively. At end-April 2010, all arrears to the IMF were protracted (outstanding for more than six months); one-third consisted of overdue principal, the remaining two-thirds of overdue charges and interest. More than four-fifths represented arrears to the GRA, and the remainder to the Trust Fund and the PRGT. Zimbabwe is the only country with protracted arrears to the PRGT. The general SDR allocation in August 2009 (see "SDR Allocations" in Chapter 3) enabled Somalia to settle its arrears in the SDR Department, and the Managing Director's complaint against the country under Rule S-1 was subsequently withdrawn. The SDR allocation has also facilitated Sudan and Somalia in remaining current in the SDR Department. Sudan and Somalia remain in protracted arrears to the GRA and the Trust Fund.

Under the IMF's strengthened cooperative strategy on arrears, remedial measures have been applied to address the protracted arrears. At the end of the financial year, Somalia and Sudan remained ineligible to use GRA resources. In May 2009, the Executive Board decided to lift the suspension of Fund technical assistance to Zimbabwe in targeted areas, and in February 2010, Zimbabwe's voting and related rights and its eligibility to use the GRA were restored. However, Zimbabwe will not be able to access resources from the GRA until it fully settles its arrears to the PRGT. A declaration of noncooperation, the partial suspension of technical assistance, and its removal from the list of PRGT-eligible countries remain in place as remedial measures related to Zimbabwe's outstanding arrears to the PRGT.

Audit mechanisms

The IMF's audit mechanisms comprise an external audit firm, an internal audit function, and an independent External Audit Committee (EAC) that has general oversight over the annual audit.

The external audit firm, which is selected by the Executive Board in consultation with the EAC and appointed by the Managing Director, is responsible for overseeing the IMF's

Table 5.5

Arrears to the IMF of countries with obligations overdue by six months or more and by type
(In millions of U.S. dollars; as of April 30, 2010)

	By type			
	Total	General Department (including Structural Adjustment Facility)	Trust Fund	PRGT
Somalia	230.0	221.9	8.1	0.0
Sudan	990.1	909.5	80.6	0.0
Zimbabwe	88.7	0.0	0.0	88.7
Total	**1,308.8**	**1,131.4**	**88.8**	**88.7**

Source: IMF Finance Department.
Note: Components may not sum exactly to totals because of rounding.

annual external audit, which includes an opinion on the financial statements of the IMF, accounts administered under Article V, Section 2(b), and the Staff Retirement Plan. At the conclusion of the annual audit, the EAC briefs the Executive Board on the results of the audit and transmits the report issued by the external audit firm, through the Managing Director and the Executive Board, for consideration by the Board of Governors. Two such briefings were conducted during FY2010, in July 2009 and January 2010.

The external audit firm is normally appointed for five years. Deloitte & Touche LLP is currently the IMF's external audit firm. It issued an unqualified audit opinion on the IMF's financial statements for the financial year ended April 30, 2010.

The IMF's internal audit function is assigned to the Office of Internal Audit and Inspection (OIA), which independently examines the effectiveness of the Fund's risk management, control, and governance processes. The OIA also serves as the secretariat for the Advisory Committee on Risk Management (ACRM). The OIA conducted about 30 audits and reviews in FY2010 in the following areas: financial audits on the adequacy of controls and procedures to safeguard and administer the IMF's financial assets and accounts, information technology audits to evaluate the adequacy of IT management and the effectiveness of security measures, and operational and effectiveness reviews of work processes, associated controls, and the efficacy of operations in meeting the Fund's overall goals. In line with best practices, the OIA reports to IMF management and to the EAC, thus ensuring its independence. In addition, the OIA briefs the Executive Board annually on its work program and the major findings and recommendations of its audits and reviews.

The EAC has three members, selected by the Executive Board and appointed by the Managing Director. Under the Fund's By-Laws, the EAC has the general oversight of the annual audit, as further specified in the terms of reference approved by the Executive Board. Members serve three-year terms on a staggered basis and are independent of the Fund. EAC members are nationals of different member countries and must possess the expertise and qualifications required to carry out the oversight of the annual audit. Typically, EAC members have significant experience in international public accounting firms, the public sector, or academia.

