MESSAGE FROM THE MANAGING DIRECTOR AND CHAIR OF THE EXECUTIVE BOARD

Christine Lagarde, Managing Director and Chair of the Executive Board

The year 2014 marks the 70th anniversary of the founding of the IMF. Back in 1944, global leaders were determined to put the chaos and carnage of war behind them, and build a world based on collaboration instead of conflict, integration instead of insularity. The IMF was founded on the core principle that the route to national prosperity runs through global prosperity.

This year also marks the seventh anniversary of the onset of the global financial crisis, which turned into the worst global economic dislocation since the Great Depression. Even so, we did not witness a second Great Depression. This was no accident; rather, it was due to the sound application of the founding principle of the IMF: putting global collaboration first. I am proud of the IMF's role as part of that global response.

Yet there is still a long way to go to secure a sustainable recovery, marked by strong and inclusive growth and rapid job creation. The recovery is ongoing, but it is still too slow and fragile, subject to the vagaries of financial sentiment. Millions of people are still looking for work. The level of uncertainty might be diminishing, but it is certainly not disappearing.

A daunting issue is that changing growth dynamics are complicating the global recovery. Since the recovery is uneven across advanced economies—faster in the United States and the United Kingdom than in the euro area or Japan—the normalization of monetary policy will proceed at different paces in different countries, with potential implications for volatility and growth. At the same time, emerging markets are experiencing a broad-based and synchronized slowdown in growth, which can in turn hurt prospects elsewhere in the world. The risk of very low inflation in Europe is also casting a shadow over the recovery. Rising geopolitical concerns are adding to overall uncertainty.

The situation needs to be managed through the right combination of policies. In this context, the IMF laid out its Global Policy Agenda at both the Annual Meetings in 2013 and the Spring Meetings in 2014. This agenda emphasized the need to strengthen the coherence of policies and cooperation among policymakers. The priorities are clear: advanced economies need to focus on measured and well-communicated policy choices to secure the recovery; emerging markets need to strengthen their fundamentals, reduce their vulnerabilities, and step up structural reforms; and everyone needs to embrace cooperation and engage in dialogue.

Throughout the crisis and in the recovery period, the IMF has been, and continues to be, an indispensible agent of economic cooperation. It is a principal forum for our 188 member countries to come together and work together. Over the past year, the IMF has continued to support its members—through its surveillance, its lending, and its technical assistance.

The Fund has made it a priority to better integrate bilateral and multilateral surveillance, especially through its Spillover and External Sector Reports, as well as cluster reports. It has helped countries in such areas as fiscal policy in advanced economies; growth strategies and structural reforms in emerging markets; and vulnerabilities, diversification, and structural transformation in low-income countries. It has stepped up work in newer areas with implications for stability and growth—including inequality, the environment, and the economic participation of women.

On the financial front, the Fund continued to support members' reform efforts all across the globe, to help ease the pain of adjustment. This year, the Fund reviewed facilities such as the Flexible Credit Line, the Precautionary and Liquidity Line, and the Rapid Financing Instrument—to make sure that they continue to help countries as effectively as possible. The membership also agreed to transfer gold profits to help us meet the financing needs of our low-income members in the years ahead.

The IMF has also stepped up its efforts in capacity development—helping countries design, build, and strengthen the institutions that make up the building blocks of economic success. Since the crisis broke, we have provided training to all of our members and technical assistance to 90 percent of them. Over the past year, the IMF launched new tools and courses, opened a new regional technical assistance center in Ghana, and received $181 million in new donor funds.

Overall, I am extremely proud of the IMF's accomplishments over the past year, and of the people who made it happen—our dedicated staff and Executive Board. It is a great privilege to serve as Managing Director of this noble institution. I look forward to continuing to adapt to meet the challenges of our entire membership so that the global economy can enjoy a new phase of sustained growth and shared prosperity.

The Annual Report of the IMF's Executive Board to the Fund's Board of Governors is an essential instrument in the IMF's accountability. The Executive Board is responsible for conducting the Fund's business and consists of 24 Executive Directors appointed by the IMF's 188 member countries, while the Board of Governors, on which every member country is represented by a senior official, is the highest authority governing the IMF. The publication of the Annual Report represents the accountability of the Executive Board to the Fund's Board of Governors.

David Lipton, First Deputy Managing Director

Naoyuki Shinohara, Deputy Managing Director

Nemat Shafik, Deputy Managing Director, resigned as of March 18, 2014

Min Zhu, Deputy Managing Director