



ADMINISTRATIVE AND CAPITAL BUDGETS, STAFFING, AND ORGANIZATION

Financial Year 1996

Budgets and Expenditures

The Fund's Administrative and Capital Budgets are considered in the context of rolling three-year and five-year medium-term budget outlooks that are reviewed once a year by the Executive Board. The medium-term outlook endorsed by the Board in December 1995 reflected the Fund management's commitment to hold expenses to a minimal real growth level. In line with this policy, resources will be redeployed to provide for strengthened Fund surveillance, particularly in the areas of increased contact with member countries, the statistical data provision and publication initiative, and the expansion of work on capital markets. The outlook for the Capital Budget is consistent with the strategy to continue the major building projects that have already been approved and to continue with other capital investments that will result in cost savings or are required by building codes.

The Fund's Administrative Budget for the financial year ended April 30, 1996 (1995/96) was \$475.1 million, and

\$125.2 million was approved for projects beginning in financial year 1996 for the Capital Budget. The cost of major Fund activities is shown in Table IX.1. Actual administrative expenditures during financial year 1996 totaled \$470.8 million, and capital project disbursements totaled \$34.8 million, including \$19.8 million for major building projects (Table IX.2). During the year the Board approved the purchase of a building adjacent to the Fund's headquarters, which will allow staff who are currently in more expensive leased space to move back to a building adjacent to the headquarters complex. Efforts also continued to increase the efficiency of the Fund and reduce costs. These included increased automation of Fund work activities and improvements in administrative procedures.

During 1995/96, Administrative Budget resources were used to support the work of the Fund in the following proportions: surveillance and use of Fund resources, with 112 countries classified as program/intensive, 68 resident representative posts (an increase of 2 over the previous year), and an estimated 269.1 staff years of Fund-financed technical

Table IX.1

COST OF MAJOR FUND ACTIVITIES, FINANCIAL YEARS 1995-97 (In millions of U.S. dollars)

Activity	Financial Year 1995	Percent of Total	Financial Year 1996	Percent of Total	Budget Financial Year 1997	Percent of Total
Staff and management						
Surveillance	125.0	27.0	129.6	27.5	137.9	28.1
Use of Fund resources	109.6	23.7	112.3	23.9	117.8	24.0
Technical assistance	69.2	15.0	69.6	14.8	73.6	15.0
External relations	20.1	4.3	20.5	4.3	21.4	4.4
Administrative support	88.4	19.1	88.5	18.8	87.7	17.9
Subtotal	412.3	89.2	420.4	89.3	438.4	89.4
Executive Board ¹	41.3	8.9	42.3	9.0	43.4	8.8
Board of Governors ²	8.6	1.9	8.0	1.7	8.7	1.8
Subtotal	49.9	10.8	50.3	10.7	52.1	10.6
Total	462.2	100.0	470.8	100.0	490.5	100.0

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

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

Table IX.2

ADMINISTRATIVE AND CAPITAL BUDGETS, FINANCIAL YEARS 1994-97¹

(Values expressed in thousands of U.S. dollars)

	Financial Year Ended April 30, 1994: Actual Expenses	Financial Year Ended April 30, 1995: Actual Expenses	Financial Year Ended April 30, 1996: Actual Expenses	Financial Year Ending April 30, 1997: Budget
Administrative Budget				
I. Personnel expenses				
Salaries	192,920	202,885	210,216	222,450
Other personnel expenses	122,785	127,143	131,115	132,070
Subtotal	315,705	330,028	341,331	354,520
II. Travel expenses				
Business travel	41,820	41,081	39,624	43,255
Other travel	27,099	31,287	26,458	26,650
Subtotal	68,919	72,369	66,082	69,905
III. Other administrative expenses				
Communications	10,303	10,126	9,869	10,780
Building occupancy	37,613	39,800	40,242	42,410
Books and printing	7,040	7,609	8,371	9,085
Supplies and equipment	8,614	7,935	7,219	8,325
Data processing	15,857	16,006	18,129	18,670
Miscellaneous	8,956	9,377	12,831	12,815
Subtotal	88,383	90,852	96,662	102,085
IV. Reimbursements	-24,712	-31,007	-33,239	-35,965
Total Administrative Budget	448,295	462,242	470,836	490,545
Less: Reimbursement for administering the SDR Department	-5,392	-6,143	-5,841	-5,793
Reimbursement for administering the SAF/ESAF	-26,392	-33,079	-35,634	-39,551
Net Administrative Budget expenses ²	416,511	423,020	429,361	445,201
Capital Budget				
Capital project budgets ³	124,760	17,445	125,200	20,123
Capital project disbursements	25,975	32,889	34,800	191,900