The EAC selects one of its members as chair, determines its own procedures, and is independent of the IMF's management in overseeing the annual audit. The EAC normally meets in Washington, D.C., each year in January, in June after the completion of the audit, and in July to report to the Executive Board. IMF staff and the external auditors consult with EAC members throughout the year. The 2010 EAC members are Mr. Thomas O'Neill, Corporate Director and former Chairman, PricewaterhouseCoopers Consulting; Mr. Ulrich Graf, Audit Director in charge of federal debt and financial policy for the Supreme Audit Institution of the Federal Republic of Germany; and Ms. Amelia Cabal, former Senior Partner of SyCip Gorres Velayo & Co, a member practice of Ernst & Young Global.

Board briefings on control- and audit-related matters

The Executive Board receives periodic briefings from the Finance Department on control- and audit-related matters. Each briefing assesses emerging control and related issues. As noted previously, the Board is also briefed regularly on the OIA's work program and activities, including major findings of its audits and reviews, and implementation of its recommendations. In a further step toward enhancing information sharing, in April 2010 the OIA's disclosure policy was amended to allow for the posting of all audits and reviews on an internal secure website accessible to Executive Directors and their alternates.

Risk management

Efforts are ongoing to strengthen risk management at the IMF. The Board is briefed periodically on risk management issues; the most recent such briefing was in February 2010. In May 2009, the IMF hosted a forum, in coordination with the World Bank, International Finance Corporation, and Inter-American Development Bank, with participation of 14 international financial institutions, on best practices in risk management. An informal briefing of the Board took place in February 2010 and included reporting on overall and specific risks as well as developments in incident reporting, a process that has been recently implemented as part of the overall assessment of risks. The 2010 risk assessment discussion by the Board took place in May 2010. Directors broadly concurred with the assessment of the main risks presented in the report of the ACRM, agreeing that the Fund's more prominent role has had ramifications for its financial, operational, and strategic risks.

HUMAN RESOURCES AND ORGANIZATION

Human resources management at the IMF aims at (1) supporting the Fund's evolving business objectives by attracting and retaining a high-caliber, diverse staff with a mix of relevant skills and experiences and (2) managing staff efficiently and effectively in an environment that rewards excellence and fosters teamwork. The Fund made significant progress toward these objectives in FY2010, including through the continuation of a strong recruitment drive and the implementation of key human resources reforms.

Workforce characteristics

Recruitment

Recruitment activity peaked in FY2010. The 2008 restructuring exercise led to a larger-than-expected number of voluntary separations just as the crisis work added to the need for additional staff. Following an initial phase of internal redeployment, a stepped-up external recruitment drive continued at a brisk pace into FY2010. Recruitment reached an all-time high in 2009, as 281 new staff members were brought on board.

Staffing levels

At April 30, 2010, the IMF had 1,844 professional and managerial staff and 568 staff at other levels. Reflecting its evolving needs, the Fund hired a higher proportion of experienced economists and financial sector specialists in 2009. In addition, given the temporary allocation of positions for crisis work, greater use was made of limited-term appointments for a period of two years. A list of the Fund's senior officers and the IMF's organization chart can be found on pages 74 and 75, respectively, of this Report.

Diversity profile

The IMF makes every effort to ensure that staff diversity reflects the institution's membership, and the institution actively seeks candidates from all over the world. Of the IMF's 186 member countries at end-April 2010, 144 were represented on the staff. Web Tables 5.1–5.3 show the distribution of the IMF's staff by nationality, gender, and low-income and industrial countries.

Efforts to enhance diversity at the IMF are moving ahead in several ways. Recruitment activities in FY2010 included missions to Africa, the Middle East, and East Asia; hiring of diverse candidates through the Fund's midcareer interview panel, which assesses candidates' suitability for appointments as experienced economists; and concerted outreach to underrepresented regions, with encouraging, but mixed, results. In addition, the Fund recently launched a Diversity Scorecard to track progress toward diversity objectives in a transparent way.

The Fund also hosted a two-day World Diversity Leadership Summit, "Change in the U.S. and Globally: Leveraging Diversity Innovation for Competitive Advantage," in September 2009. About 400 participants, including senior policymakers, experts, and diversity practitioners from the private sector, government, and nongovernmental organizations, attended the summit, which examined global diversity best practices and case studies, as well as diversity legislative frameworks in Asia, Africa, Europe, and Latin America.

