INTERNATIONAL MONETARY FUND

RESILIENCE
IN THE FACE OF CHANGE

IMF ANNUAL REPORT 2024

1944-2024

This year's 80th anniversary of the founding of the International Monetary Fund is an opportune moment to look both backward and forward—to acknowledge the remarkable resilience of the global economy after successive recent shocks, but also to deliberate on how the IMF and its members might build on that resilience to achieve greater shared prosperity.

IMF ANNUAL REPORT 2024

The experience of the global economy since the end of the pandemic has been turbulent: starting with supply-chain disruptions, an energy and food crisis triggered by Russia's war on Ukraine, and a considerable surge in inflation, followed by a globally synchronized tightening of monetary policy. Strong policy frameworks in many countries contributed to global resilience. Nevertheless, many countries have come through this period with high debt levels and increased debt-servicing costs.

The challenge now is twofold. The first is to safeguard macroeconomic stability from further geopolitical shocks, disruptive fiscal adjustment, and the task of bringing inflation back to targets. Populations that continue to live with the legacy of successive crises will need ongoing assistance, as will those low-income countries that have experienced the strongest scarring. The second is to take advantage of global economic resilience to confront and embrace transformative developments that demand our collective action—developments such as climate change, digitalization, and an artificial intelligence revolution that, for good or ill, could reshape the nature of work. These transformations will require multilateral cooperation to mitigate risks and maximize opportunities.

The IMF is well placed to encourage that cooperation. It is the linchpin of the global financial safety net, a forum where member countries come together to provide collective insurance against the threat of financial crises. Its objective: to promote international monetary cooperation, trade, and prosperity for all. The completion of the 16th General Review of Quotas demonstrated the IMF's capacity to bring its members together in the spirit of global collaboration and multilateralism. That sense of international cooperation was similarly demonstrated in the actions of over 40 members, whose contributions up to 2023 supported the Poverty Reduction and Growth Trust by strengthening its capacity to mobilize concessional loans to its poorest members. This achievement, and the work of the IMF in general, recognizes our mutual interconnectedness and—together with partner institutions such as the World Bank—cooperation with member countries to achieve shared economic stability and prosperity.

For the IMF, that stability and prosperity are promoted through its work analyzing and providing policy advice to its member countries, through its lending programs, and through its delivery of capacity development.

In an ever-changing world, the IMF also constantly examines its work and toolkit to ensure that, within its mandate, it remains responsive to its members' needs today and well into the future. In its April 2024 announcement appointing Kristalina Georgieva for a second five-year term as Managing Director of the IMF, the Executive Board commended her focus on ensuring that the Fund continues to adapt and evolve.

Message from the Managing Director

Dear Reader,

The global economy is currently a mixed picture. The good news is that inflation has descended from its mid-2022 peak, thanks largely to the concerted efforts of central banks. Economic activity has been remarkably resilient, growing faster than previously projected—particularly in the US and some emerging market and middle-income economies—but with big differences around the globe.

More troubling is the medium-term growth outlook, which is well below the historic average of 3.8 percent. Slower growth, together with high debt levels and higher interest rates, mean less money to fund public services or make vital investments. And IMF research suggests long periods of stagnation tend to push up inequality.

Many vulnerable countries are struggling to turn the page from successive crises, so they risk falling further behind. Rising geoeconomic fragmentation threatens to increase global economic disparities. While we are not seeing a wholesale reversal of globalization, the global economic architecture that helped lift 1.5 billion people out of poverty is now under strain. This occurs just as we need global cooperation more than ever to negotiate trends that affect us all, from climate change to the AI revolution. We know that an unequal world is a discontented world - one that may struggle with the task of adapting to the unstoppable transformations we face.

However, these challenges also present us with the opportunity to adapt and thrive. This will require ambitious, but achievable, policy shifts that address resource misallocation and improve labor flexibility; that promote more open trade and greater financial stability, development, and inclusion; and that enhance productivity, advance the green transition, and fully leverage technology. With the right measures in place, we can escape a low growth, rising inequality trap. According to our calculations, such measures could lift global growth by about 1.2 percentage points by 2030.

Working together, there is much that we can achieve. The IMF's accomplishments over the past year illustrate how our members can come together to support measures which benefit us all as a global community. Among those accomplishments was the successful completion of the 16th General Review of Quotas; the meeting of funding targets for the Poverty Reduction and Growth Trust; the creation and second meeting of the Global Sovereign Debt Roundtable; and the creation of the 25th chair to the Executive Board. It is also illustrated in the less noted, but equally critical, daily work of IMF staff providing surveillance, policy advice, lending, and capacity development.

As the IMF marks its 80th anniversary, this Annual Report illustrates how through that work the Fund helps its members collaborate to meet global and national challenges. It outlines how, in a changing world, the IMF is adapting to ensure that its own policies, toolkits, and governance can meet the needs of its near-universal membership.

This work is made possible by the IMF's Executive Board, whose guidance and oversight are essential to the fulfillment of the IMF's mandate. Their approval, last year, of an increase in IMF quotas under the 16th General Review of Quotas was a strong vote of confidence in the work we do to support our members. The complex global environment makes this work particularly vital. Earlier this year, I was honored to be asked by the Executive Board to serve a second term as Managing Director. In accepting, I said I was determined to ensure the IMF is even more inclusive, effective, and responsive to the needs of its members, and remains dedicated to helping them tackle the challenges they face.

I wholeheartedly recommit myself to this task.

KRISTALINA GEORGIEVA
Managing Director
September 2024

ABOUT THE IMF

The International Monetary Fund (IMF) is an organization of 190 countries working to promote international monetary cooperation, facilitate international trade, contribute to high levels of employment and real income, promote exchange stability, and help member countries address balance of payments imbalances. The IMF seeks to ensure the stability of the international monetary system: the system of exchange rates and international payments that enables countries and their citizens to transact with one another. All IMF member countries are represented on its Executive Board, which discusses the national, regional, and global consequences of each member's economic policies; approves IMF financing to help member countries; and oversees the IMF's capacity development efforts. This *Annual Report* covers the activities of the Executive Board, IMF management, and the IMF staff during the financial year May 1, 2023, through April 30, 2024, unless noted otherwise. The contents reflect the views and policy discussions of the IMF Executive Board, which has actively participated in the preparation of this *Annual Report*.

The IMF's financial year (FY) is May 1 through April 30. The analysis and policy considerations expressed in this publication are those of the IMF Executive Directors. The IMF's unit of account is the special drawing right (SDR); conversions of IMF financial data to US dollars are approximate and provided for convenience. On April 30, 2024, the SDR/US dollar exchange rate was US$1 = SDR 0.758766, and the US dollar/SDR exchange rate was SDR 1 = US$1.31793. The year-earlier rates (April 28, 2023) were US$1 = SDR 0.742386 and SDR 1 = US$1.34701. "Billion" means a thousand million; "trillion" means a thousand billion; minor discrepancies between constituent figures and totals are due to rounding. As used in this *Annual Report*, the term "country" does not in all cases refer to a territorial entity that is a state as understood by international law and practice. As used here, the term also covers some territorial entities that are not states but for which statistical data are maintained on a separate and independent basis. The boundaries, colors, denominations, and any other information shown on any maps do not imply on the part of the IMF any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries.

On April 30, 2024, the **SDR/US dollar** exchange rate was
US$1 = SDR 0.758766

the **US dollar/SDR** exchange rate was
SDR 1 = US$1.31793

THE IMF'S THREE MAIN ROLES

Economic Surveillance
Provide member countries with advice on adopting policies to achieve macroeconomic stability, accelerate economic growth, and alleviate poverty.

Lending
Make financing available to member countries to help address balance of payments problems, including foreign exchange shortages that occur when external payments exceed foreign exchange earnings.

Capacity Development
Deliver capacity development (technical assistance and training), when requested, to help member countries strengthen their economic institutions to design and implement sound economic policies.

The IMF's headquarters is in Washington, DC, and its offices around the world aim to promote its global reach and maintain close ties with its members. For more information on the IMF and its member countries, visit IMF.org.

ACRONYMS AND ABBREVIATIONS

BBA	bilateral borrowing agreement
CCRT	Catastrophe Containment and Relief Trust
CD	capacity development
ECF	Extended Credit Facility
EFF	Extended Fund Facility
EMDE	emerging market and developing economy
FCL	Flexible Credit Line
FY	financial year
GRA	General Resources Account
HIPC	Heavily Indebted Poor Countries
ICD	Institute for Capacity Development
IEO	Independent Evaluation Office
NAB	New Arrangements to Borrow
PRGT	Poverty Reduction and Growth Trust
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
RSF	Resilience and Sustainability Facility
RST	Resilience and Sustainability Trust
SCF	Standby Credit Facility
SDR	special drawing right
SLL	Short-Term Liquidity Line
UCT	upper credit tranche

RESILIENCE IN THE FACE OF CHANGE

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Contents

PART ONE

IN FOCUS

Sustaining the Recovery

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

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

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

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

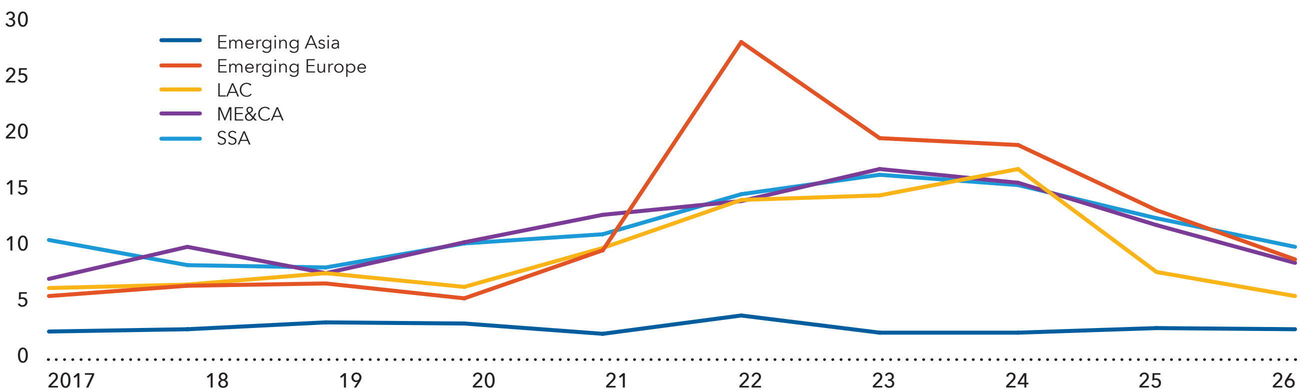
Four years after the outbreak of COVID-19, fiscal deficits and debts are higher than prepandemic projections and are forecast to remain higher over the medium term. Without decisive action, global public debt is projected to inch above 100 percent of GDP by 2029.

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

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

Figure 1.1. Global Inflation to Steadily Decline

(Headline inflation by EMDE Region; Percent)



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

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

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

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

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

In addition to managing fiscal resources, policymakers must also grow the economic pie. Targeted and carefully sequenced structural reforms will be critical to boost productivity, ease debt burdens, and support green and digital transitions. Similarly, green investments—or policies such as those that address unequal gender access in

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

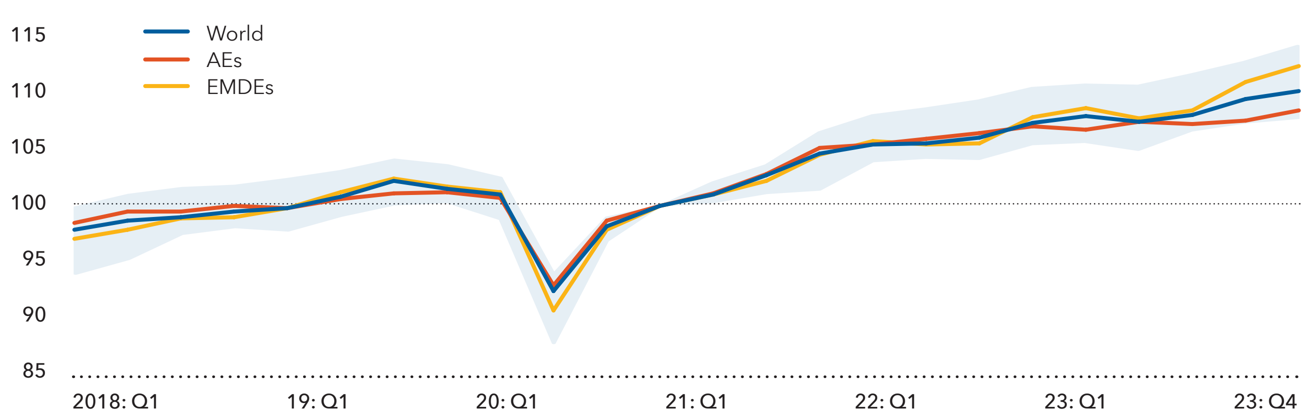
labor markets—will produce their own inherent boost to combat the low long-term growth outlook. For emerging market and developing economies, prioritizing reforms in areas such as governance, business regulation, and external sector policies could unleash productivity gains.

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

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

Figure 1.2. Medium-Term Growth to Remain Low

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



Sources: Haver Analytics; and IMF staff calculations.

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

A Fund for the Future

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

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

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

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

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

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

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

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

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

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

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

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

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

Lending and Debt Revisited

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

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

Another lending instrument that was adjusted over the past financial year was the Food Shock Window. The later was a major IMF innovation designed to allow countries to address the global food crisis. Following an extension of its initial 12-month term, the IMF closed the Food Shock Window in March 2024; the Fund was able to use existing measures to support

PRGT lending commitments during FY 2024 amounted to $6.5 billion (SDR 4.9 billion).

countries that were and are affected by food shocks. During its lifetime, six countries accessed financing under the Food Shock Window, receiving a total disbursement of $1.8 billion. Despite the end of this financing vehicle, the IMF has continued its close engagement with other international organizations and joined several international initiatives on food insecurity, drawing attention to the urgency and scope of the global food crisis, advocating, calling for urgent and coordinated action, and creating a framework for closer collaboration both at the policy and country levels.