¹Administrative Budget as approved by the Board for the financial year ending April 30, 1997, compared with actual expenses for the financial years ended April 30, 1994, April 30, 1995, and April 30, 1996; and Capital Budgets as approved by the Board for capital projects in financial years 1994, 1995, 1996, and 1997. Due to rounding, details may not add to total.

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

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

assistance (66.2 percent of expenses); external relations activities to continue to provide a greater openness of the Fund's policies and operations (4.3 percent); administrative support, where investments in technology and continuing work-practice improvements have combined to produce a series of savings in the diverse activities within this category (18.8 percent); Board of Governors (1.7 percent); and Executive Board (9.0 percent). The distribution of administrative costs by function for the financial year is shown in Chart 11.

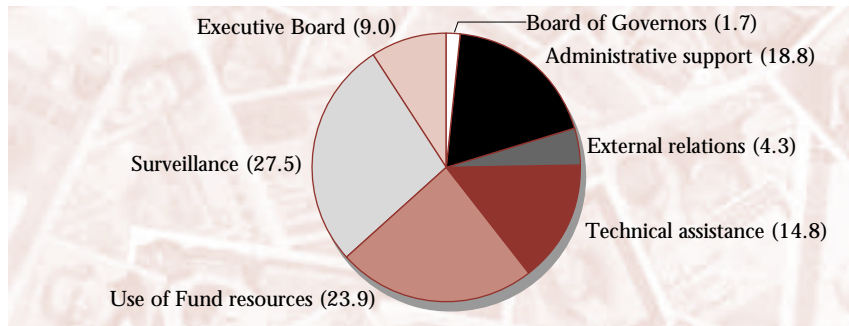
Organization and Staffing

As part of the effort to strengthen the Fund's evaluation functions (see Box 13), the Office of Internal Audit and Review has been reorganized, effective May 1, 1996, and

redesignated the Office of Internal Audit and Inspection. The departmental organization of the Fund and the number of budgeted regular staff by department at the end of the financial year are shown in Chart 12. The responsibilities of Fund departments are described in Box 14.

At the end of the financial year, there were 2,198 staff members from 121 countries (see Table IX.3), compared with 2,184 at the end of financial year 1995. This staff was supplemented by contractual and other temporary staff years for a total of 2,577 effective years in financial year 1996 (2,588 in financial year 1995). The Office of Executive Directors totaled 234 effective years in financial year 1996 (233 in financial year 1995), and externally financed technical assistance experts and related overhead resources were 116 years in financial year 1996 (88 in financial year 1995).

Chart 11
COST OF MAJOR ACTIVITIES, FINANCIAL YEAR 1996
(As a percentage of total costs)



Note: Information is based on financial year 1996 outturn of expenditures. The cost of general supervision, training, professional development, and leave has been distributed proportionally to each of the other categories.

Financial Year 1997

Budgets and Expenditures

In April 1996, the Board approved an Administrative Budget for 1996/97 of \$490.5 million, a 3.2 percent increase over the approved budget for the previous year, and a capital project budget of \$20.1 million (\$18.1 million for facility improvements, new technology, and electronic data-processing equipment, and \$2 million for initial planning and design associated with the new building). The 1996/97 Administrative Budget represents a continuation of the existing policy of budgetary consolidation, which calls for holding expenses to a minimal real growth level. A small reduction in staffing was made possible through the ongoing introduction

of new technologies, capital investments, and the continued substitution of external funding for some technical assistance experts who were previously financed from Fund resources. The Capital Budget represents a continuation of plans for completing major building projects, replacing older facilities and electronic data-processing equipment, and other medium-term programs. Chart 13 summarizes the five-year Capital Budget Plan.