Management salary structure for FY2010

Management remuneration is reviewed periodically by the Executive Board; the Managing Director's salary is approved by the Board of Governors. Annual adjustments are made on the basis of the Washington, D.C., consumer price index. Reflecting the responsibilities of each management position, as of July 1, 2009, the salary structure for management was as follows:

Managing Director	US$441,980[96]
First Deputy Managing Director	US$384,330
Deputy Managing Directors	US$366,030

The remuneration of Executive Directors was US$230,790, and the remuneration of Alternate Executive Directors was US$199,650. The average salary in FY2010 for IMF Senior Officers (see page 74) was US$291,578.

Key human resources reforms during the year

To sustain a positive performance culture and provide opportunities for staff to be rewarded for high performance and develop their careers, the Fund implemented a series of key reforms in FY2010:

Left IMF Human Resources staff participate in a workshop on recruitment strategies and candidate selection. **Right** Former Deputy Managing Director Takatoshi Kato addresses well-wishers at a farewell reception at IMF headquarters, Washington, D.C., February 2010.

- ***Talent reviews for deciding on senior-level promotions***. These reviews ensure a more comprehensive, structured approach to assess readiness and potential for senior positions, and they provide guidance for staff development. Emphasis on external assignments as a desirable experience for senior staff was strengthened.

- ***Reform of the Staff Retirement Plan (SRP)***. The reform will make the SRP more attractive for shorter-serving staff; update the factors used to calculate lump sum payments to retirees under the plan's commutation option, increasing the payments to those electing this option; and adjust the formulas used for "grossing up" staff members' net-of-tax salaries in the calculation of their pension benefits. In addition, the SRP reform will facilitate mobility into and out of the Fund by seeking additional agreements with other organizations regarding the transfer of pension benefits and add a voluntary savings plan to offer staff members a convenient and tax-advantageous vehicle for retirement savings.

- ***Rewards and Recognition Program.*** To reward desirable behavior and exceptional effort, the Fund introduced a new program to show appreciation for staff excelling in categories such as teamwork, innovation, and leadership.

- ***A new annual performance assessment system.*** The system is anchored on setting objectives at the beginning of the year, measuring staff achievements against those objectives, providing regular feedback throughout the year, and enhancing the focus on career development.

- ***Modernizing human resources service delivery.*** The human capital management project, designed to streamline processes as part of an ongoing investment in improving effectiveness, delivered further improvements in performance management and human resources services administration. Key advances included an automated annual performance review solution, development of a human resources data warehouse, and introduction of systems foundations for position management. Process improvements included the outsourcing of education verification and prior-employment reference checks for new hires.

Changes in the Office of the Managing Director

After six years of service to the IMF, Deputy Managing Director Takatoshi Kato left the IMF in February 2010 to return to his home country of Japan. During his time at the Fund, Kato supervised 73 countries and dealt with human resources and budget issues during the 2008 downsizing exercise and the recent global financial crisis. Shortly before his departure, IMF management, Board members, and several hundred staff members gathered to pay tribute and say farewell to Kato. The Managing Director praised Kato as a person who showed good humor in his work, worked as a consensus builder, and was always fair and respectful to staff. Human Resources Director Shirley Siegel lauded Kato's "dedication and clear focus" in modernizing human resources management in the Fund, and Executive Director Willy Kiekens, speaking on behalf of the Board, expressed appreciation for Kato's "admirable dedication, professionalism and effectiveness." As a token of appreciation, on behalf of IMF staff, the Staff Association Committee presented Kato with a certificate marking a contribution in Kato's name to Angkor Hospital in Cambodia. Noting that he had been "fortunate enough to have witnessed the changing fortunes of the IMF from the bottom to the top of the curve," Kato praised Fund staff for their "creative thinking, results orientation, and team spirit" and said he hoped to be counted as a member of the Fund family.

To succeed Kato, the Managing Director selected Naoyuki Shinohara, a former Vice Minister of Finance for International Affairs of Japan.[97] Shinohara, a Japanese national, holds degrees in economics from Tokyo University and in public affairs from Princeton University. In announcing Shinohara's selection, the Managing Director emphasized his "vast experience in the arena of international finance," adding that Shinohara had "a deep knowledge of the Fund and our work in all aspects." The Managing Director selects and appoints the Fund's Deputy Managing Directors, with the approval of the Executive Board. As is the practice for such appointments, the Managing Director consulted with the Board in making his selection of Shinohara to fill the vacancy created by Kato's departure. Shinohara began his duties in late February 2010.