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

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

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

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

Continued Momentum on Global Sovereign Debt

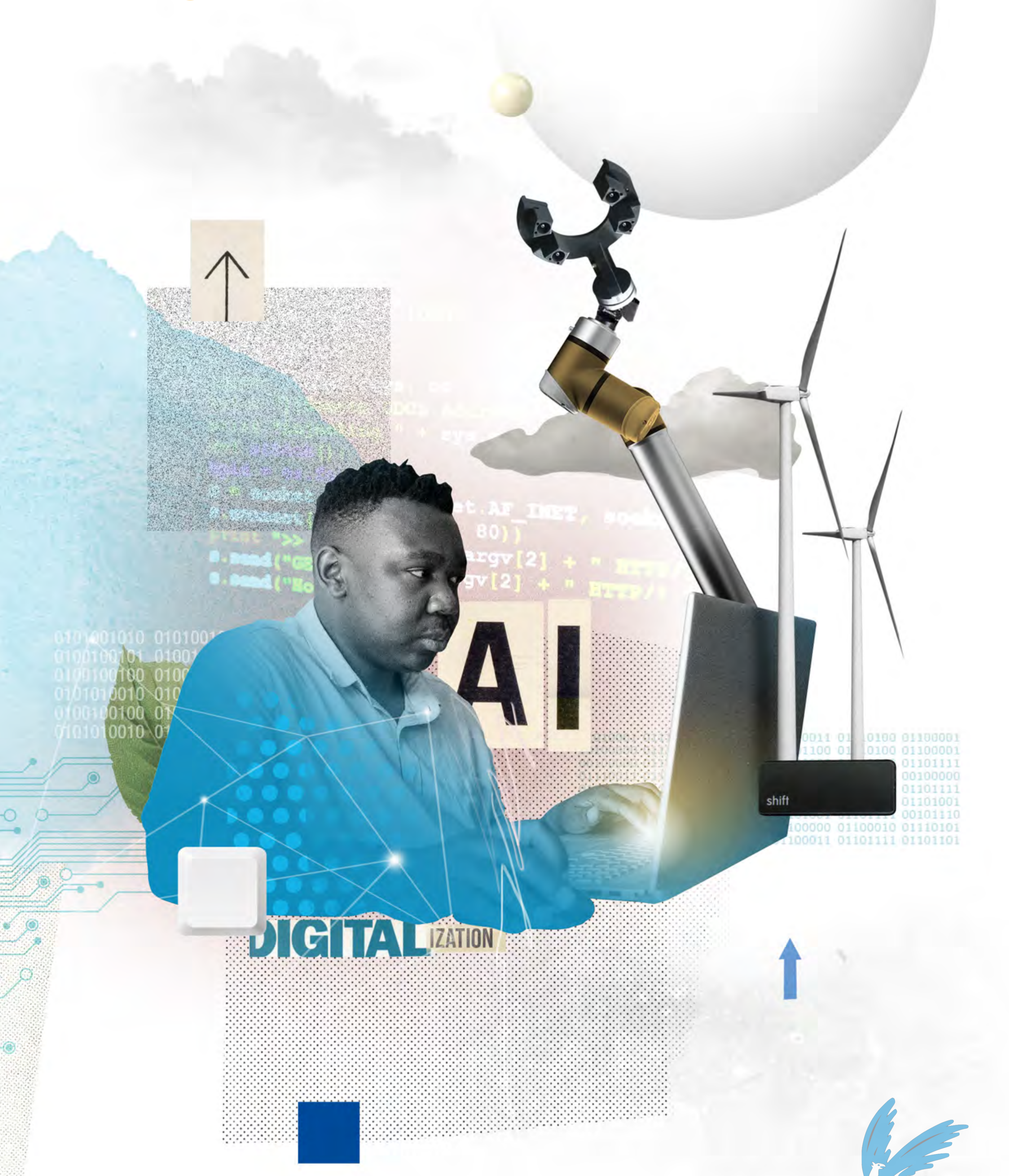
Debt resolution is a first-order issue for the IMF, and it has been an active player in addressing sovereign debt as part of broader efforts to support global economic stability and development. High debt-servicing costs are a growing challenge for low-income countries, whose budgets are being strained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

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

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

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

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


AI
DIGITALIZATION
shift

High Uncertainty and the Unknown

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

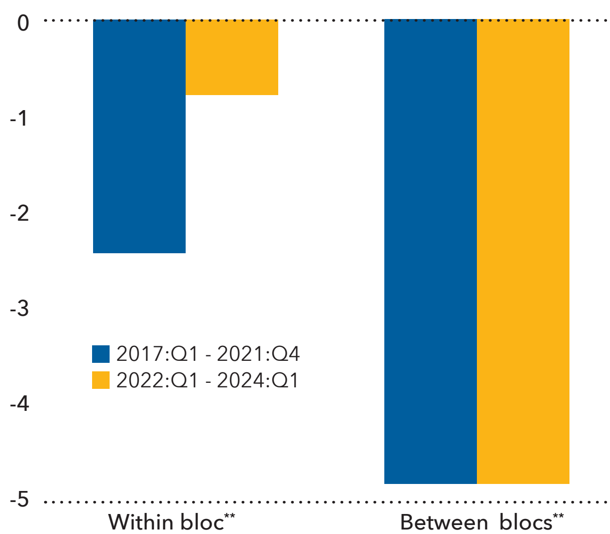
One source of that uncertainty is the effect of climate change, which presents a major threat to countries' long-term growth and prosperity. Global ambitions and policy implementation gaps persist. Reducing greenhouse gas emissions to keep the increase in the global average temperature well below 2°C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

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

The view that the world is transitioning to a low-growth economy has been fueled in part by increasing geopolitical fragmentation—a world where geopolitics determines trade and investment decisions and, at its extreme, triggers the creation of rival economic blocs (Figure 1.3). Reversals in trade, capital flows, and investment are already reshaping the global economy. Nearly 3,000 trade-restricting measures were imposed in 2023, almost three times the number during 2019. This trend risks reversing the transformative gains from past global economic integration. Restrictions diminish efficiency gains from specialization, limit economies of scale, and reduce competition. Greater integration of the

Figure 1.3. Geopolitical Fragmentation Is Affecting Trade

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



Sources: Trade Data Monitor; and IMF staff calculations.

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

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

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

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

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

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

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

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

The potential ramifications of increasing AI usage are potentially profound. AI could herald the start of a technological revolution, which could jump-start productivity, boost global growth, and raise incomes around the world. Simultaneously, it could also replace jobs and deepen inequality (Figure 1.4). Those who can harness AI could experience an increase in their productivity and wages, while those who cannot risk falling behind.

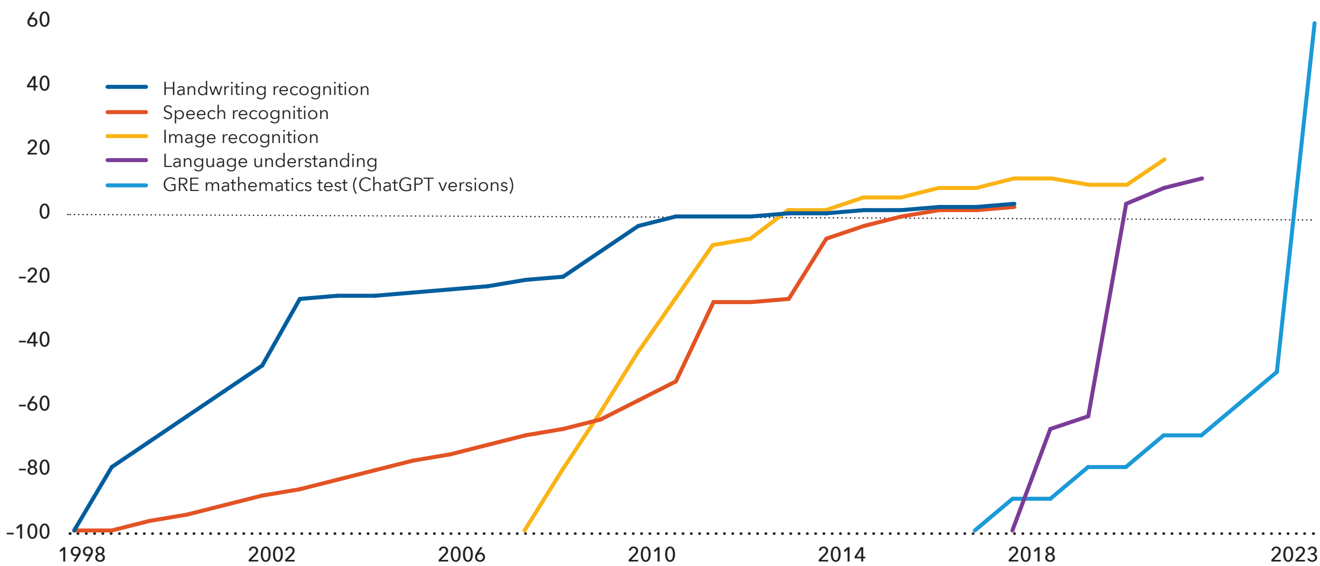
According to one recent IMF paper, about 60% of jobs in advanced economies may be impacted by artificial intelligence (AI).

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

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

Figure 1.4. Effects of AI on Jobs Could Be Profound

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



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

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

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

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

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

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

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

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

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

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

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

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

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

Looking Backward, Looking Forward

The IMF at 80

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

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

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

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

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

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

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

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

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

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

PART TWO
WHAT WE DO

United States

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

ECONOMIC SURVEILLANCE

128 country health checks

Through surveillance, the IMF monitors the international monetary system, as well as the economic and financial policies of its member countries. As part of this work, carried out at both the country and global levels, the IMF highlights possible risks to stability and advises on policy adjustments. Country surveillance includes regular (usually annual) consultations with individual member countries, known as Article IV consultations. Under the Financial Sector Assessment Program (FSAP), the IMF also conducts regular in-depth analysis of systemically important financial sectors.

LENDING

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

The IMF provides financing to member countries experiencing actual, potential, or prospective balance of payments needs to help them rebuild their international reserves and restore conditions for strong economic growth, while correcting underlying problems. The IMF also provides fast-disbursing emergency financing with limited conditionality—and greatly expanded such financing following the onset of the COVID-19 pandemic.

CAPACITY DEVELOPMENT

$382 million for hands-on technical advice, policy-oriented training, and peer learning

The IMF works with countries to strengthen their economic institutions by providing technical assistance and training on critical economic issues. This work helps countries implement more effective economic policies and tackle complex challenges. The IMF shares its knowledge with government institutions such as finance ministries, central banks, statistical agencies, financial supervisory agencies, and revenue administrations through hands-on advice, training, and peer-to-peer learning. IMF capacity development (CD) is delivered in person and remotely by IMF staff members, short-term experts, long-term in-country resident advisors, and advisors at regional CD centers, as well as through classroom training, hands-on workshops and seminars, and free online courses.

Panama

ECONOMIC SURVEILLANCE

The IMF monitors the international monetary system and global economic developments, while also engaging in regular health checks of the economic and financial policies of its 190 member countries. These activities are also known as "surveillance." The IMF will highlight stability risks to member countries and advise governments on potential policy adjustments. This work supports the international monetary system by facilitating the exchange of goods, services, and capital among countries and in the process sustaining sound economic growth.

The IMF gives country-specific advice through "bilateral surveillance" and provides analysis of the international monetary system and global and regional economic developments through "multilateral surveillance."

One major change to the practice of IMF surveillance came in April this year when the Board concluded the "2024 Review of Data Provision to the Fund." This review took place against the backdrop of profound shifts in the global economy, highlighting the importance of adequate macroeconomic and financial data to inform analysis and policymaking. This major, multiyear negotiation resulted in substantial but manageable updates to the data that all member countries will be obliged to provide to the IMF, including in the areas of public sector, foreign exchange intervention, and macro-financial indicators.

In FY 2023/24, the IMF continued to integrate into its work areas such as climate, cybersecurity, and fintech, which are macro-critical because of their ability to significantly impact economic and financial stability and sustainable growth. One of those areas is gender. Over the past year, the IMF has continued to mainstream gender into its work with the publication of an interim note that provided general guidance on the operationalization of the IMF's Strategy Toward Mainstreaming Gender. It offered a comprehensive overview of how the IMF staff could integrate macro-critical gender issues not only in the area of surveillance, but also in lending and CD.

Bilateral Surveillance

Bilateral surveillance, or Article IV consultations (so named for the number of the IMF's founding Articles of Agreement that lays out the requirement) is carried out during IMF team missions to a member country. IMF staff engage in a two-way policy dialogue with country authorities regarding a range of important issues including exchange rates; fiscal, financial, and monetary policies; and structural reforms. Discussions also extend to developments in other areas that are critical for economic and financial stability, such as climate change and digitalization. During IMF missions, staff typically meet with members of the legislature and representatives from business, labor unions, and civil society. In FY 2023/24, the IMF conducted 117 Article IV consultations and 11 financial system stability assessments under the FSAP.

Multilateral Surveillance

As part of its multilateral surveillance, the IMF issues biannual reports and updates on the latest global economic developments: the *World Economic Outlook*, the *Global Financial Stability Report,* and the *Fiscal Monitor*. In-depth analyses of selected and highly topical issues are thematic chapters in these publications. Interim updates on global economic conditions are issued when warranted. In addition, as part of an ongoing effort to provide a rigorous and candid assessment of global excess imbalances and their causes, the *External Sector Report* is published annually.

The IMF also publishes reports on the outlook for regions. These cover regional policy developments and challenges and provide country-specific analysis. Article IV consultations and financial system stability assessments under the FSAP also discuss issues related to multilateral surveillance, where relevant.

In practice, bilateral and multilateral surveillance inform each other, ensuring a comprehensive and consistent analysis of how one country's policies affect others; that is, their "spillovers." In today's challenging global economic environment, timely and tailored surveillance remains vital. It enables lessons to be shared and provides members with well-calibrated policy advice.

Policy Advice

The IMF Executive Board discusses all aspects of the IMF's work, from Article IV consultations to policy issues relevant to the global economy. The Board conducts its work based on policy papers prepared by the IMF staff. In FY 2024, the IMF published 61 of these policy papers externally. For a comprehensive list of IMF policy papers issued in FY 2024, please visit the *Annual Report* website imf.org/en/Publications/AREB.

Bangladesh

LENDING

IMF financing helps member countries tackle balance of payments problems, stabilize their economies, and restore sustainable economic growth. It can also be made available in response to natural disasters and pandemics. The IMF further provides precautionary financing to countries with sound policies that may have some remaining vulnerabilities to help prevent and insure against future crises, and it continues to enhance the tools available for crisis prevention.

IMF lending has traditionally fallen into two categories: General Resources Account (GRA) loans at interest rates determined by an average of those prevailing among the world's main currencies and loans to low-income countries on concessional terms. All loans under the IMF's PRGT are currently provided at zero interest. With the operationalization of the RST in 2022, there is now a new third lending pillar, which encompasses a tiered interest rate structure differentiated across country groups, with low-income members benefiting from more favorable terms.

BRIEF OVERVIEW OF FY 2024

Policy Initiatives

The IMF has continued to respond quickly to economic challenges stemming from the fallout of the COVID-19 pandemic, Russia's war in Ukraine, and new conflicts in the Middle East, mostly through lending under IMF-supported programs.[1] These activities helped protect the lives and livelihoods of people and facilitate adjustment to shocks.

In FY 2024, many countries, especially low-income countries, continued to face persistent headwinds and an uncertain global economic environment, while dealing with reduced policy buffers and tight financing conditions. On May 18, 2023, the Executive Board approved the introduction of an interest rate cap for the RST's lowest-income borrowers to better support members, especially low-income countries, in coping with these headwinds. This decision followed the April 2023 review of RST resource adequacy. The interest rate cap, set at 2¼ percent, applies to Group A RST-eligible countries that are part of the PRGT-eligibility list, but that do not blend their borrowing with GRA resources.