Organization and Staffing

The total authorized staffing of the Fund was reduced by 40 staff positions in 1995/96 and will be reduced by a further 6 positions in 1996/97. The main emphasis of the work program of the institution—namely the strengthening of surveil-

Box 13

THE EVALUATION FUNCTION IN THE FUND

The Fund has a long tradition both of extensive interdepartmental review of its operational activities on a day-to-day basis, and of periodic in-house evaluation of core areas of its work that is reviewed by the Board. Occasional studies are also commissioned from outside experts on aspects of that work. Partly for this reason, and in keeping with the objective of maintaining a lean organizational structure and containing costs, the Fund—unlike most multilateral development banks—does not have a separate evaluation unit.

During 1995/96, the Board re-examined the Fund's evaluation func-

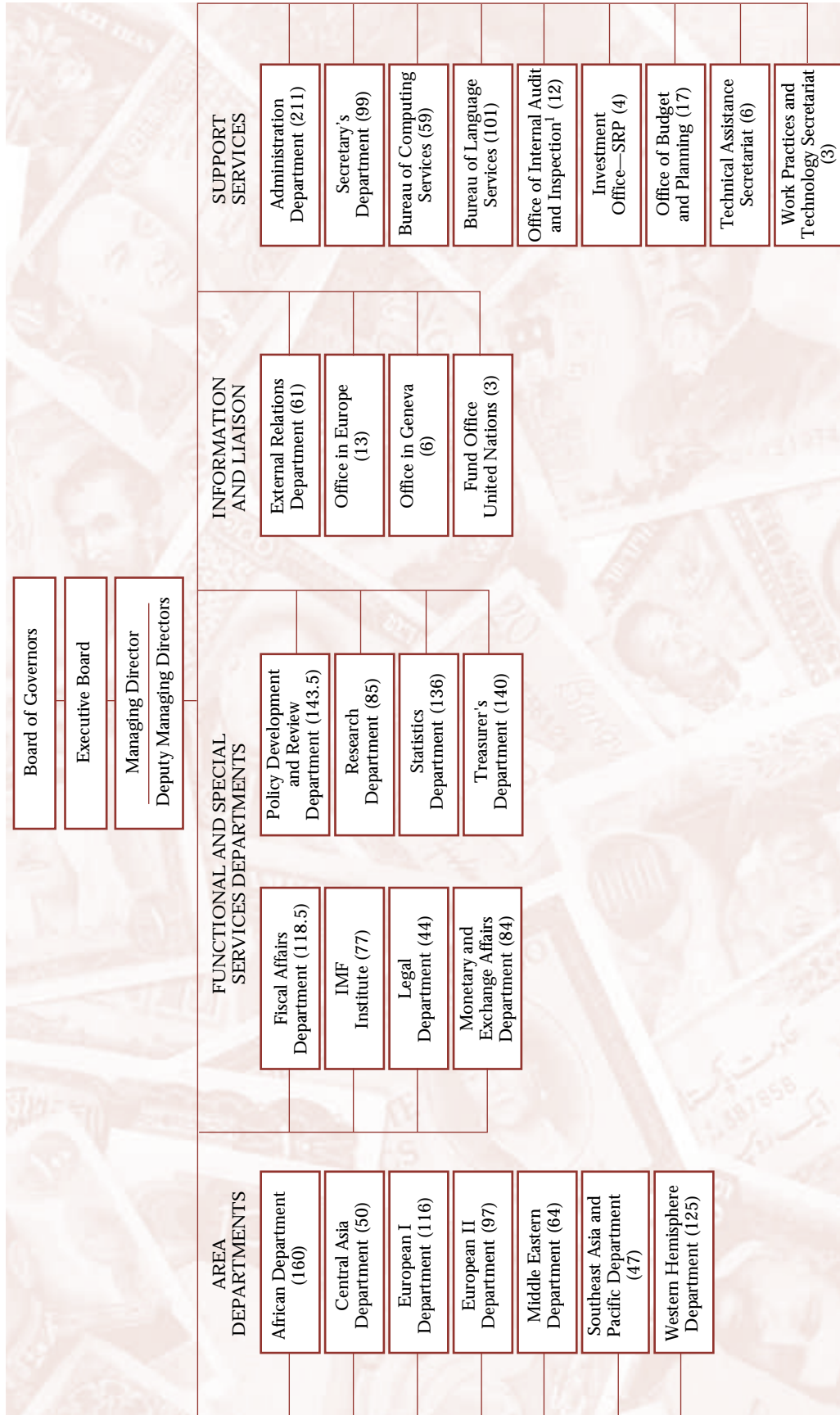
tions. At a meeting in February 1996, it confirmed its desire to strengthen these functions. It adopted, for a two-year trial period, a pragmatic approach on the basis of which it would identify annually with management which activities of the Fund would warrant an evaluation study, and would set the terms of reference for each project, including the selection of outside experts. The number of studies would realistically be limited to two or three a year.