Also in February, the Managing Director announced his intention to appoint Min Zhu, Deputy Governor of the People's Bank of China, as Special Advisor to the Managing Director,[98] noting that he would "play an important role" in working with the management team in "meeting the challenges facing our global membership in the period ahead, and in strengthening the Fund's understanding of Asia and emerging markets more generally." Zhu holds advanced degrees from Princeton and Johns Hopkins Universities and a bachelor's degree from Fudan University and has published extensively on a wide range of international economic and financial issues. He assumed his duties as Special Advisor at the beginning of FY2011.

Jacques Polak

At a memorial event in April 2010, current and former IMF staff members paid tribute to Jacques Polak for his many contributions, both personal and professional, throughout a lengthy and distinguished association with the Fund (see Box 5.3).

Box 5.3

Jacques Polak (1914–2010)

Staff past and present, Board members, family members, and representatives from the Dutch community, including the Crown Prince, were among those paying tribute in April to a giant in the Fund's history, Jacques Polak, who passed away in February at the age of 95. At a special memorial event held at IMF headquarters, Polak was remembered as a visionary and intellectual who helped found and shape the Fund through its history, as well as a family man, friend, and mentor.

Polak's ideas through six decades shaped not only the Fund as it is known today, but the very foundation of multilateralism and economic cooperation on which it stands. Born in 1914, Polak served as a member of the Netherlands delegation at the Bretton Woods Conference in 1944. He joined the Fund in 1947, serving as Director of the Research Department from 1958 until his retirement in 1979 and as Economic Counsellor beginning in 1966. After his retirement from staff, he served as a Special Advisor to the Managing Director, and from 1981 to 1986 as Executive Director for the Netherlands constituency. At the time of his death, he was almost certainly the last surviving delegate of Bretton Woods.

In his introduction, Executive Director Age Bakker, who served as master of ceremonies for the memorial event, said he was privileged to honor his former boss and good friend, whose "inspiration and good humor guided my further career." Calling Polak "one of a kind," Managing Director Dominique Strauss-Kahn pointed out that Polak was more than a founder of the Fund, as he had served the institution through most of its history. "He was not only a brilliant economist but also a man of great integrity," the Managing Director said.

Fund Historian James Boughton observed that Polak probably did more than anyone else to shape the IMF. "He gave intellectual clarity to the work the IMF was doing. He was the one who made it possible for staff to go to countries, explain to countries what policy changes they needed to make in order to qualify for international support, and be convincing in making that argument because they had the Polak Model behind them." "With Jacques' passing, the Fund has lost the last of the greats—the giants—of its formative years," added Sir Andrew Crockett, who worked under Polak as Chief of the Special Studies Division for three years. Although Polak was writing influential papers well into his 90s, Crockett pointed out, he will always be best known for his formative work, including the Polak Model and SDRs: "No one can claim with greater justification to be the father of the SDR than Jacques Polak." Crockett concluded: "There was only one Jacques Polak and sadly we won't see his like again."

Former Dutch Executive Director Onno de Beaufort Wijnholds, who worked with Polak in three stages of his own career at the Fund, summed up the immeasurable void that Polak's passing would leave: "Jacques was a giant and a giant has fallen, and we will all miss him greatly."

ACCOUNTABILITY

Transparency

Review of the IMF's transparency policy

Since the late 1990s, the IMF has published an increasing number of country reports, policy papers, and other documents, opened the IMF's archives to the public, and engaged actively with the public via the IMF's external website, press briefings, and general outreach. Communicating and engaging with the world at large is now a normal and essential part of the IMF's business.

In December 2009, the Executive Board concluded its most recent review of the IMF's transparency policy,[99] marking roughly a decade of efforts to increase the transparency of the IMF's operations. In their discussion, Executive Directors expressed a range of views, reflecting in part varying degrees of concern about the trade-off between transparency and the Fund's role as a confidential advisor.

Most Executive Directors supported the adoption of the overarching principle for the Fund's approach to transparency that was proposed in the staff paper underpinning the discussion:[100] "The Fund will strive to disclose documents and information on a timely basis unless strong and specific reasons argue against such disclosure." Most also supported the proposed shift to publication of most country documents and related policy intention documents on a nonobjection basis, considering that it would encourage early consideration, both by staff and by authorities, of issues related to publication and would thus improve the timeliness of publication.