In June 2023, the IMF Executive Board approved a six-month extension until the end of March 2024 of the Food Shock Window under its emergency financing instruments. This window, which was originally approved for 12 months in September 2022, provided an additional channel for emergency financing to member countries that had urgent balance of payments needs as a result of acute food insecurity, a sharp increase in their food import bills, or a shock to their cereal exports. Because balance of payments pressures persisted throughout 2023, the extension aimed to allow the Food Shock Window to continue serving as a contingency tool during the extension period.

In June 2023, the IMF Executive Board also approved an extension of the temporarily higher cumulative access limits under the IMF's emergency financing instruments, the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI), which were set to expire in June 2023. The temporarily higher limits ensure that the IMF will have the capacity to support countries in the event of renewed emergency

[1] Including prepandemic commitments, as of April 30, 2024, total undisbursed lending commitments and credit outstanding under the General Resources Account were about SDR 170 billion; the corresponding total under the PRGT was about SDR 25.4 billion.

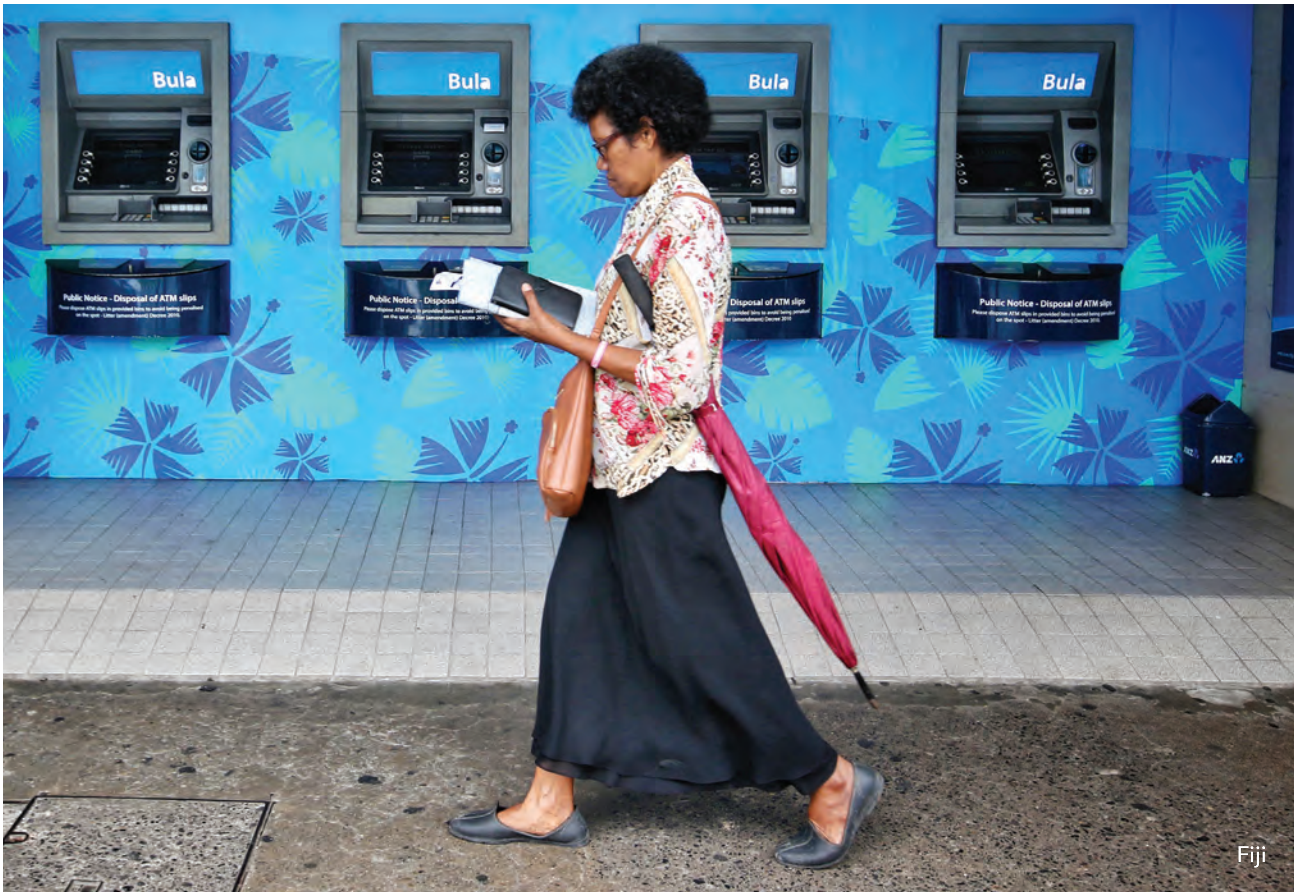
The Executive Board undertook reforms to strengthen the global financial safety net.

situations while countries are still in the process of repaying emergency financing received during the pandemic. The higher limits under the RFI will be maintained until the end of June 2024, when most RFI recipients will have repaid a significant part of their past emergency financing. The higher limits under the RCF will be maintained until the completion of the 2024 review of PRGT facilities and financing, given the longer repayment schedule for RCF financing.

In addition, in June 2023, the Executive Board decided to postpone the next review of the PRGT interest structure by two years to the end of July 2025. The deferral of the review reflects the difficult environment and high uncertainty facing low-income countries as well as the intention to consider all policies regarding low-income country facilities during the 2024 review of the PRGT facilities and financing. This effectively maintains the zero percent interest rates on all PRGT credit. The interest rate on outstanding RCF credit had been permanently set at zero in 2015 and is not subject to review under the interest rate mechanism.

In October 2023, the IMF Executive Board completed the review of the Flexible Credit Line (FCL), the Short-Term Liquidity Line (SLL), and the Precautionary and Liquidity Line (PLL). The Board endorsed staff proposals for reforms, with the aim of further strengthening the global financial safety net and ensuring that the IMF's precautionary facilities toolkit remains fit for purpose as external risks become more prevalent, protracted, and diverse. Recognizing that crisis prevention in the current shock-prone environment requires strengthening the qualification framework under the precautionary instruments as well as other reforms of the toolkit, the review took a three-pronged approach. First, to preserve the precautionary instruments' strong signaling power, the review proposed to reinforce safeguards and ensure a robust qualification framework of the FCL, SLL, and PLL. Second, the review sought to make IMF precautionary instruments more useful for qualifying members by ensuring the instruments have the flexibility and firepower needed for confronting sizable and persistent systemic risks. In view of these factors, key reforms included (1) raising the SLL and PLL access limits, (2) introducing explicit provisions on concurrent use of the FCL and SLL to allow members to better respond to a wider variety of shocks, and (3) not requiring FCL members to discuss strategies to exit from financing under this instrument when the arrangement involves low access and is precautionary. Third and finally, the review maintained the IMF's sound management of its precautionary toolkit by streamlining administrative procedures related to the use of precautionary instruments. It also assessed risks and potential implications for the IMF from implementation of key reforms.

In October 2023, the Executive Board of the IMF also completed the review of the Policy Coordination Instrument (PCI) and endorsed the proposal to eliminate the Policy Support Instrument (PSI). The PCI is a non-financing instrument supporting policies that meet upper-credit-tranche standards and is designed to help countries demonstrate commitment to a reform agenda and unlock financing from other



Fiji

sources. The PCI is available to all member countries. Against the backdrop of a challenging and shock-prone global environment, the Executive Board approved two key refinements to the PCI to make it more fit for purpose while maintaining its strong signaling function. The first was to enhance the flexibility of the review schedule while ensuring regular and uninterrupted signals to markets. The second was to require articulation of the rationale for concurrent use of a Standby Arrangement or a Stand-by Credit Facility arrangement by members with an ongoing PCI, which allows members to continue to demonstrate their commitment to a reform agenda while benefiting from access to IMF resources when needed. The Board also approved the elimination of the PSI given a demonstrated preference for the PCI as evidenced by the absence of requests for the PSI since 2015 and a universal switch by PSI users to the PCI.

Regarding RST fundraising, the Board was informed in November 2023 of four new contribution agreements that were finalized between May and September 2023 and in April 2024 of four more contribution agreements that were finalized between October 2023 and March 15, 2024.[2,3] As of April 30, 2024, there has been good fundraising progress with about SDR 34.3 billion in pledges received. Effective contribution agreements include SDR 25.4 billion in contribution packages from 16 countries and SDR 5.6 billion in stand-alone contributions from 3 countries. Given strong and front-loaded demand for RST resources, fundraising efforts should be reinvigorated to secure additional resources. The 2023 Review of RST Resource Adequacy indicated that reserves are

[2] See 2023 contribution agreements with Italy, Luxembourg, Oman, and the United Kingdom.

[3] See 2023 contribution agreements with Belgium, Malta, Qatar, and Switzerland.

adequate in the baseline and under several risk scenarios.

Following the achievement of the SDR 2.3 billion first-stage target under the July 2021 fundraising round for PRGT subsidy resources during the Annual Meetings in Marrakech, in December 2023 the IMF Executive Board approved a temporary increase in the annual access limit under the PRGT from 145 percent of quota to 200 percent of quota and a temporary increase in the cumulative access limit from 435 percent of quota to 600 percent of quota until the end of 2024. The PRGT access norms, which provide general guidance on access to PRGT facilities, and the per arrangement cap on PRGT resources under the blending policy were both also raised from 145 percent of quota to 200 percent of quota until the end of 2024. In January 2024, the IMF Executive Board approved an increase in the PRGT cumulative borrowing by SDR 3 billion from SDR 68 billion to SDR 71 billion to accommodate the better-than-expected loan mobilization outcome for additional loan pledges under the 2021 PRGT fundraising round. In FY 2024, seven PRGT lenders provided SDR 5.9 billion in new loan resources under the new PRGT borrowing agreements or by amending those that already exist.

> **IMF staff completed operational guidance**
> **on the design and conditionality of IMF-supported programs.**

In January 2024, the IMF staff completed an operational guidance note that aims to explain the key principles and considerations underlying the design and conditionality of IMF-supported programs. The note expanded on the previous operational guidance notes on conditionality published during 2003–14, incorporating lessons from the 2018–19 review of conditionality and other recent key policy developments, including the recommendation of the Management Implementation Plan in response to the Independent Evaluation Office's report on growth and adjustment in IMF-supported programs. The note highlighted in particular operational advice to (1) improve real-world applications of macroeconomic forecasts in programs and foster more systematic analysis of contingency plans and risks; (2) improve the focus, depth, implementation, and tailoring of structural conditions with due consideration of growth effects; and (3) help strengthen the ownership by country authorities. Designed as a comprehensive reference and primer on program design and conditionality in an accessible and transparent manner, the note referred in summary to a broad range of economic and policy considerations over the life cycle of IMF-supported programs.

In February 2024, the IMF Executive Board completed its review of the policy on Staff-Monitored Program with Board Involvement (PMB). It endorsed the proposal to keep it in the IMF's toolkit, with a subsequent review expected in three years. The PMB was launched in October 2022 when the IMF amended its policy for staff-monitored programs to allow for program monitoring with Board involvement. As in the case of all staff-monitored programs, the objective of the PMB is to build or rebuild a track record of policy implementation toward an upper-credit-tranche-quality IMF-supported program. The PMB is carefully circumscribed for member countries under either (1) an ongoing concerted international effort by

creditors or donors to provide substantial new financing or debt relief in support of the member's policy program or (2) significant outstanding credit under emergency financing instruments at the time of a new request for such financing. It allows the Executive Board to weigh in, at the time of PMB approval, on the robustness of the member's policies to meet the program's objectives and, in the context of reviews, on whether it agrees with the staff that the member is on track to meet those objectives.

In March 2024, the IMF Executive Board extended the temporary increase in normal access limits under the GRA (annual and cumulative access limits from 145 and 435 percent of quota, respectively, to 200 and 600 percent of quota) until the end of 2024, instead of allowing these higher access limits to revert to their previous levels in early March 2024 as originally envisaged. The proposed extension reflects the still-high uncertain global economic environment. Importantly, it helps bridge the gap to the comprehensive review of access limits planned for the second half of 2024, which will review access limits in the context of the erosion of the nominal value of access limits against key metrics and the outcomes of the 16th General Review of Quotas.

In March 2024, the IMF Executive Board received an update on PRGT resource adequacy, including on debt relief trusts, the Catastrophe Containment and Relief Trust (CCRT), and the Heavily Indebted Poor Countries (HIPC) Initiative.

Regarding PRGT resource adequacy, the update underscored (1) the achievement of the first-stage fundraising targets for loans (SDR 12.6 billion) and subsidy resources (SDR 2.3 billion)—loan resources raised totaled SDR 14.7 billion, exceeding the target, and SDR 2.3 billion was raised for subsidy resources; (2) continued high PRGT lending (new

Peru

PRGT lending commitments reached SDR 6.3 billion in 2023, almost double the amount of 2022); and (3) higher but manageable credit risks of PRGT-eligible countries. Amid the continued high demand for PRGT lending and high SDR interest rates, the PRGT adequacy update noted a need for reforms to ensure PRGT long-term self-sustainability while meeting the financing demands of PRGT-eligible countries. The onging comprehensive PRGT review will tackle this issue. Finally, the update also highlighted the need to replenish the CCRT and noted that the HIPC Initiative is nearly complete, with Somalia reaching its HIPC completion point in December 2023.

The CCRT is the IMF's vehicle for delivering IMF debt service relief to its poorest members when they face qualifying events, and it delivered unprecedented support during the pandemic. It disbursed SDR 690 million in grants to cover debt-service relief in five tranches during the two-year period from April 14, 2020, to April 13, 2022. This debt relief benefited a total of 31 eligible countries, which are the poorest and most vulnerable IMF members, helping them free up scarce financial resources for priority spending (for example, on health) to mitigate the impact of the COVID-19 pandemic. Despite securing SDR 609.5 million in grant pledges during the pandemic, total pledges fell short of the fundraising target (SDR 1 billion) and of the total cost of the full two-year COVID-19–related debt-service relief, which required a significant drawdown of the prepandemic cash balance. Moreover, despite continued fundraising efforts, no new pledges have been received since December 2021. The CCRT remains, therefore, severely underfunded, with a resource balance of about SDR 78 million as of April 30, 2024. Additional grants are needed to replenish the CCRT so that it can respond to future qualifying events. The financial challenges facing the CCRT will be taken up in the next CCRT review, which is scheduled for FY 2026.

Reflecting the difficult global environment, demand for IMF concessional financing remained high compared with prepandemic levels, as noted earlier.

LENDING OVERVIEW

Demand for lending and support under the IMF's precautionary facilities remained high in FY 2024. Between May 1, 2023, and April 30, 2024, new requests were approved for about SDR 53 billion, focused on the following areas:

Building on existing lending arrangements: The IMF augmented existing arrangements to accommodate urgent new financing needs in the context of ongoing policy dialogue for an amount of SDR 5 billion. The Executive Board approved augmentation of arrangements with five members.