It was also agreed that the existing practices for in-house evaluation carried out by the staff should be

strengthened, as well as the review and evaluation work undertaken by the Board as part of its regular activities.

As part of this effort, the Office of Internal Audit and Review was reorganized and redesignated the Office of Internal Audit and Inspection, effective May 1, 1996. The mandate of the office was expanded to permit it to conduct more reviews of all aspects of the Fund's organizational structure and work practices. It could also be drawn upon to assist the Board and management in developing and facilitating the agreed evaluation projects.

Chart 12
INTERNATIONAL MONETARY FUND: CHART OF ORGANIZATION



Note: Organization as of April 30, 1996. Parentheses indicate number of budgeted regular staff.
¹As of May 1, 1996, the Office of Internal Audit and Review was reorganized as the Office of Internal Audit and Inspection.

Chart 13

FINANCIAL YEAR 1996 CAPITAL BUDGET AND FIVE-YEAR PLAN

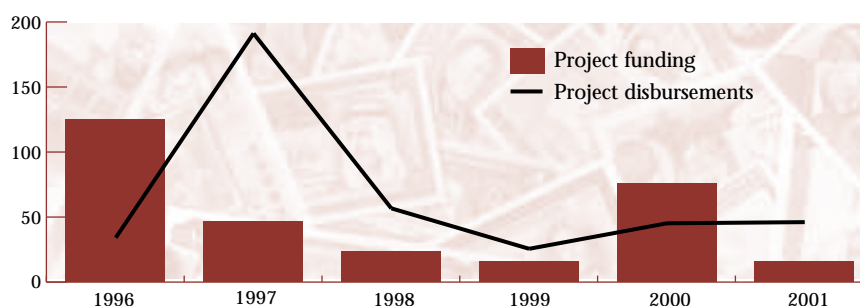
(In millions of U.S. dollars)

Table IX.3

NATIONALITY DISTRIBUTION OF PROFESSIONAL STAFF BY REGION, 1980, 1990, AND 1995

(In percent)

Region ¹	1980	1990	1995
Africa	3.8	5.8	5.3
Asia	12.3	12.7	15.1
Japan	1.4	1.9	1.7
Other Asia	10.9	10.8	13.4
Europe	39.5	35.1	33.3
France	6.9	5.5	5.0
Germany	3.7	4.3	4.1
Italy	1.7	1.4	2.3
United Kingdom	8.2	8.0	7.3
Other Europe	19.0	15.9	14.6
Middle East	5.4	5.5	5.7
Western Hemisphere	39.1	41.0	40.6
Canada	2.6	2.8	3.5
United States	25.9	25.9	25.6
Other Western Hemisphere	10.6	12.3	11.5
Total	100.0	100.0	100.0

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

lance, work associated with the use of Fund resources, the strengthening of the Fund's financial resources, and ensuring that the institution continues to meet the changing needs of the membership—will be met through internal redeployment. The effect of eliminating positions will be moderated through the filling of existing vacancies.

Recruitment and Composition of Staff

In the five-year period prior to 1990, the Fund recruited annually around 45 support staff and 75 professional staff, the majority of the latter being economists. In response both to the enlargement of Fund membership and the need to relieve growing work pressures, the Board approved an

expansion of the staff in the early 1990s, and the regular and fixed-term staff increased from about 1,750 to the current level of around 2,200. The annual intake of staff rose to a record 279 in 1992 and slowed to 234 in 1993 before falling back to 131 in 1995, slightly above the levels of the late 1980s. In 1995 the Fund hired 70 economists, 18 noneconomist professional staff, and 43 support staff. It is expected that this pattern of recruitment will continue in the short term. During the financial year about 35 staff members were assigned to other private and public institutions.