Recognizing the importance of publication in Use of Fund Resources (UFR) and Policy Support Instrument (PSI) cases—as regards signaling and public scrutiny of program design

Box 5.4

Changes to the IMF's transparency policy

INCREASING THE AMOUNT AND TIMELINESS OF INFORMATION

To strengthen its policies and make them more consistent, the IMF's Executive Board approved a series of changes, which include

- Publication of most country documents unless a member country objects, shifting the focus away from explicit permission to publish, which was required until the review.
- Extending the scope of documents that country authorities would be encouraged to publish to include reports on the health of a country's financial sector and its compliance with international codes and standards.
- Establishing an expectation, in cases involving Fund lending, that country authorities would indicate intent to consent to publish before the relevant Executive Board meeting.
- Extending presumed publication to most policy documents, including papers relating to the Fund's income, financing, or budget (unless these involve market-sensitive information).

ARCHIVES TO BE OPENED EARLIER

Interest in the Fund's archives has increased in recent years, and, together with other measures to enhance the IMF's accountability, the Board decided to shorten the wait for archived documents to be made available to the public. The main changes will

- Reduce lag time for public access to Board papers from 5 to 3 years.
- Reduce lag time for public access to Board minutes from 10 to 5 years.
- Enable web posting of selected digitized, archived material.
- Establish as a general rule that documents initially classified as "strictly confidential" will be declassified when they otherwise would become available under the time lag.[1]
- Help the public find its way on the Fund website, including development of a guide to IMF information for the public.[2]

1 This provision applies only to documents produced after December 17, 2009.
2 For additional information on the revisions to the IMF's transparency policy, see IMF Survey, "IMF to Increase Amount and Timeliness of Information" (www.imf.org/external/pubs/ft/survey/so/2010/POL010810A.htm).

and conditionality—most Executive Directors supported establishing an expectation that members requesting UFR or a PSI indicate that they intend to consent to publication of the related Board documents before the Board meeting, or date of adoption of a lapse of time decision, to which those documents relate. Except as is already the case for exceptional access, access under the Flexible Credit Line, or access under the Fund's low-income facilities, a decision by the member not to publish would not affect management's determination whether or not to recommend approval of the member's request for UFR or a PSI.

Executive Directors saw merit in staff proposals to align the publication regime for staff reports on staff-monitored programs and related policy intention documents with that for Article IV consultation reports. They also supported a staff proposal to expand the presumed publication for policy documents and other noncountry documents prepared for the Board to include those on the Fund's income, financing and budget, those circulated for consideration on a lapse of time basis, and those prepared for informal Board meetings and Board seminars, unless there are strong and specific reasons not to publish, such as market sensitivity.

Executive Directors noted that, while the policy for deletions and corrections of Board documents remained appropriate, there was a clear need for greater consistency in its application and more evenhanded treatment. They reaffirmed that staff reports should not be negotiated with country authorities, in order to protect the integrity of the staff's analysis, and stressed the need to implement the modification policy consistently and evenhandedly, appealing to staff, management, and members to work together to ensure consistent adherence to the policy. It was agreed to retain the current practice of applying the current generic disclaimer on deletions to all published documents.

Executive Directors broadly supported proposals to improve procedures for declassifying documents and to allow web posting of archival material, consistent with resource constraints. They generally supported a proposed shortening of the time periods for public access to Executive Board documents and minutes of Executive Board meetings in the archives.

Given the importance of transparency for the Fund's effectiveness and credibility, most Executive Directors considered it desirable to review the transparency policy again relatively soon; an expectation was established that the next review would take place in 2012.

Following extensive discussions and in the spirit of compromise, Executive Directors broadly supported the proposed amendments to the transparency decision and archives policy (see Box 5.4). The changes approved by the Executive Board took effect in mid-March 2010.

Publication of Article IV consultation reports

The IMF's Article IV consultation process, generally held each year with each Fund member (see "Bilateral Surveillance" in Chapter 3), includes a report, submitted to the IMF's Executive Board for discussion, on the findings of the staff team assigned to conduct the consultation. In an effort to maximize the transparency of this process, with the agreement of the country in question, these reports are published on the IMF's website. Web Table 3.5 provides information on Article IV consultations with the Fund's member countries and publication of the associated Public Information Notices and staff reports.

Previously, publication of a country's Article IV report occurred only when the country specifically offered its consent. Under the IMF's revised transparency policy, as of March 2010, Article IV reports are now published on a nonobjection basis; that is, a country's agreement to publication is assumed unless the country specifically informs the Fund that the report should not be published.