New lending arrangements, including precautionary arrangements: The Executive Board approved 21 new non-precautionary IMF arrangements with 18 countries. These included 11 arrangements under the Extended Credit Facility for a total of SDR 4.73 billion, 5 under the Extended Fund Facility for a total of SDR 3.87 billion, 1 under the Stand-by Arrangement for a total of SDR 2.25 billion, and 1 under the Standby Credit Facility for a total of SDR 0.2 billion. In addition, 3 precautionary arrangements, 1 Stand-by Arrangement, and 2 FCL arrangements were made available to members.

In addition, the Executive Board approved requests for arrangements under the Resilience and Sustainability Facility focusing on climate change from 13 countries: Benin, Cabo Verde, Cameroon, Côte d'Ivoire, Kenya, Kosovo, Mauritania, Moldova, Morocco, Niger, Paraguay, Senegal, and Seychelles (totaling about SDR 3.8 billion).

Debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative:[4] On December 13, 2023, the IMF Executive Board and the World Bank's International Development Association approved Somalia's completion point under the enhanced HIPC Initiative.[5] At the completion point, Somalia received full debt relief in the amount of SDR 250.43 million.[6] Sudan's prospects for reaching its HIPC completion point remain uncertain. The IMF-supported program for Sudan that was approved in June 2021 expired in December 2022. A new PRGT arrangement would be needed to support progress toward reaching the HIPC completion point.[7]

[4] No country requested debt relief under the Catastrophe Containment and Relief Trust during FY 2024.

[5] The HIPC Initiative was launched in 1996 by the IMF and the World Bank, with the aim of ensuring that no poor country faces a debt burden it cannot manage. The initiative involves a two-step process through which countries must meet certain criteria, commit to poverty reduction through policy changes, and demonstrate a good track record over time. The IMF and World Bank Executive Boards determine that a country qualifies for debt relief under the HIPC Initiative, which is the first stage (HIPC decision point). Multilateral and official bilateral creditors may provide interim debt relief on a country's HIPC-eligible debt in the interim period, and, when a country meets its commitments, full debt relief is provided, which is the second stage (HIPC completion point).

[6] On March 25, 2020, following Somalia's clearance of its arrears to the IMF, the Executive Boards of the IMF and the World Bank determined that Somalia qualified for debt relief under the enhanced HIPC Initiative and that Somalia had reached its HIPC Initiative decision point. Since then, the IMF Executive Board had approved four tranches of interim HIPC assistance to Somalia in the total amount received of SDR 4.812 million to cover 100 percent of its eligible financial obligations falling due to the IMF during the interim period between the HIPC decision and completion points.

[7] Sudan received interim assistance covering the period between its decision points on June 29, 2021, and June 28, 2022, to cover debt service obligations on pre-arrears clearance debt falling due during that period. No further interim assistance is expected for Sudan, provided it reaches the HIPC completion point by December 29, 2026, as the country currently does not have any debt service repayments to the IMF falling due before this date.

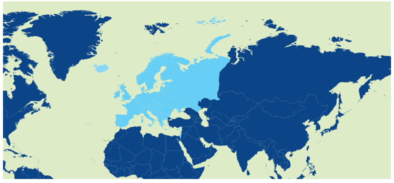
LENDING MAP

FINANCIAL ASSISTANCE APPROVED IN FY 2024

AS OF APRIL 30, 2024

(MILLIONS OF SPECIAL DRAWING RIGHTS)

Ghana



EUROPE

271.45 M SDR

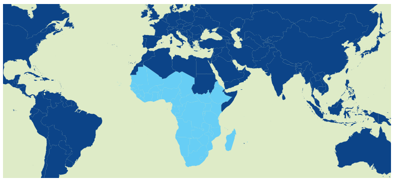
KOSOVO

SBA .... 80.12 M SDR

RSF .... 61.95 M SDR

MOLDOVA

RSF .... 129.38 M SDR



SUB-SAHARAN AFRICA

10,484.65 M SDR

BENIN

RSF .... 148.56 M SDR

BURKINA FASO

ECF .... 228.76 M SDR

BURUNDI

ECF .... 200.20 M SDR

CABO VERDE

RSF .... 23.70 M SDR

SDR/USD EXCHANGE RATE

ON APRIL 30, 2024: SDR 1 = US$1.31793

Source: IMF, Finance Department.

KEY

AUG – AUGMENTATION

ECF – EXTENDED CREDIT FACILITY

EFF – EXTENDED FUND FACILITY

FCL – FLEXIBLE CREDIT LINE

PLL – PRECAUTIONARY AND LIQUIDITY LINE

RCF – RAPID CREDIT FACILITY

RFI – RAPID FINANCING INSTRUMENT

RSF – RESILIENCE AND SUSTAINABILITY FACILITY

SBA – STAND-BY ARRANGEMENT

SCF – STANDBY CREDIT FACILITY

SLL – SHORT-TERM LIQUIDITY LINE

Peru

CAMEROON
AUG of ECF .... 36.80 M SDR
AUG of EFF .... 73.60 M SDR
RSF .... 138.00 M SDR

COMOROS
ECF .... 32.04 M SDR

COTE D'IVOIRE
ECF .... 867.20 M SDR
EFF .... 1,734.40 M SDR
RSF .... 975.60 M SDR

THE GAMBIA
ECF .... 74.64 M SDR

GHANA
ECF .... 2,241.90 M SDR

GUINEA-BISSAU
AUG of ECF .... 11.36 M SDR

KENYA
AUG of ECF .... 170.96 M SDR
AUG of ECF .... 46.15 M SDR
AUG of EFF .... 236.12 M SDR
AUG of EFF .... 661.13 M SDR
RSF .... 407.10 M SDR

MALAWI
ECF .... 131.86 M SDR

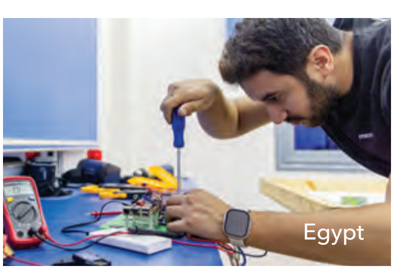
NIGER
RSF .... 98.70 M SDR

RWANDA
SCF .... 200.25 M SDR

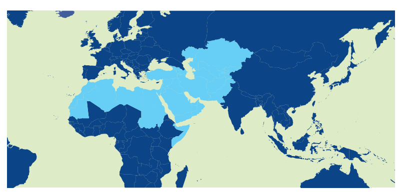
SENEGAL
ECF .... 377.53 M SDR
EFF .... 755.07 M SDR
RSF .... 242.70 M SDR

SEYCHELLES
EFF .... 42.37 M SDR
RSF .... 34.35 M SDR

TOGO
ECF .... 293.60 M SDR


Egypt


Jordan



MIDDLE EAST AND CENTRAL ASIA

8,206.09 M SDR

EGYPT
AUG of EFF .... 3,761.52 M SDR

JORDAN
EFF .... 926.37 M SDR

MAURITANIA
RSF .... 193.20 M SDR

MOROCCO
RSF .... 1,000.00 M SDR

PAKISTAN
SBA .... 2,250.00 M SDR

SOMALIA
ECF .... 75.00 M SDR

WESTERN HEMISPHERE

33,845.00 M SDR

COLOMBIA
FCL.................... 6,133.50 M SDR

HONDURAS
ECF .... 208.20 M SDR
EFF .... 416.30 M SDR

MEXICO
FCL.................. 26,738.10 M SDR

PARAGUAY
RSF .... 302.10 M SDR

SURINAME
AUG of EFF .... 46.80 M SDR

NOTE THERE ARE NO NEW FINANCIAL ASSISTANCE APPROVED IN FY 2024 TO ASIA & PACIFIC REGION

Table 2.1. Financial Terms under IMF General Resources Account Credit

This table shows the IMF's non-concessional lending facilities. Stand-by Arrangements and extended arrangements under the Extended Fund Facility have long been the institution's core lending instruments. These are supplemented by the IMF's crisis prevention instruments: the Flexible Credit Line and the Precautionary and Liquidity Line. In addition, the IMF provides emergency lending on non-concessional terms through its Rapid Financing Instrument (RFI). The IMF also established the Short-Term Liquidity Line in 2020 to provide a backstop to members with very strong policies and fundamentals.

Following the onset of the pandemic and as part of its COVID-19 response, the IMF temporarily increased the annual and cumulative access limits under the RFI and the annual access limit to resources in the IMF's General Resources Account, which triggers application of the exceptional access framework. In December 2021, the IMF's Executive Board approved 18-month

Credit Facility (year adopted)[1]	Purpose	Conditions	Phasing and Monitoring
Stand-By Arrangement (SBA) (1952)	Short- to medium-term assistance for countries with short-term balance of payments difficulties	Adopt policies that provide confidence that the member's balance of payments difficulties will be resolved within a reasonable period	Generally quarterly purchases contingent on observance of performance criteria and other conditions
Extended Fund Facility (EFF) (1974) (Extended Arrangements)	Medium-term (longer than Stand-By Arrangement) assistance to support members' structural reforms to address long-term balance of payments difficulties	At approval, adopt up to a four-year program, with a structural agenda and an annual detailed statement of policies for the subsequent 12 months	Quarterly or semiannual purchases contingent on observance of performance criteria and other conditions
Flexible Credit Line (FCL) (2009)	Flexible instrument in the credit tranches to address all balance of payments needs, potential or actual, and to boost market confidence during a period of heightened risks	Very strong ex ante macroeconomic fundamentals, economic policy framework, and policy track record	Approved access available up front throughout the arrangement period; two-year FCL arrangements are subject to a midterm review after one year
Precautionary and Liquidity Line (PLL) (2011)	Instrument in the credit tranches to address all balance of payments needs, potential or actual, and to boost market confidence during a period of heightened risks	Sound policy frameworks, external position, and market access, including financial sector soundness	Large front-loaded access, subject to semiannual reviews (for one- to two-year PLL arrangements)
Short-Term Liquidity Line (SLL) (2020)	Liquidity backstop in case of potential external shocks that generate moderate balance of payments needs	Very strong ex ante macroeconomic fundamentals, economic policy framework, and policy track record	Approved access available up front throughout the period of the arrangement and can be reconstituted through repurchase; number of successor SLL arrangements unrestricted as long as member continues to meet qualification criteria
Rapid Financing Instrument (RFI) (2011)	Rapid financial assistance to all member countries facing an urgent balance of payments need	Efforts to solve balance of payments difficulties (may include prior actions)	Outright purchases without the need for full-fledged program or reviews

Source: IMF, Finance Department.

[1] The IMF's lending through the General Resources Account (GRA) is financed primarily from the capital subscribed by member countries; each country is assigned a quota that represents its financial commitment. A member provides a portion of its quota in special drawing rights (SDRs) or the currency of another member acceptable to the IMF and the remainder in its own currency. An IMF loan is disbursed or drawn by the borrower's purchase of foreign currency assets from the IMF with its own currency. Repayment of the loan is achieved by the borrower's repurchase of its currency from the IMF with foreign currency.

[2] The rate of charge on funds disbursed from the GRA is set at a margin (currently 100 basis points) over the weekly SDR interest rate. The rate of charge is applied to the daily balance of all outstanding GRA drawings during each IMF financial quarter. In addition, a one-time service charge of 0.5 percent is levied on each drawing of IMF resources in the GRA, other than reserve tranche drawings. An up-front commitment fee (15 basis points on committed amounts of up

extensions (through the end of June 2023) of the temporary increases to the cumulative access limits under the RFI's regular and large natural disaster windows and allowed all other access limits that had been temporarily increased to return to their prepandemic levels beginning January 1, 2022, as scheduled. In June 2023, the Executive Board allowed the annual access limits to revert to their prepandemic levels but extended the temporary increases of the cumulative access limits for the RFI through the end of June 2024. In March 2023, General Resources Account annual and cumulative access limits were temporarily increased to 200 and 600 percent of quota, respectively, through December 31, 2024.

To better support members in coping with economic challenges, including rising energy prices and food insecurity due to Russia's war in Ukraine, the IMF approved Food Shock Window arrangements under its emergency financing instruments (the RFI and the Rapid Credit Facility) in October 2022. The availability of the Food Shock Window was extended by six months, through the end of March 2024.

Access Limits[1]	Charges[2]	Repayment Schedule (years)	Installments
Annual: 145 percent of quota; because of the extreme uncertainty in the global economy, this limit has been temporarily increased to 200 percent of quota through December 31, 2024 Cumulative: 435 percent of quota; this limit has been temporarily increased to 600 percent of quota through December 31, 2024	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 36 months)[3]	3¼–5	Quarterly
Annual: 145 percent of quota; because of the extreme uncertainty in the global economy, this limit has been temporarily increased to 200 percent of quota through December 31 2024 Cumulative: 435 percent of quota; because of the extreme uncertainty in the global economy, this limit has been temporarily increased to 600 percent of quota through December 31, 2024	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 51 months)[3]	4½–10	Semiannual
No preset limit	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 36 months)[3]	3¼–5	Quarterly
150 percent of quota (300 percent of quota in exceptional circumstances) for six months; 300 percent of quota available on approval of one- to two-year arrangements; total of 600 percent of quota after 12 months of satisfactory progress	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 36 months)[3]	3¼–5	Quarterly
Up to 200 percent of quota; revolving access for a period of 12 months. In case of a combined use of FCL and SLL, access limit up to 400 percent of quota.	Rate of charge plus surcharge (200 basis points on credit outstanding above 187.5 percent of quota); SLL credit does not count toward time-based surcharges	Repurchase(s) due no later than 12 months after the purchase; repurchases reconstitute access up to the level approved	
Annual: 50 percent of quota (80 percent for large natural disasters); temporarily increased to 100 percent (130 percent for large natural disasters) through the end of 2021 Cumulative: 100 percent of quota (133.33 percent for large natural disasters); temporarily increased to 150 percent (183.33 percent for large natural disasters) through the end of June 2023;[3] cumulative access is increased to 175 percent of quota for members that borrow through the Food Shock Window, but access under the Food Shock Window is fully additional to the annual limit	Rate of charge plus surcharge (200 basis points on amounts above 187.5 percent of quota; additional 100 basis points when outstanding credit remains above 187.5 percent of quota for more than 36 months)[4]	3¼–5	Quarterly

to 115 percent of quota, 30 basis points for amounts in excess of 115 percent and up to 575 percent of quota, and 60 basis points for amounts in excess of 575 percent of quota) applies to the amount available for purchase under arrangements (under the SBA, EFF, PLL, and FCL) that may be drawn during each (annual) period; this fee is refunded on a proportionate basis as subsequent drawings are made under the arrangement. For SLL arrangements, the service charge is 21 basis points, and a nonrefundable commitment fee of 8 basis points is payable upon approval of an SLL arrangement.