Many economists join the staff through the Fund's Economist Program on completion of their graduate studies. The

Box 14

DEPARTMENTS OF THE FUND AND THEIR MAJOR RESPONSIBILITIES

The major activities of the Fund comprise the areas of surveillance, the use of Fund resources, and technical assistance, and its departmental structure is designed to support these activities (see Chart 12). Surveillance is at the heart of the Fund's operations. Recent developments, including the trend toward globalization, have reaffirmed the essential need for surveillance to foster policy cooperation. Not surprisingly, therefore, surveillance-related activities, including multilateral surveillance work and the data dissemination initiative, form the largest category of the Fund's work load, directly absorbing about a quarter of staff resources. Use of Fund resources work—including program design, negotiation, and implementation; mobilizing other financial resources; financial operations; and policy development, research, and evaluation work related to the use of Fund resources—absorbs one fifth of staff resources. Technical assistance and training, mainly in the central banking, fiscal, and statistical fields, draw on more than one tenth of staff resources. The remainder of staff resources is devoted to administrative support, support for the Board of Governors and Executive Board, training, professional development, and related activities, and external relations.

Area Departments

The primary function of the *area departments* is to advise management and the Board on matters concerning the economies and economic policies of the member and nonmember countries in their areas, to assist in the formulation of Fund policies in relation to these countries, and to carry out such policies. The area departments are also at the center of the use of Fund resources. Area depart-

ment staff negotiate arrangements for the use of Fund resources with member country authorities for approval by the Board and review and document performance under Fund-supported arrangements. In cooperation with other departments, the area departments provide these countries with policy advice and technical assistance and maintain contact with regional organizations and multilateral institutions in their areas.

The bulk of the Fund's bilateral surveillance work is carried out by the area departments through their direct contacts with member countries, supplemented by staff in functional departments, in part through their participation in area department missions. In response to the need for strengthened surveillance, increased attention is being given to those economies that are of systemic importance to the international monetary system. In addition, in 1996/97, the number of resident representatives assigned to member countries is being expanded.

Functional and Special Services Departments

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

The *IMF Institute* provides technical assistance through training officials of

member countries, particularly developing countries, in a wide range of topics, including financial programming and policy, external sector policies, balance of payments methodology, national accounts and government finance statistics, and public finance.

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

The *Monetary and Exchange Affairs Department* provides technical assistance to central banks of members in a number of areas, particularly on monetary and exchange rate policies, banking supervision, and prudential regulation, and on issues related to the functioning of payments systems. Specialized short- and long-term experts are placed in central banks that request assistance in these areas. The department supports the work of area departments, by reviewing topics in its area of expertise in the context of surveillance and requests for the use of Fund resources. It also contributes to the exercise of Fund jurisdiction on exchange practices and restrictions. In addition, it carries out research and training, including through workshops and seminars, in coordination with cooperating central banks.

The *Policy Development and Review Department* plays a central role in the design and implementation of Fund financing facilities and operations related to the use of Fund resources under those

Program accounts for around 40 percent of the total intake of economists; the remainder are recruited at mid-career, and a few staff members join the Fund on two- or three-year non-convertible assignments ("secondments").

The Fund's recruitment policy is determined by Article XII, Section 4(d) of the Articles of Agreement, which states: "In appointing the staff the Managing Director shall, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible." At present, 125 of the Fund's 181 member countries are represented on the staff. While

striving to ensure the high standard of its staff, the Fund seeks to achieve a fair representation among regions and countries and also to maintain an appropriate gender balance. The Fund recently hired a Special Advisor on Staff Diversity to help to ensure diversity and nondiscrimination among the staff. Table IX.3 shows the changes in the nationality distribution over the past 15 years for Fund staff in the professional ranges.

The salary structure for the Fund's staff is reviewed and, if warranted, adjusted annually on the basis of comparisons with the salaries paid by selected private financial and industrial firms and by public sector organizations in the United States, France, and Germany. The objective is to maintain

facilities, in the development and application of policies regarding Fund surveillance, and in other areas as directed by management. Together with the Research Department, it is a lead department in the areas of multilateral surveillance, policy coordination, and associated review and support activities. It carries out its responsibilities through the preparation of Board papers, through the review process, and through participating in operational work, including country missions. In conjunction with area departments, it has a large role in mobilizing other financial resources for members availing themselves of Fund assistance, including work on debt and program financing (through the Paris Club and international banks).