Independent Evaluation Office

Role of Independent Evaluation Office and its evaluations

The Independent Evaluation Office (IEO) was established in 2001 to conduct independent and objective evaluations of IMF policies and activities with a view to increasing the Fund's transparency and accountability, strengthening its learning culture, and supporting the Executive Board's institutional governance and oversight responsibilities. The IEO does this primarily through the conduct of independent assessments of services provided by the Fund to its membership, under its mandate. This includes systematic evaluations of the IMF's general policies; comparative cross-country analyses of the IMF's economic policy advice, in the context both of surveillance and of IMF-supported programs; and evaluations of completed country operations. Under its terms of reference, the IEO is fully independent of Fund management and operates at arm's length from the Fund's Executive Board, to which it reports its findings.

The IEO publishes an Annual Report, which provides an overview of developments and a record of its activities during the preceding financial year; the 2010 report was published in July 2010. Completed evaluations, issues papers for ongoing evaluations, IEO Annual Reports, and other documentation on IEO activities can be found on the IEO website.[101]

In February 2010, following his recruitment by the Executive Board through a competitive selection process, Moises Schwartz assumed duties as the IEO's third Director, taking over from Thomas Bernes, whose term ended in July 2009.

IEO work program

In March 2010, the IEO published final issues papers in connection with two ongoing evaluations, "The IMF's Role in the Run-Up to the Current Financial and Economic Crisis" and "Research at the IMF: Relevance and Utilization." Both evaluations are expected to be completed and submitted to the Board in FY2011.

As FY2010 drew to a close, the IEO was developing a new medium-term work program, under the guidance of its recently appointed Director (see above).

Executive Board reviews of IEO reports and recommendations

As noted previously, although the IEO operates at arm's length from the IMF's Executive Board, it does report its findings to the Board, which reviews the findings. Soon after the Board discussion, IMF staff and management prepare and present to the Board a forward-looking implementation plan for Board-endorsed IEO recommendations. The implementation plan is part of a framework, established following an external evaluation of the IEO, that seeks to ensure a more systematic follow-up and monitoring of the implementation of Board-endorsed IEO recommendations.

In June 2009, the Board met to consider the findings of the IEO's evaluation of IMF involvement in international trade policy issues. In its evaluation report, which was released to the public shortly after the Board meeting,[102] the IEO put forward a set of recommendations aimed at prioritizing the Fund's work on trade. Based on those IEO recommendations that the Board endorsed at the June meeting, IMF staff and management prepared an implementation plan, which was approved by the Board at a meeting in December 2009.[103] At its meeting, the Board agreed that the proposals in the implementation plan fulfilled the requirements established in the framework for monitoring the implementation of IEO recommendations.

Also in December 2009, the Executive Board considered the IEO's evaluation of IMF interactions with its member countries, which was published in January 2010.[104] Subsequently, IMF staff prepared a plan for implementation of the Board's recommendations, which the Board discussed in FY2011.

Implementation of Board-endorsed IEO recommendations

The Executive Board established the Periodic Monitoring Report (PMR) in 2007 to ensure that IEO recommendations that are subsequently endorsed by the Executive Board are followed up and systematically monitored. Previous PMRs have documented follow-up measures to IEO recommendations and stressed that close monitoring of implementation is important to maintain an effective institutional accountability framework and strong learning culture. Each PMR focuses on how the implementation of recent management implementation plans has advanced and whether outstanding recommendations from the previous PMR have been implemented.

The Executive Board's Evaluation Committee met in December 2009 to consider the Third Periodic Monitoring Report, which focused on the implementation status of the management implementation plan pertaining to recommendations in the IEO's evaluation of structural conditionality in IMF-supported programs, issued in May 2008.[105] (The monitoring report did not include examinations of the status of the implementation plans that resulted from IEO recommendations based on IEO evaluations of trade and of IMF interactions with members.) The Board endorsed the report's conclusions: (1) that all key performance benchmarks related to the management information plans covered in the report had either been met or were on track for timely completion, (2) that no new remedial actions were proposed, and (3) that there were no outstanding performance benchmarks to be reviewed in the next report. However, the Evaluation Committee stressed that, in several cases, progress was still ongoing, and more needed to be done to achieve the broader policy objective underlying the specific IEO recommendation. The committee also noted that monitoring of several Board-endorsed IEO recommendations would continue in the context of regular Board reviews of various policy issues.