[3] In June 2021 the annual and cumulative access limits for large natural disasters were temporarily increased (through the end of 2021) to 130 percent of quota and 183.33 percent of quota, respectively. In June 2023, the Executive Board allowed the annual access limits to revert to their prepandemic levels but extended the temporary increases of the cumulative access limits for the RFI through the end of June 2024.

[4] Surcharges were introduced in November 2000. A new system of surcharges took effect August 1, 2009, and was updated February 17, 2016, with some limited grandfathering for existing arrangements.

Table 2.2. Concessional Lending Facilities

The IMF has three concessional lending facilities for low-income developing countries.

	Extended Credit Facility (ECF)	**Standby Credit Facility (SCF)**	**Rapid Credit Facility (RCF)**
Objective	Help low-income countries achieve and maintain a stable and sustainable macroeconomic position consistent with strong and durable poverty reduction and growth		
Purpose	Address protracted balance of payments problems	Resolve short-term balance of payments needs	Provide financing to meet urgent balance of payments needs
Eligibility	Countries eligible for assistance under the Poverty Reduction and Growth Trust (PRGT)		
Qualification	Protracted balance of payments problem; actual financing need over the course of the arrangement, though not necessarily when lending is approved or disbursed	Potential (precautionary use) or actual short-term balance of payments need at the time of approval; actual need required for each disbursement	Urgent balance of payments needs when upper-credit-tranche (UCT) program is either not feasible or not needed[1]
Poverty Reduction and Growth Strategy	IMF-supported program should be aligned with country-owned poverty reduction and growth objectives and should aim to support policies that safeguard social and other priority spending		
	Submission of Poverty Reduction Strategy (PRS) document	Submission of PRS document required if original duration of SCF arrangement exceeds two years	Submission of PRS document not required
Conditionality	UCT quality; flexibility on adjustment path and timing	UCT quality; aim to resolve balance of payments need in the short term	No ex post conditionality: track record used to qualify for repeat use (except under the exogenous shock window and the large natural disasters window)
Financing Terms	Interest rate: Currently 0 Repayment terms: 5½–10 years	Interest rate: Currently 0 Repayment terms: 4–8 years Availability fee: 0.15 percent on available but undrawn amounts under precautionary arrangement	Interest rate: 0 Repayment terms: 5½–10 years
Blending Requirements with GRA Financing	Based on income per capita and market access; linked to debt vulnerability. For members presumed to blend, blending of PRGT and GRA resources takes place at a ratio of 1 to 2, with concessional access capped at the applicable norms (all GRA thereafter)		
Precautionary Use Available	No	Yes	No
Length and Repeated Use	From three to as long as five years, with an overall maximum duration of five years; can be used repeatedly	Use is normally limited to three years in any six-year period, assessed on a rolling basis, with exceptions for SCF arrangements treated as precautionary	Outright disbursements; repeated use possible subject to access limits and other requirements; the limit on repeated use—twice in any 12-month period—was temporarily lifted through April 6, 2021, and this was extended through the end of 2021

	Extended Credit Facility (ECF)	Standby Credit Facility (SCF)	Rapid Credit Facility (RCF)
Concurrent Use	GRA (Extended Fund Facility)	GRA (Stand-by Arrangement) and Policy Coordination Instrument	GRA (Rapid Financing Instrument); credit under the Rapid Financing Instrument counts toward the RCF access limits
Access Policies	In response to members' large and urgent COVID-19—related financing needs, in 2020 and 2021, PRGT access limits were temporarily adjusted several times. On July 14, 2021, the PRGT annual and cumulative access limits were set to 145 percent of quota and 435 percent of quota, respectively, fully aligning them with those in the General Resources Account (GRA). However, the PRGT annual access limit remained at 245 percent of quota through the end of 2021. At the same time the Board also approved a unified access norm of 145 percent of quota for any three-year ECF arrangement. The alignment with the GRA lasted until March 6, 2023, when the Board raised GRA annual and cumulative access limits temporarily for a period of 12 months. Reflecting the achievement of the PRGT fundraising target for subsidy resources during the 2023 Annual Meetings, in December 2023 the Board raised the PRGT annual and cumulative access limits temporarily for a period of 12 months to 200 percent of quota and 600 percent of quota, respectively, until the end of 2024		
	Norms and Sublimits[2]		
	The access norm is 200 percent of quota per three-year ECF arrangement until end-December 2024	The access norm under an 18-month SCF arrangement is set equal to that of a three-year ECF arrangement, varying proportionately with the length of the SCF arrangement, up to the amount allowable under a two-year SCF arrangement (266.67 percent of quota)	There is no norm for RCF access under the exogenous shock and large natural disaster windows. Annual and cumulative access limits under the exogenous shock window of the RCF are currently at 50 percent and 150 percent of quota, respectively, until the completion of the 2024 review of the PRGT facilities and financing. The cumulative access limit is increased to 175 percent of quota for members that borrow through the Food Shock Window (FSW), but access under the FSW is fully additional to the annual limit Annual and cumulative access limits under the regular window of the RCF are currently set at 50 and 100 percent of quota, respectively, until the completion of the 2024 PRGT facilities review, with an annual access norm and a per disbursement limit of 25 percent of quota. Access under the FSW is fully additional to the annual limit Annual and cumulative access limits under the RCF's large natural disaster window are currently set at 80 and 183.33 percent of quota, respectively, until the completion of the 2024 PRGT facilities review. Access under the FSW is fully additional to the annual limit Purchases under the Rapid Financing Instrument made after July 1, 2015, count toward the applicable annual and cumulative RCF limits

Source: IMF, Finance Department.

[1] UCT-quality conditionality is the set of program-related conditions intended to ensure that IMF resources support the program's objectives, with adequate safeguards of IMF resources.

[2] Norms provide guidance on what may constitute an appropriate level of access under PRGT facilities but should not be misconstrued as access limits or entitlements. The previously existing low-and high-access norms have been unified into a single norm, independent of the level of IMF credit outstanding.

Table 2.3. Resilience and Sustainability Facility

As the third pillar of IMF lending, the Resilience and Sustainability Trust complements the General Resources Account and Poverty Reduction and Growth Trust by providing longer-term, affordable financing to low-income and vulnerable middle-income countries, as well as small states, facing longer-term structural challenges that pose risks to prospective balance of payments stability.

Objective	Enhance economic resilience and sustainability of low-income and vulnerable middle-income countries and small states.
Purpose	Support policy reforms that reduce macroeconomically critical risks associated with selected long-term structural challenges.
Eligibility	Countries eligible for assistance under the PRGT, all small states with populations less than 1.5 million with per capita gross national income (GNI) less than 25 times the 2021 International Development Association (IDA) operational cutoff, and all middle-income countries with per capita GNI less than 10 times the 2021 IDA operational cutoff.
Qualification	A package of high-quality policy measures consistent with the purpose of the RST, a concurrent financing or nonfinancing program with upper-credit-tranche (UCT)-quality policies, and sustainable debt and adequate capacity to repay the IMF.
Conditionality	Reform measures linked to addressing qualifying longer-term structural challenges—typically separate from conditionality of the concurrent UCT program; close coordination with the World Bank and other relevant multilateral development banks and international financial institutions is envisioned to leverage comparative expertise and institutional knowledge.
Access Policies	Access at the norm (75 percent of quota) with an overall cumulative access cap of 150 percent of quota or SDR 1 billion, whichever is smaller, based on the reforms' strength, debt sustainability, and capacity to repay the IMF.
Financing Terms	Tiered interest rate: Group A countries—SDR interest rate + 55 basis points (capped at 2¼ percent); Group B countries—SDR interest rate + 75 basis points and a 25 basis point service charge; Group C countries—SDR interest rate + 95 basis points and a 50 basis point service charge.[1] Repayment terms: 10½–20 years.
Precautionary Use Available	No.
Length and Repeated Use	The duration of the RSF arrangement is generally expected to coincide with the duration of a new UCT program (when the two are requested together) or the remaining duration of an existing UCT program (when the RSF request occurs at a review of the UCT program); minimum duration is 18 months (12 months for RSF arrangements approved within the first six months of the RST's operationalization, which has now lapsed) to allow adequate time for implementation of RSF reform measures, including any necessary technical assistance; repeated use possible subject to access limits.
Concurrent Use	Must have concurrent UCT-quality program.

Source: IMF, Finance Department.

Note: To qualify for a loan under the RSF, a member needs (1) a package of high-quality policy measures consistent with the purpose of the trust, (2) a concurrent financing or nonfinancing program with UCT-quality policies, and (3) sustainable debt and adequate capacity to repay the IMF.

[1]The Executive Board approved the introduction of an interest rate cap for the RST's lowest-income borrowers on May 18, 2023.

Ghana

CAPACITY DEVELOPMENT

Strengthening the capacity of institutions—including central banks, finance ministries, revenue administrations, statistical agencies, and financial sector supervisory agencies—results in more effective policies and greater economic stability and inclusion. The IMF, along with its partners, works with member countries to modernize their economic policies and strengthen such institutions by providing demand-driven, tailored technical assistance and training focused on issues that are critical to economic stability and growth.

The IMF provides capacity development (CD)—which includes hands-on technical assistance and training, a suite of diagnostic tools and publications, and peer-learning opportunities—so that member countries can build sustainable and resilient institutions. These efforts are an important contribution to member countries' progress toward the UN Sustainable Development Goals.

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

Ethiopia

and gender inequality, corruption, climate change, and digitalization. The IMF is uniquely positioned to support its membership in these areas, with its global reach, institutional experience, and world-class expertise. All IMF members benefit from CD, but a priority is placed on support for low-income and fragile and conflict-affected countries (see Box 2.3).

At the request of country authorities, IMF country teams and technical experts develop and implement an integrated work plan tailored to member countries' needs and absorptive capacity. The IMF works with member countries through a global network of 17 regional capacity development centers (RCDCs), in-country placements of long-term resident advisors, and short-term visits by IMF staff members and experts (in person, remotely, or a combination of both—that is, through "hybrid" visits), classroom training, and free online courses. In addition, a variety of publications provide technical information and cross-country analysis useful to country authorities.

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

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

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

To help maximize the impact of IMF CD on members' ability to conduct effective macroeconomic management and boost their institutional resilience, the IMF regularly reviews its CD strategy. The latest review was concluded in April 2024 (see Box 2.1).

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

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

FY 2024 also marked the reopening of the office of the Middle East Regional Technical Assistance Center in Lebanon and several significant anniversaries: 30 years of the Pacific Financial Technical Assistance Center (Fiji); 25 years of the Singapore Regional Training Institute (Singapore); 20 years of the Regional Technical Assistance Center for francophone West Africa (Côte d'Ivoire); and 10 years of the Africa Training Institute (Mauritius), the Regional Technical Assistance Center for Anglophone and Lusophone West Africa (Ghana), and the IMF's online learning program (see Box 2.2).

United States

Review of the IMF's Capacity Development Strategy

Toward a More Flexible, Integrated, and Tailored Model

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

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

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

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

KEY CONCLUSIONS OF THE 2024 CDSR

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

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

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

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

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

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

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

BOX 2.2

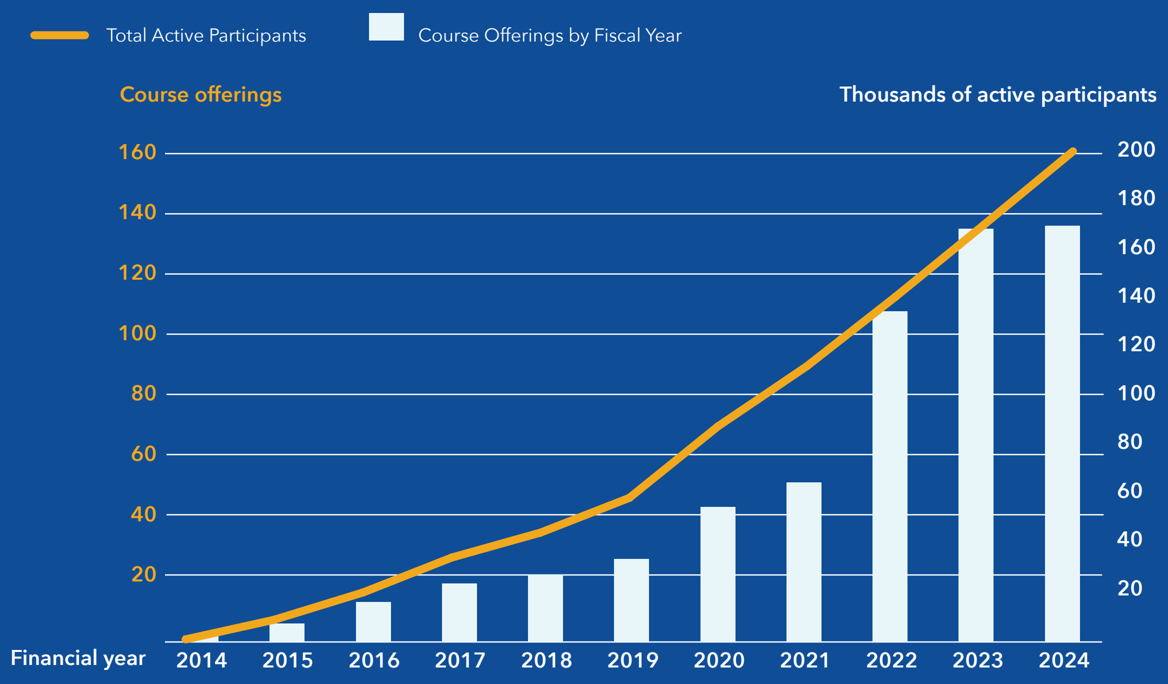
Ten Years of the IMF Online Learning Program

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

The program has expanded substantially over the past decade. Participation in online courses continues to grow, bringing the overall number of cumulative active global learners to more than 200,000 (see Box figure 2.1). The IMF Institute Learning Channel offers microlearning videos in various areas of IMF expertise and has reached 16,500-plus subscribers and received more than 1.23 million individual views.

With close to 100 online courses available to government officials and the general public, the curriculum continues to be enriched in key areas of global interest. New modular courses have been added to the Virtual Training to Advance Revenue Administration (VITARA) series (Performance Management and Audit Program), and new courses on macroeconomic statistics (Financial Soundness Indicators, Producer Price Index) and debt management (Debt Management Debt Reporting and Investor Relations) are now

FIGURE 2.1
Online Learning Course Participation, 2014 - 2024



Source: IMF, Institute for Capacity Development.

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

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

All courses on the online platform are available anytime, anywhere, and at no cost, which makes the program a global public good, spearheading knowledge and skills for a more sustainable and inclusive global economy.