The *Research Department* carries out policy analysis and research in areas relevant to the Fund's work. This includes research on the international monetary system, the world economic situation and outlook, issues of external debt and the international financial markets, the international adjustment process and program design, and exchange rates, capital flows, and trade flows. The department plays a leading role in the development of Fund policy directed at the working of the international monetary system, the surveillance function, and, in cooperation with other departments, in the analysis and design of the Fund's policy advice to member countries. It also coordinates the semiannual interdepartmental forecasting exercise and the drafting of the *World Economic Outlook* and the *International Capital Markets* reports, as well as the analysis for the Group of Seven policy coordination exercise and background notes for other ministerial meetings and for the Board's seminars on World Economic and Market Developments. The department develops and maintains the Fund's

contacts with the academic community and with other research organizations.

The *Statistics Department* has responsibility for assembling and maintaining a time-series database of country, regional, and global economic and financial statistics and for the review of country data in support of the Fund's surveillance role. It is also responsible for the development of statistical concepts in balance of payments, government finance, and money and financial statistics, and for producing methodological manuals in these areas. The department provides technical assistance and training in support of the development of members' statistical systems and produces the Fund's statistical publications. In addition, it is responsible for the development and maintenance of standards for the dissemination of data by member countries.

The main functions of the *Treasurer's Department* are (1) the formulation of the Fund's financial policies and practices; (2) the conduct and control of all financial operations and transactions in the General Department, SDR Department, and Administered Accounts (including the ESAF Trust and related accounts); (3) the payment and control of expenditures under the administrative and capital budgets; and (4) the maintenance of the Fund's accounts and financial records. In this context, the department undertakes work on quotas, borrowing, the Fund's liquidity, and the Fund's policies on its currency and gold holdings. It reviews the financial terms and conditions of Fund operations and transactions, including repurchases, the level of precautionary balances and burden-sharing arrangements, the income target, the rate of charge, overdue financial obligations, and policies on the SDR, including the method of valuing the SDR and SDR interest rate. The department is

responsible for the Fund's policies on accounting and on financing its capital projects and expenditures.

Information and Liaison

The *External Relations Department* is concerned with the editing, production, and promotion of the Fund's nonstatistical publications; the provision of information services to the press and the general public; and maintenance of contacts with nongovernmental organizations and member country parliamentary bodies.

The Fund's Offices in Europe, in Geneva, and at the United Nations are charged with maintaining close contacts with other international and regional institutions in the areas of their responsibilities.

Support Services

This category comprises the *Administration Department*, the *Secretary's Department*, Bureaus, and Offices. The Administration Department is responsible for the personnel and space management activities of the Fund. It manages recruitment, training, and career planning programs; supervises the operation of the headquarters building and leased space; provides administrative services to the Fund; and administers the Joint Fund-Bank Library. The Secretary's Department assists management in preparing and coordinating the work program of the Board and other official bodies, including scheduling and assisting in the conduct of Board meetings. The department also manages the Annual Meetings, in cooperation with the World Bank, and is responsible for the Fund's archives, communications, and security program. The Fund's bureaus and offices are responsible for such aspects as computer services, language services, auditing, budget matters, technical assistance, work practices, and investments under the staff retirement plan.

Fund salaries at an internationally competitive level that supports the recruitment and retention of a staff drawn from the full range of the Fund's members and of the high caliber needed to meet the needs of the organization's member countries.

Building Projects

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

was completed in the early 1970s, and a second phase was finished ten years later.

Commercial space was leased several blocks away from headquarters in the late 1980s and early 1990s to accommodate the Fund's growth in this period. When it became clear that there would be a long-term need for more space, management and the Board reassessed the Fund's space strategy and budgetary costs in light of other available options. When that strategy was reconfirmed, plans were made to complete the final phase of the headquarters building and to purchase an existing building immediately adjacent to headquarters.

The final phase of the headquarters building is well under way and will be ready for its first occupants in early 1998. The newly acquired building will be ready some time later, after the current tenant has left and the building has been renovated.

When these two projects have been completed, all of the staff will be housed in two immediately adjacent buildings owned by the Fund, occupancy costs will be reduced, and the Fund's long-term space and budget strategies will have been realized.