Communications and outreach

Communications/engagement with external stakeholders

Expansion of IMF's outreach efforts

Like many other aspects of the IMF's work, its outreach efforts have expanded as part of its response to the global crisis. In particular, FY2010 saw an increase in visits by IMF Executive Directors and members of the management team to various member countries. Outreach visits offer an opportunity for Board members and senior staff to learn more about issues affecting member countries and to reassure the membership of the Fund's commitment to providing needed support to member countries, which has taken on increasing importance in the context of the crisis.

Visits to member countries in FY2010 included a significant number to low-income countries (see Box 5.5), as is typically the case, given the Fund's particular commitment to low-income members (see "Support for Low-Income Countries" in Chapter 3). In addition to visits by management and Board members to low-income countries in Africa and Asia, the Managing Director also visited two European member countries, Poland and Romania, in March 2010, marking his first visit to the two countries as the organization's leader. In Poland, the Managing Director met with Prime Minister Donald Tusk, Finance Minister Jacek Rostowski, and National Bank President Sławomir Skrzypek (before his untimely death in the April 2010 plane crash that took the lives of many Polish leaders) to discuss global and regional economic developments. He also spoke to students of the Warsaw School of Economics about the economic, political, and social transition of the region since the fall of the Berlin Wall and the benefits and challenges of closer integration with the European Union, and he took part in a panel discussion on the same topic. In Romania, the Managing Director met with President Traian Băsescu, Prime Minister Emil Boc, Minister of Public Finance Sebastian Vladescu, and Central Bank Governor Mugur Isarescu to discuss recent developments under the authorities' economic program. He also discussed the IMF's role in the global crisis with students at the Academy of Economic Studies and addressed the Romanian parliament regarding Romania's economic outlook.

The 2009 Annual Meetings in Istanbul also offered a fertile venue for outreach activities aimed at various stakeholders in economic policymaking worldwide. A Program of Seminars conducted at the meetings, under the theme "The Financial Crisis and Its Impact on the Real Economy and Its Recovery," provided a premier global forum for private sector executives from around the world, high-level policymakers, and other leaders in the international development and financial fields to engage in dialogue to strengthen cooperation in the global economy. A highlight of the Program of Seminars was a televised BBC World Debate, "Global Financial Crisis: Can We Handle the Future?" in which the Managing Director participated as a panelist. A Civil Society Policy Forum brought together Bank and Fund staff, civil society representatives, government officials, and others in a series of policy dialogue sessions to discuss important issues being addressed during the Annual Meetings. Additionally, the Managing Director met with CSO representatives as the culminating step in the Fourth Pillar consultative process on IMF governance (see Box 4.6).

Outreach by the External Relations Department

The IMF's External Relations Department has formal responsibility for the Fund's outreach program. The program gives high priority to three external constituencies—CSOs (including

Box 5.5

IMF outreach in low-income countries

Outreach focuses on explaining the IMF's role and the reasons for the policy positions it takes or recommends. It is designed to convey key Fund messages to a broad range of external stakeholders. Typically outreach visits to member countries include consultations with policymakers and key opinion leaders—government authorities, members of parliamentary bodies, representatives of civil society, and private sector leaders—and offer Executive Board members and IMF management an opportunity to underscore the IMF's commitment to supporting member countries, particularly low-income countries. In FY2010, low-income countries in Africa and Asia were the focus of IMF outreach missions, and how the IMF could best support LIC members in recovery from the global crisis was the recurrent theme.

Africa. Outreach in Africa in FY2010 built on the success of the IMF-Government of Tanzania conference, "Changes: Successful Partnerships for Africa's Growth Challenge," in March 2009, where the IMF and African leaders forged a renewed partnership for growth in Africa. A few months after the Tanzania conference, in May 2009, IMF Managing Director Dominique Strauss-Kahn visited the Democratic Republic of Congo and Côte d'Ivoire, where he listened to and responded to suggestions on how the IMF could best help the countries respond to the global crisis. The trip included remarks by the Managing Director on the global financial crisis and its impact on Africa at the University of Cocody. In February 2010, the IMF's First Deputy Managing Director, John Lipsky, also visited Africa, traveling to Liberia and Ghana for discussions on how African countries had been impacted by the global economic crisis, how they had responded to it, and how the IMF could partner with them to support their return to sustainable growth and development. During the visit, he met with students at the University of Liberia and participated in a roundtable discussion with CSOs in Ghana.