BOX 2.3

Scaling Up Capacity Development to Fragile and Conflict-Affected States

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

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

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

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

Ukraine

CAPACITY DEVELOPMENT IN NUMBERS FY 2024

$382

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


Ghana

7

training languages offered


Morocco

2,346

CD visits, involving 1,716 experts


Morocco


Egypt

521

courses delivered

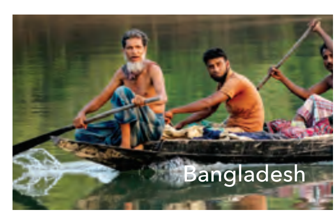
18,563

Officials trained

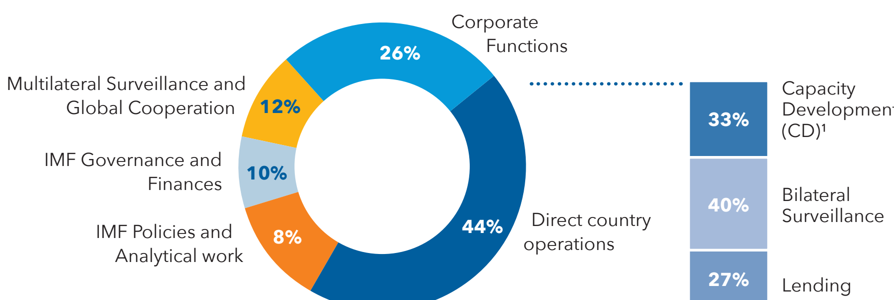

Egypt

2

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

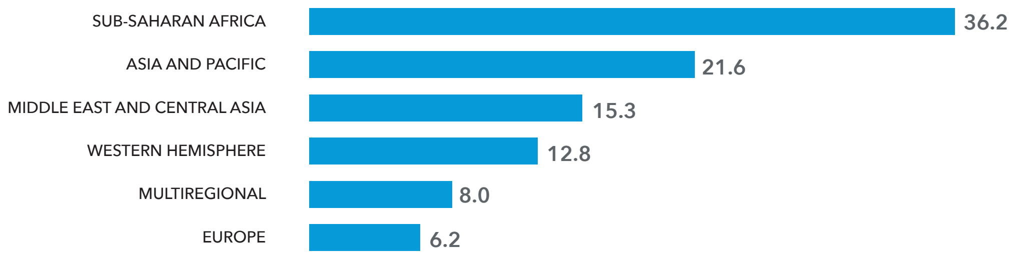

Bangladesh

IMF Spending by Main Output



Source: IMF staff calculations.
Note: Excludes miscellaneous and central reserves. Direct country operations include only direct engagement with membership.
[1]Delivery only. Excludes capacity development activities related to policy, analytics, and other output areas.

FIGURE 2.2
CAPACITY DEVELOPMENT DELIVERY BY
REGION
FY 2024
(percent of total)

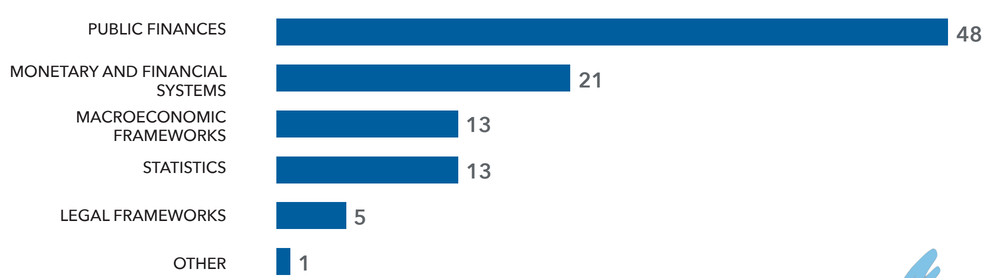


Sources: IMF, Capacity Development Management and Administration Program; and IMF staff calculations.

FIGURE 2.3
CAPACITY DEVELOPMENT DELIVERY BY
COUNTRY INCOME GROUP
FY 2024
(percent of total)

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

FIGURE 2.4
DIRECT CAPACITY DEVELOPMENT DELIVERY BY
TOPIC
FY 2024
(percent of total)

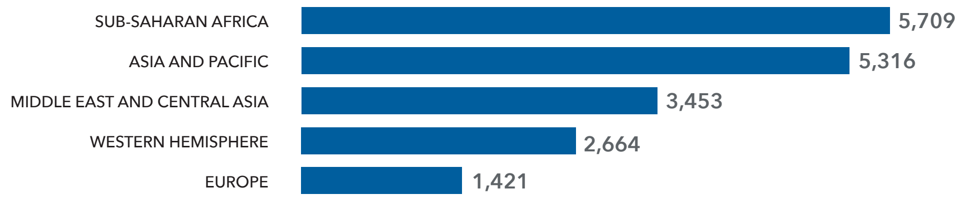


Sources: IMF, Capacity Development Management and Administration Program; and IMF staff calculations.

FIGURE 2.5

TRAINING

PARTICIPATION BY PARTICIPANTS' REGION OF ORIGIN FY 2024
(number of participants)



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

Note: Most of the IMF's training falls under the Institute for Capacity Development (ICD) Training program, which includes training coordinated by ICD and delivered by ICD and other departments at IMF headquarters and globally at the IMF's regional capacity development centers and in programs for country officials. Training also includes IMF online courses successfully completed by country officials. In addition, training is provided by functional departments outside the ICD training program.

FIGURE 2.6

TRAINING

PARTICIPATION BY INCOME GROUP FY 2024
(number of participants)

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

Note: Most of the IMF's training falls under the Institute for Capacity Development (ICD) training program, which includes training coordinated by ICD and delivered by ICD and other departments at IMF headquarters and globally at the IMF's regional capacity development centers and in programs for country officials. Training also includes IMF online courses successfully completed by country officials. In addition, training is provided by functional departments outside the ICD training program.

Top 10 Partners for IMF Capacity Development

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

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

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

Top 10 Recipients of IMF Capacity Development

(FY 2024, US dollar spending)

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

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

Top 10 Recipients by Training Participation

(FY 2024, participant weeks)

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

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

Table 2.4. Thematic and Country Funds for IMF Capacity Development

(As of April 30, 2024)

Name	Partners
Anti–Money Laundering/ Combating the Financing of Terrorism (AML/CFT)	Canada, France, Germany, Japan, Korea, Luxembourg, The Netherlands, Qatar, Saudi Arabia, Switzerland, United Kingdom
COVID-19 Crisis Capacity Development Initiative	Belgium, Canada, China, Germany, Japan, Korea, Singapore, Spain, Switzerland
Data for Decisions (D4D)	China, European Union, Germany, Japan, Korea, Luxembourg, The Netherlands, Norway, Switzerland
Debt Management Facility (DMF Phase III) (joint with the World Bank)	African Development Bank, Austria, Canada, European Union, France, Germany, Japan, The Netherlands, Norway, Switzerland, United Kingdom, United States
Financial Sector Stability Fund (FSSF)	China, European Investment Bank, Germany, Italy, Luxembourg, Saudi Arabia, Sweden, Switzerland, United Kingdom
Global Public Finance Partnership (GPFP)	Belgium, France, Germany, Japan, Luxembourg, The Netherlands, Sweden, Switzerland, United Kingdom
Managing Natural Resource Wealth (MNRW)	Australia, European Union, The Netherlands, Norway, Switzerland, United Kingdom
Revenue Mobilization Thematic Fund (RMTF)	Australia, Belgium, Denmark, European Union, France, Germany, Japan, Korea, Luxembourg, The Netherlands, Norway, Sweden, Switzerland, United Kingdom
Somalia Country Fund	Canada, European Union, Italy, Sweden, United Kingdom
Tax Administration Diagnostic Assessment Tool (TADAT)	European Union, France, Germany, Japan, The Netherlands, Norway, Switzerland, United Kingdom
Ukraine Capacity Development Fund	Ireland, Latvia, Lithuania, The Netherlands, Japan, Slovak Republic

Table 2.5. IMF Regional Capacity Development Centers

(As of April 30, 2024)

Name	Partners	Member Countries
Africa Training Institute (ATI)	China, European Investment Bank, European Union, Germany, Mauritius (host)	45 countries in sub-Saharan Africa are eligible for training
AFRITAC Central (AFC)	China, Belgium, European Union, France, Gabon (host), Germany	Burundi, Cameroon, Central African Republic, Chad, Republic of Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, São Tomé and Príncipe
AFRITAC East (AFE)	China, European Union, Germany, The Netherlands, Norway, Switzerland, Tanzania (host), United Kingdom	Eritrea, Ethiopia, Kenya, Malawi, Rwanda, South Sudan, Tanzania, Uganda
AFRITAC South (AFS)	China, European Union, Germany, Mauritius (host), Switzerland, United Kingdom	Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia, Zimbabwe
AFRITAC West (AFW)	Belgium, China, Côte d'Ivoire (host), European Investment Bank, European Union, France, Germany, Luxembourg, The Netherlands, Norway, Switzerland	Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo
AFRITAC West 2 (AFW2)	China, European Investment Bank, European Union, Germany, Ghana (host), Switzerland, United Kingdom	Cabo Verde, The Gambia, Ghana, Liberia, Nigeria, Sierra Leone
IMF Capacity Development Office in Thailand (CDOT)	Japan, Thailand (host)	Core beneficiary countries: Cambodia, Lao P.D.R., Myanmar, Vietnam; selected projects based in CDOT also cover other countries in Southeast Asia and in the Pacific Island region
Caribbean Regional Technical Assistance Center (CARTAC)	Barbados (host), Canada, Caribbean Development Bank, Eastern Caribbean Central Bank, European Union, Mexico, The Netherlands, United Kingdom, United States	Anguilla, Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Sint Maarten, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands

Source: IMF, Institute for Capacity Development.

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

Name	Partners	Member Countries
Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC)	Asian Development Bank, China, European Union, Kazakhstan (host), Korea, Poland, Russia, Switzerland, United States	Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, Uzbekistan
Central America, Panama, and the Dominican Republic Regional Technical Assistance Center (CAPTAC-DR)	Central American Bank for Economic Integration, Colombia, European Union, Guatemala (host), Luxembourg, Mexico, Norway, Spain	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama
China-IMF Capacity Development Center (CICDC)	China (host)	China and a range of other countries are eligible for training
Joint Vienna Institute (JVI)	Austria (primary member and host) and international partners/donors	31 countries (30 in central, eastern, and southeastern Europe, the Caucasus, and central Asia, as well as Iran) are eligible for training
Middle East Center for Economics and Finance (CEF)	Kuwait (host)	Arab League member countries are eligible for training
Middle East Regional Technical Assistance Center (METAC)	European Union, France, Germany, The Netherlands, Switzerland	Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Sudan, Syria, Tunisia, West Bank and Gaza, Yemen
Pacific Financial Technical Assistance Center (PFTAC)	Asian Development Bank, Australia, European Union, Fiji (host), Japan, Korea, New Zealand, United States	Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, Vanuatu
IMF-Singapore Regional Training Institute (STI)	Japan, Singapore (host)	38 countries in the Asia and Pacific region are eligible for training
South Asia Regional Training and Technical Assistance Center (SARTTAC)	Australia, European Union, India (host), Korea, United Kingdom	Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka

PART THREE

WHO WE ARE

The IMF has a management team and 18 departments that carry out its country, policy, analytical, and technical work. A list of the institution's senior officials can be found on page 66, and its organization chart can be found on the IMF webpage Senior Officials of the International Monetary Fund.

IMF ORG CHART
IMF.ORG/ORGCHART


United States

EXECUTIVE DIRECTORS

As of April 30, 2024

The Executive Board (the Board) is responsible for conducting the IMF's day-to-day business. It is composed of 24 Executive Directors, who are elected by member countries or by groups of countries, and the Managing Director, who serves as its Chair.

All IMF member countries are represented on its Executive Board, which discusses the national, regional, and global consequences of each member's economic policies and approves IMF financing to help member countries address temporary balance of payments problems, as well as overseeing the IMF's capacity development efforts.

MANAGEMENT TEAM

The IMF has a Managing Director, who is head of the staff and Chair of the Executive Board. The Managing Director is assisted by a First Deputy Managing Director and three other Deputy Managing Directors.

First Deputy Managing Director
GITA GOPINATH

Deputy Managing Director
BO LI

Managing Director
KRISTALINA GEORGIEVA

Deputy Managing Director
KENJI OKAMURA

Deputy Managing Director
ANTOINETTE SAYEH

EXECUTIVE DIRECTORS AND ALTERNATES

As of April 30, 2024

Afonso S. Bevilaqua Reshma Mahabir Bruno Saraiva	Brazil, Cabo Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, Trinidad and Tobago
Bahador Bijani Mohammed El Qorchi	Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, Tunisia
Abdullah F. BinZarah Mohamed Ahmed A. Alrashed	Saudi Arabia
Arnaud Fernand Buissé Paul-Simon Benac	France
Federico Giammusso Michael Massourakis	Albania, Greece, Italy, Malta, Portugal, San Marino
Alfonso Guerra Juan Sebastian Betancur Mora Pablo De Ramon-Laca Clausen	Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Spain
Rodrigo Alfaro Leonardo Madcur	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay
Paul Hilbers Luc Dresse Vladyslav Rashkovan	Andorra, Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldova, Montenegro, The Netherlands, North Macedonia, Romania, Ukraine
Philip Jennings Georgina Fitzgerald	Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines
Yati Kurniati Raja Anwar	Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Nepal, Philippines, Singapore, Thailand, Tonga, Vietnam
Jun Mizuguchi Shuntaro Hara	Japan
Mahmoud Mohieldin Ali Alhosani	Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Qatar, Somalia, United Arab Emirates, Yemen
Aleksei V. Mozhin Sergey Potapov	Russia, Syria
Willie Nakunyada Vuyelwa Vumendlini Adriano Ubisse	Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, Zimbabwe
Robert Nicholl Hu Jin Kim Oscar Parkyn	Australia, Kiribati, Korea, Marshall Islands, Micronesia, Mongolia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Seychelles, Solomon Islands, Tuvalu, Vanuatu
Regis O. N'Sonde Mbuyamu Matungulu	Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé and Príncipe, Senegal, Togo
Daniel Palotai Yunus Arinci Christian Just	Austria, Belarus, Czech Republic, Hungary, Kosovo, Slovak Republic, Slovenia, Türkiye
Marcel Peter Patryk Loszewski	Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan, Uzbekistan
Veda Poon Matt Trott	United Kingdom
Elizabeth Shortino Vacant	United States
Joerg Stephan Ludger Wocken	Germany
Krishnamurthy Venkata Subramanian Pahath Kumbure Gedara Harischandra	Bangladesh, Bhutan, India, Sri Lanka
Vitas Vasiliauskas Anne Marcussen	Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden
Zhengxin Zhang Vacant	China

SENIOR OFFICIALS

Senior Officials as of April 30, 2024

Area Departments	
Abebe Selassie	Director, African Department
Krishna Srinivasan	Director, Asia and Pacific Department
Alfred Kammer	Director, European Department
Jihad Azour	Director, Middle East and Central Asia Department
Rodrigo Valdés	Director, Western Hemisphere Department
Functional Departments	
Julie Ann Kozack	Director, Communications Department
Bernard Lauwers	Director, Finance Department
Vitor Gaspar	Director, Fiscal Affairs Department
Dominique Desruelle	Director, Institute for Capacity Development
Rhoda Weeks-Brown	General Counsel and Director, Legal Department
Tobias Adrian	Financial Counsellor and Director, Monetary and Capital Markets Department
Pierre-Olivier Gourinchas	Economic Counsellor and Director, Research Department
Albert Kroese	Chief Statistician and Data Officer and Director, Statistics Department
Ceyla Pazarbasioglu	Director, Strategy, Policy, and Review Department
Information and Liaison Offices	
Akihiko Yoshida	Director, Regional Office for Asia and Pacific
Robert Powell	Special Representative to the United Nations
Support Services Departments	
Brian Christensen	Director, Corporate Services and Facilities Department
Catriona Purfield	Director, Human Resources Department
Shirin Hamid	Chief Information Officer and Director, Information Technology Department
Ceda Ogada	Secretary of the Fund, Secretary's Department
Offices	
Michele Shannon	Director, Office of Budget and Planning
James John	Director, Offices in Europe
Pablo Moreno	Director, Independent Evaluation Office
Ashlene van der Colff	Director, Office of Internal Audit
Derek Bills	Director, Investment Office
Romy Bowers	Director, Office of Risk Management
Camilla Andersen	Head, Office of Transformation Management

RESOURCES

United States

MEDIUM-TERM BUDGET

In April 2023, the Executive Board authorized a gross administrative budget envelope for FY 2024 of $1,808 million, along with indicative budgets for FY 2025 and FY 2026. While continuing a long-standing tradition of fiscal prudence and sustained savings from internal reprioritization, Executive Directors approved the second $29 million tranche of the FY 23-25 targeted budget augmentation framework to step up the Fund's work on longer-term global challenges. Under the augmentation, the real net administrative budget is programmed to increase on average by 2 percent each year during this period. The gross administrative budget included $1,411 million in net administrative resources, $250 million in external reimbursements for capacity development activities, $87 million Fund-financed carryforward and $7 million externally financed carryforward. Capital funding of $108 million was approved for use over three years, with the increased allocation reflecting a resumption of facilities-related investments, including hybrid workspace and field-based needs, continued stabilization of information technology investments, and higher cloud costs.

Actual expenditures in FY 2024 totaled $1,666 million, or 92 percent of the gross administrative budget envelope. The execution rate of the Fund-financed structural net administrative budget stood at 100 percent. Capital expenditures in FY 2024 totaled

Table 3.1. Administrative and Capital Budget Envelopes, FY 2023-25

(Millions of US dollars, unless noted otherwise)

	FY23		FY24				FY25
	Total Budget	Outturn	Structural	Temporary	Total Budget	Outturn	Total Budget
Gross Fund Financed	**1,432**	**1,327**	**1,455**	**95**	**1,551**	**1,450**	**1,642**
Net administrative budget	1,295	1,294	1,411	–	1,411	1,410	1,501
o/w FY augmentation	23	–	29	–	29	–	30
o/w OED budget increase	–	–	–	–	–	–	9
o/w Annual Meetings	–	–	7	–	7	7	–
General Receipts[1]	36	33	44	-1	44	40	48
Carryforward and Other	102	–	–	96	96	–	94
Gross Externally Financed[2]	**236**	**195**	**250**	**7**	**257**	**216**	**283**
Receipts (largely CD-related)	230	195	250	–	250	219	276
Carryforward (limit)	6	–	–	7	7	–	8
Gross Administrative Envelope	**1,668**	**1,522**	**1,706**	**102**	**1,808**	**1,666**	**1,925**
Capital[3]	**78**	**96**	**108**	**–**	**108**	**110**	**122**
Facilities	19	38	–	–	47	49	54
IT Intensive - Direct	44	45	–	–	41	42	45
IT Intensive - Cloud Capital Equivalent	15	13	–	–	20	19	23
Memorandum items:							
Carryforward	93			87	87		79

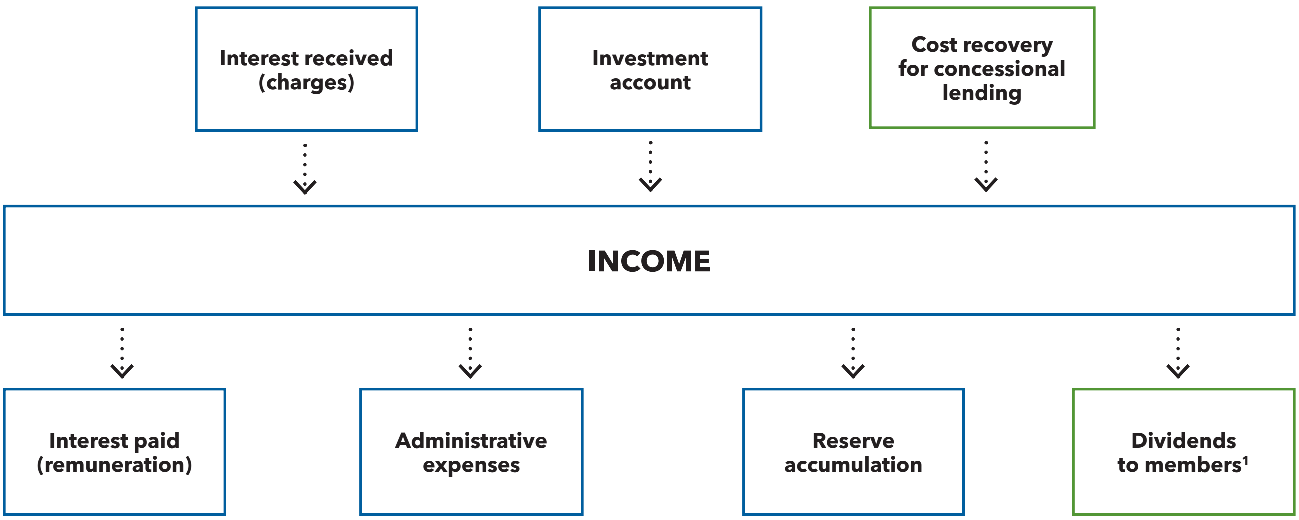
Source: IMF, Office of Budget and Planning.
Note: OED = Office of Executive Directors; o/w = of which.
[1] Excludes externally financed receipts.
[2] The difference between FY24 IMF02 (externally funded) spending and receipts is driven by use of standard cost for calculating long-term expert benefits spending.
[3] Reflects three-year funding availability.

$110 million, including use of previously approved funding. Of this, $49 million was for direct capital spending in facilities and $61 million for IT-intensive expenditures, including $42 million in direct costs and $19 million for cloud-related licenses.

The FY 2024 budget was crucial in the response to multiple shocks and sustained global economic uncertainty, as the Fund expanded its direct country support through tailored policy advice; increased financial operations, including the continued ramp-up in the Resilience and Sustainability Facility operations; and capacity development. FY 2024 also marked substantial progress in the implementation of the budget augmentation, with deliverables for the second year broadly on track across the five IMF strategies for climate change, digital money, fragile and conflict-affected states, macro-financial uncertainty, and gender equality approved by the Executive Board. The budget also enabled broader modernization of the organization, including on projects related to human resources, data, and knowledge management; implementation of recommendations under the Institutional Safeguards Review; and strengthening of the oversight and risk management functions.

In April 2024, the Executive Board authorized a gross administrative budget envelope budget for FY2025 of $1,925 million, along with indicative budgets for FY 2026 and FY 2027, noting a complex global environment with slow and uneven growth, increased fragmentation, deepening divergence,

Figure 3.1. IMF Income Model



Source: IMF, Finance Department.

Note: Areas outlined in green represent elements added to the income model in 2008. The new income model envisioned that if the IMF's precautionary balances are considered to be fully adequate, it would be appropriate for the Executive Board to consider making dividend payments to members.

[1] As of April 30, 2024, the membership had not adopted the dividend policy.

and still-high interest rates despite easing inflationary pressures, with a final $30 million augmentation tranche. The FY25 budget also includes a net $9 million for a one-off increase to the budget of the Executive Board to restore staffing levels to those before the 2008 downsizing, support the creation of a 25th Chair, and address broader work pressures, after incorporating internal savings.

INCOME MODEL, CHARGES, REMUNERATION, BURDEN SHARING, AND TOTAL COMPREHENSIVE INCOME

Income Model

The IMF generates income primarily through its lending and investing activities (see Figure 3.1). Lending income is derived from the charges levied on the use of credit from the General Resources Account (GRA), service charges, and commitment fees. In addition, the use of IMF credit is subject to surcharges under certain circumstances, as noted in Part 2. The IMF's income model also relies on investment income generated from assets in the Fixed-Income and Endowment Subaccounts of the IMF's Investment Account and from reimbursements. Given the public nature of the funds, the IMF's investment policy includes, among other things, a careful assessment of acceptable levels of risk, as well as safeguards to minimize actual or perceived conflicts of interest. In January 2022, the Executive Board approved an updated investment strategy, which includes responsible-investing principles related to environmental, social, and governance considerations. These principles were implemented in FY 2023.

Charges

Reflecting high levels of lending activity, the IMF's main source of income continues to be charges levied on outstanding credit. The basic rate of charge (that is, the interest rate) on IMF financing comprises the special drawing right (SDR) interest rate plus a fixed margin expressed in basis points, as discussed in Part 2.

The IMF also levies surcharges on large amounts of credit that exceed a defined threshold relative to a member's quota (level-based surcharges), and they are higher when this threshold has been exceeded for a defined period of time (time-based surcharges) (see Table 2.1).

In April 2024, the Executive Board agreed to keep the margin for the rate of charge at 100 basis points until the completion of the review of surcharges, but no later than April 30, 2025, at which time the Board would set the margin for the rest of FY 2025 and FY 2026.

In addition to charges and surcharges, the IMF levies service charges, commitment fees, and special charges. A service charge of 0.5 percent is levied on each drawing from the GRA. A commitment fee is charged at the beginning of each 12-month period on amounts available for drawing under GRA arrangements during that period. The fee is refundable (except in the case of arrangements under the Short-Term Liquidity Line, for which the fee is nonrefundable) once a drawing takes place. The IMF also levies special charges on charges that are past due, but only for the first six months a member is in arrears.

Canada

Remuneration and Interest on Borrowing

On the expenditure side, the IMF pays interest (remuneration) to members on their creditor positions in the GRA (known as "remunerated reserve tranche positions"). The basic rate of remuneration is equal to the SDR interest rate. The IMF also pays interest at the SDR interest rate on outstanding borrowing under the New Arrangements to Borrow (NAB) (see "Financing").

Burden Sharing

The rates of charge and remuneration can be adjusted under a burden-sharing mechanism that distributes the cost of overdue financial obligations equally between debtor and creditor members.

Total Comprehensive Income

The IMF's total comprehensive income in FY 2024 was SDR 3.0 billion ($4.0 billion), reflecting primarily income from the high levels of lending activity, investment income, and gains and losses stemming from the remeasurement of the assets and liabilities of the IMF's employee benefit plans, in accordance with International Financial Reporting Standards (International Accounting Standard 19, "Employee Benefits").

Arrears to the IMF

Since June 2021, when Sudan cleared its arrears to the IMF, the IMF has had no remaining cases of protracted arrears. To prevent and resolve arrears, the IMF has in place a strengthened cooperative strategy on arrears. This strategy consists of three elements: prevention, intensified collaboration, and remedial measures. Prevention is the first line of defense against the emergence of new cases

Resource Contributions

Quotas determine the maximum amount of financial resources a member is obliged to provide to the IMF.

A Member's Voting Power

Quotas are a key determinant of a member's voting power in IMF decisions. Each member has one vote per SDR 100,000 of quota plus basic votes (same for all members).

Multiple Roles of Quota

The maximum amount of financing a member can obtain from the IMF under normal access is based on its quota.

Access to Financing

Quotas determine a member's share in a general allocation of SDRs.

SDR Allocations

of arrears and includes, among other things, IMF surveillance of members' economic policies, policy conditionality attached to the use of IMF resources, assessment of members' capacity to repay, safeguards assessments of central banks of members receiving IMF resources, and technical assistance by the IMF. Intensified collaboration includes staff-monitored programs to help members in arrears establish a track record on policies and payments, leading to eventual clearance of arrears to the IMF. Last, remedial measures are applied—using an escalating timetable—to members with overdue financial obligations that do not actively cooperate with the IMF to resolve their arrears problems.

FINANCING

The IMF provides financing to its members through four channels, all of which serve the common purpose of transferring reserve currencies to member countries: regular (non-concessional) lending from the GRA, concessional lending from the Poverty Reduction and Growth Trust, and longer-term lending from the Resilience and Sustainability Trust (all discussed in Part 2), as well as via the SDR Department, through which members can exchange their SDR holdings for reserve currencies.

The most salient feature of the IMF's financial structure is that it is continuously evolving. The IMF has introduced and refined a variety of lending facilities and policies over the years to address changing conditions in the global economy and the specific needs and circumstances of its members.

Quotas: Where the IMF Gets Its Money

The IMF's 190 member countries provide resources for loans primarily through their payment of quotas, which, together with basic votes, also determine their voting power. Multilateral borrowing and bilateral borrowing arrangements serve as second and third lines of defense in times of crisis. These resources give the IMF access to about $1 trillion in non-concessional lending firepower to support members. Concessional lending, affordable long-term financing for longer-term structural challenges, and debt relief for low-income countries are financed through separate contribution-based trust funds.

Each member is assigned a quota based broadly on its position in the world economy. IMF quotas total SDR 476 billion (about $627 billion).[1] The value

Fiji

[1] Two member countries, Eritrea and Syria, have not yet consented to their proposed quota increases under the 14th General Review of Quotas. Once these countries consent to, and pay for, their respective quota increases, IMF quotas will total SDR 477 billion.

of the SDR, the IMF's unit of account, is based on a basket of currencies (see "Special Drawing Rights" section). IMF quotas are also reviewed regularly, at intervals of not more than five years.

On November 7, 2023, the Executive Board proposed to the Board of Governors a 50 percent increase allocated to members in proportion to their current quotas. On December 15, 2023, the Board of Governors concluded the 16th General Review of Quotas (16th Review) and approved the proposed 50 percent increase of IMF members' quotas (SDR 238.6 billion, or $314 billion), which will bring total quotas to SDR 715.7 billion ($943 billion).

The Board of Governors resolution on the completion of the 16th Review requested a rollback of credit arrangements under the NAB in an aggregate amount that would maintain the lending capacity of the IMF when the quota increases of 50 percent become effective and that takes into account the expiration of the bilateral borrowing agreements (BBAs). The resolution set two general effectiveness conditions for the quota increases under the 16th Review:

- The **first condition** is that no quota increase under the 16th Review can become effective unless members having not less than 85 percent of total quotas on November 7, 2023, have consented in writing to the increases in their quotas. The resolution sets the deadline for the IMF to receive members' consents as November 15, 2024. The Executive Board may extend this deadline as it may determine.
- The **second condition** is that no quota increase under the 16th Review can become effective unless participants in the NAB have provided the consents necessary for the effectiveness of the NAB rollback.