In March 2010, the Managing Director again traveled to Africa, this time visiting Kenya, where he participated in a panel discussion, "Africa's Economic Transformation: The Road Ahead," as well as Zambia. The March trip gave the Managing Director an opportunity to discuss recent successes as well as challenges the continent needed to address, including the impact of global climate change, a problem that disproportionately affects Africa.

Asia. The Managing Director made his first visit to Central Asia since assuming leadership of the organization in June 2009, including stops in Tajikistan, the Kyrgyz Republic, and Uzbekistan (as well as Kazakhstan, which the Fund does not classify as a low-income country). The visit included a speech on the global financial crisis and its impact on Central Asia at the State Kyrgyz University in the Kyrgyz Republic. In October 2009, a mission of seven IMF Executive Directors visited Central Asia and the Caucasus, where their itinerary included visits to Georgia, Armenia, and Uzbekistan. The mission's focus echoed that of the Managing Director's visit to the area the preceding June, and the mission offered the opportunity for enhanced understanding at the IMF Executive Board of the challenges facing the countries. The First Deputy Managing Director traveled to Vietnam in March 2010 to attend an IMF-State Bank of Vietnam conference, "Post-Crisis Growth and Poverty Reduction in Developing Asia," in Hanoi. At the conference, senior government officials, businesspeople, academics, representatives of nongovernmental organizations, and members of the media discussed growth and poverty reduction in low-income countries in Asia following the global crisis. In his remarks, the First Deputy Managing Director noted that Asia is leading the way to strong global growth, but it faced a great challenge in ensuring that all people in Asia benefit from the region's vibrant economic performance.

Left Akere Muna of Transparency International poses a question during a meeting with leaders of civil society organizations, youth groups, unions, and think tanks in Nairobi, Kenya, March 2010. **Right** IMF Managing Director Dominique Strauss-Kahn with students from eight universities in the Middle East and Northern Africa following a BBC Arabic broadcast, Amman, Jordan, April 2010.

labor and trade unions), legislators, and civic and community outreach. Through its work with *civil society organizations*, the IMF engages those who advocate publicly on topics relevant to its work and who play a critical role in public views and debate. By facilitating and developing dialogue and capacity building with *legislators*, the IMF engages with decision-making bodies, such as national parliaments and congresses, that have a direct impact on countries' economic policy choices and react to and influence public debate. In the context of the global financial crisis, expanded efforts included seminars and meetings with legislators from European countries affected by the crisis and work with the U.S. Congress, which passed a package of measures related to the IMF that provided a big boost to international funding to combat the global economic crisis and expand the Fund's support for low-income countries. Finally, the IMF's interactions with *civic and community programs* represent its humanitarian outreach to its community. The Fund strives to help its neighbors in Washington and around the world by providing donations, volunteering, and supporting community initiatives. A cornerstone of these efforts is the Helping Hands Campaign, through which Fund staff can make donations to support organizations serving needy communities, which are matched at 50 percent by the Fund.

Regional Advisory Groups

Work began in FY2010 on assembling Regional Advisory Groups composed of regional experts who can advise the Fund's area departments (African, Asia and the Pacific, European, Middle East and Central Asia, and Western Hemisphere) on how the Fund can operate more effectively in the regions those departments represent. Initial meetings of the groups for the Middle East and Central Asia, Asia and the Pacific, and Africa were held in FY2010, with initial meetings of the remaining groups (Western Hemisphere, Europe) following in the early months of FY2011. A broader meeting encompassing all the groups is also slated for the 2011 Annual Meetings.

IMF Youth Dialog

The goal of the IMF Youth Dialog is to work with the next generation of leaders on economic issues of particular relevance to them and to motivate their thinking at an early stage on policy measures that will be needed to secure sustainable economic growth in their region. University roundtable discussions, led by IMF staff, form an important part of the dialogue. The first of these was held in February 2010 at Lahore School of Economics in Pakistan, followed by others through mid-March in Egypt, Jordan, Lebanon, Morocco, Saudi Arabia, Tunisia, and the United Arab Emirates. This initial series of roundtables culminated in an April 4 town hall meeting in Amman, Jordan, between students from the region and the Managing Director, which was moderated and broadcast live across the region by BBC Arabic. Roundtables are expected to continue in FY2011 and to be followed by other events to continue and deepen the dialogue. The Youth Dialog also has an online dimension, with a website where visitors can interact and post their thoughts.[106]