Once these general effectiveness conditions are met, a member's quota increase will be in effect once that member has consented to, and paid for, its quota increase.

When implemented, the increase in quotas will strengthen the quota-based nature of the IMF by reducing the reliance on borrowing. The changes in the composition of lending capacity will ensure the primary role of quotas in the IMF's lending capacity to help safeguard global financial stability and respond to members' needs in an uncertain and shock-prone world.

Quota Payments

The conditions for implementing the doubling of quotas approved under the 14th General Review from about SDR 238.5 billion (about $314 billion) to SDR 477 billion (about $629 billion) were met on January 26, 2016. As of April 30, 2024, all but 2 of the 190 members had made their quota payments, accounting for more than 99 percent of the total quota increases, and total quotas stood at SDR 476 billion (about $627 billion).

Borrowing by the IMF

As noted, the IMF is a quota-based institution. However, borrowed resources continue to play a key role in supplementing quota resources through the NAB and the BBAs, serving respectively as a second and third line of defense after quotas.

The NAB is a set of credit arrangements with 40 participants, currently contributing an aggregate amount of SDR 364 billion. Once the 16th General Review of Quotas takes effect, the aggregate size of the NAB will be reduced to about SDR 303 billion. The current NAB period is set through the end of 2025. NAB resources can be activated when the IMF's resources need to be supplemented to forestall or cope with an impairment of the international monetary system. Activation requires the consent of participants representing 85 percent of total credit arrangements of participants eligible to vote, as well as the approval of the Executive Board. The NAB was activated 10 times between April 2011 and February 2016, the most recent activation.

As noted, BBAs are intended to serve as a third line of defense after quotas and the NAB. The current (2020) round of BBAs has been in effect since January 1, 2021, with an initial term through


United States

December 31, 2023. Following an Executive Board decision in May 2023 and subsequent consent from BBA creditors, their terms were extended by one year until December 31, 2024. As of April 30, 2024, 42 bilateral creditors had committed under their 2020 BBAs to provide the IMF with a total credit amount equivalent to about SDR 142 billion. Resources under BBAs can be activated only if the amount of IMF resources otherwise available for financing has fallen below a threshold of SDR 100 billion and either the NAB has been activated or there are no available uncommitted NAB resources. Activation of BBAs requires approval by bilateral creditors representing 85 percent of the total credit amount committed.

Special Drawing Rights

The SDR is an international reserve asset the IMF created in 1969 to supplement its member countries' official reserves. It serves as the unit of account of the IMF and some other international organizations. The SDR is neither a currency nor a claim on the IMF. Rather, it is a potential claim on the freely usable currencies of IMF members. IMF members that are participants in the SDR Department (currently all members) may exchange SDRs for freely usable currencies.

The SDR's value is currently based on a basket of five currencies: the US dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound. The currencies included are reviewed periodically; the most recent review of the valuation of the SDR basket was concluded in May 2022, and the updated basket went into effect August 1, 2022.

As of April 30, 2024, a total of SDR 660.7 billion (equivalent to about $870.8 billion) had been allocated to members, including the August 2021 allocation of SDR 456.5 billion, the largest allocation of SDRs in history, in the context of the COVID-19 pandemic. This SDR allocation provided additional liquidity to the global economic system—supplementing countries' foreign exchange reserves and reducing their reliance on more expensive domestic or external debt. Countries could choose to use the space provided by the SDR allocation to support their economies and step up the fight against the crisis.

To amplify the benefits of this allocation, the IMF is encouraging voluntary channeling of SDRs from countries with strong external positions to countries most in need. Several members have already lent or pledged to lend their SDRs as loan resources or to generate subsidy contributions to the Poverty Reduction and Growth Trust, which provides concessional loans to low-income countries. Furthermore, the Resilience and Sustainability Trust, which became operational in October 2022, is funded primarily by, and intended to use, channeled SDRs and provides affordable longer-term financing to support RST-eligible countries undertaking reforms to reduce risks, including those related to climate change, and for pandemic preparedness. In addition, the IMF has started discussions on updating its legal infrastructure to allow the use of SDRs for the acquisition of hybrid capital instruments issued by multilateral development banks to boost their development lending capacity.

ACCOUNTABILITY


United States

The IMF is accountable to its 190 member countries and has a system of checks and balances to ensure accountability—ranging from internal and external audits to risk management and evaluation of its policies and operations. Similarly, the IMF staff is expected to observe the highest ethical and workplace standards of conduct.

COMMITTEES OF THE EXECUTIVE BOARD

Board committees examine issues under their purview in greater detail and forward to the full Board matters that require further discussion. Board committees are not decision-making bodies; only the full Board can make decisions. Board committees are reconstituted every two years following the regular election cycle for Executive Directors. The composition of committee members takes into account geographic and gender balance; a need for rotation, with some continuity; and maintenance of a reasonable distribution of the burden of committee work among Executive Directors. Executive Directors may participate in all meetings of the Executive Board's committees, except for the Ethics Committee, as its meetings are restricted to members and the permanent secretary of the committee. There are currently seven committees of the Executive Board and one working group on gender diversity.

Committee on Agenda and Board Procedures (APC): To make recommendations to the Executive Board to support the development and orderly implementation of an effective management-guided work program and agenda of the Executive Board. To this end, the Committee shall promote procedures for timely document distribution, the conduct of Board meetings, timing, logistics, and related matters so as to avoid bunching in the Board's schedule, allow for adequate time for preparation by Executive Directors, and enable the efficient use of time spent in Board meetings.

Committee on Executive Board Administrative Matters (CAM): To consider and report to the Executive Board for decision general aspects of administrative policy, relating to the Executive Directors, Alternates or their Senior Advisors, Advisors, and Administrative Assistants, referred to it by the Executive Board or by an Executive Director. Individual cases that involve individual Directors or Alternates or their Senior Advisors, Advisors, and Administrative Assistants with no wider implications shall be considered and decided by the Committee upon the request of an Executive Director without reference to and consideration by the Executive Board. The Committee may consider and make recommendations on the specific administrative policy involved. It may develop, consider, and report to the Executive Board for decision, budgetary proposals for the aggregate and individual Offices of Executive Directors and carry out those related budgetary responsibilities assigned to the Committee by the Board.

Ethics Committee (EC): To consider matters relating to the Executive Board's Code of Conduct. In addition, if requested by Executive Directors, the Committee gives guidance to them on ethical aspects of conduct, including the conduct of their Alternates, Senior Advisors, Advisors, and Administrative Assistants. The Ethics Committee is also responsible for advising on issues that may arise in connection with the application of the standards of ethical conduct to the Managing Director pursuant to the Managing Director's contract.

Morocco

Evaluation Committee (EVC): To follow closely the evaluation function in the IMF and advise the Executive Board on matters relating to evaluations, including those of the IEO. The Committee also considers the *Annual Report*, with ad hoc staff membership.

Committee on Liaison with the World Bank and Other International Organizations (LC): With a view to promoting greater coherence in the international economic, financial, trade, and development agenda, particularly respecting economic capacity building, the Committee shall take stock of developments in the policies and programs of other international organizations with complementary mandates to that of the IMF, in particular the World Bank and the World Trade Organization. The Committee shall gather information on, and maintains close liaison with, these institutions as needed, with a view to keeping abreast of evolving developments. It makes recommendations to the Executive Board regarding IMF relations with these organizations, as appropriate.

Pension Committee (PC): To decide all matters of a general policy nature arising under the Staff Retirement Plan, and all other matters, including any interpretation of the provisions of the Plan, required to be decided by it under the provisions of the Plan or submitted to it by any Committee appointed by it.

Ad Hoc Audit Selection Committee (ASC): The ad hoc Audit Selection Committee (ASC) is convened to recommend a suitable candidate as a new member of the External Audit Committee (EAC) whose staggered three-year appointments leave a vacancy every year. Traditionally, five Executive Directors have comprised the ASC.

Working Group on Gender Diversity: To promote more inclusive, credible, and strengthened decision-making by the Executive Board through enhanced representation of women on the Board, and Senior Advisors and Advisors in the Offices of the Executive Directors. To this end, the Working Group shall develop recommendations for the Executive Board on its evolving gender diversity strategy; promote that strategy within the Board and with the membership; and regularly report progress toward implementation of the strategy to the Executive Board, for referral to the Board of Governors.

Checks and Balances

The IMF conducts audits of all its operations. Audit mechanisms are set up to improve governance, transparency, and accountability and include an external audit firm, the independent External Audit Committee, and the Office of Internal Audit (OIA).

The External Audit Committee is independent of the IMF and its Executive Board. The committee reports to the Board of Governors and is responsible for overseeing the IMF's external audit, internal audit, financial accounting and reporting, risk management, and internal control functions.

The OIA is an independent assurance and advisory function designed to protect and strengthen the IMF. The OIA's mandate is twofold: (1) to assess the effectiveness of the IMF's governance, risk management, and internal controls; and (2) to act as a consultant for the improvement of the IMF's business processes by advising on best practices. To ensure its independence vis-à-vis IMF departments and offices, the OIA reports directly to the Managing Director and maintains a functional reporting relationship with the External Audit Committee. The OIA's 2024 coverage encompassed several key areas, including support for the IMF's modernization programs, benchmarking of the IMF's review process, the identity and access management program, the managed services provider model for information technology, and a corporate data warehouse.

Precautionary Balances

The IMF's precautionary balances—which consist of adjusted balances in the general and special reserves—are a key element of the IMF's multilayered framework for managing financial risks and safeguarding members' resources. Precautionary balances provide a buffer to protect the IMF against potential losses resulting from credit, income, and other financial risks. For this reason, they help protect the value of reserve assets represented by member countries' positions in the IMF and underpin the exchange of assets through which the IMF provides financial assistance to countries with balance of payments needs.

The Executive Board of the IMF conducted the 2024 Review of the Adequacy of the IMF's Precautionary Balances on March 20, 2024, and supported increasing the minimum floor from SDR 15 billion to SDR 20 billion. The medium-term precautionary balances target of SDR 25 billion remained unchanged and was reached at the end of FY 2024, the first time since the introduction of the framework.

Managing Enterprise Risks

The Office of Risk Management (ORM) carries out a centralized risk management function of the IMF. It constitutes the second line in the IMF's risk management and governance architecture, providing independent risk oversight and challenge of first-line enterprise risk assessments to ensure consideration of the most critical risks and their respective risk treatments across all IMF activities. ORM steers and supports the implementation of the IMF's enhanced enterprise risk management framework approved by the Executive Board in December 2022 and the revised risk tolerance statements and risk tolerance levels approved in March 2023. It enhances risk-based decision-making at the IMF by providing leadership and through innovation in assessing and analyzing enterprise strategic; business; operational; financial; reputational; and environmental, social, and governance risks.

Learning from Experience

The Independent Evaluation Office (IEO) conducts objective and independent evaluations on issues relevant to the IMF mandate. The IEO is fully independent of IMF management and staff, operating at arm's length from the Executive Board. Its purpose is to enhance the learning culture within the IMF, strengthen the institution's external credibility, and support the Executive Board's institutional governance and oversight responsibilities. In FY 2024, the IEO launched three evaluations covering the evolving application of the IMF's mandate, its exceptional access policy, and its fiscal policy advice. More information about the IEO is available at https://ieo.imf.org.

United States

Ethics and Staff Conduct

The IMF has a comprehensive ethics framework. The Ethics Office advises management and the IMF's Human Resources Department on the promotion of ethical standards within the IMF; and provides information, education, training, and outreach, as well as confidential advice and guidance to IMF personnel on the rules of conduct. It oversees the Annual Ethical Conduct and Core Values Certification and the Financial Disclosure Program for IMF Staff. During FY 2024, the Ethics Office launched two new e-learning courses regarding international civil servants' status and conflicts of interest and was consulted on policy development initiatives, including the IMF personal data privacy policy and guidelines on the responsible use of internal AI tools.

The ombudsperson is a confidential, impartial, independent, and informal resource for resolving employment-related problems. The Office of Internal Investigations conducts inquiries and investigations into allegations of misconduct, including breaches of the code of conduct. The IMF Integrity Hotline, administered by an independent third party, is available for anonymous and confidential reporting by staff members or members of the public of suspected misconduct involving IMF employees.

On December 16, 2022, the IMF's Executive Board endorsed an implementation plan to further strengthen the framework of institutional governance and analytical integrity, corresponding to the Institutional Safeguards Review (ISR), which was considered by the Executive Board on June 30, 2022.

On December 21, 2023, the Board issued a statement on the status of the implementation plan, noting that the IMF has made substantial progress in advancing the plan's actions following the conclusion of the ISR. As of December 2023, 85 percent of these actions have been completed or remain on track for completion. Nearly all of the recommendations to further protect and strengthen data analysis and integrity have been fully carried out through the issuance of specific guidance. The comprehensive implementation plan has progressed significantly and has built further trust in and strengthened the dispute resolution system, ethics, and investigation offices.

Engagement with the Public

The IMF meets regularly with political leaders and country authorities and routinely engages with a wide range of private sector representatives, the media, and nongovernment stakeholders such as the academic community, civil society organizations, parliamentarians, labor unions, and youth leaders. Opportunities for such two-way dialogue allow the IMF both to explain its approaches and to learn from others to improve its policy advice.

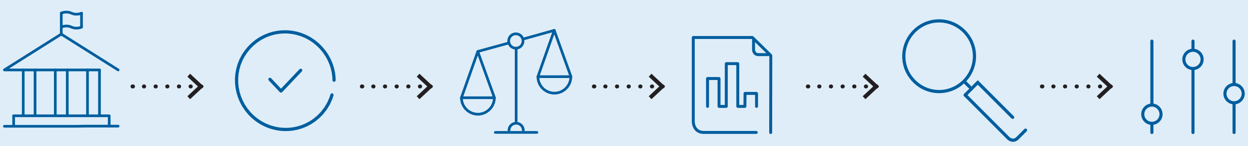
SAFEGUARDS ASSESSMENTS

SAFEGUARDS ASSESSMENTS COMPLETED TO DATE
SEE MORE ONLINE

When the IMF provides financing to a member country, it carries out a safeguards assessment to obtain reasonable assurance that the country's central bank can appropriately manage IMF resources and provide reliable monetary data on an IMF-supported program.

At the end of April 2024
400 Assessments
had been conducted, covering
106 Central Banks
19 in FY 2024

The assessments involve an evaluation of central bank operations in six areas:



1. **Governance Arrangements**
2. **External Audit**
3. **Legal Structure**
4. **Financial Reporting**
5. **Internal Audit**
6. **Internal Controls**

The assessments involve an evaluation of central bank operations in six areas: (1) governance arrangements, (2) external audit mechanism, (3) legal structure and autonomy, (4) financial reporting framework, (5) internal audit mechanism, and (6) system of internal controls. From 2000 to the end of April 2024, 400 assessments were conducted, covering 106 central banks; 19 of these assessments were completed in FY 2024, and 8 were in progress at the end of the financial year.

The IMF also monitors progress of central banks as they work to improve their safeguards frameworks. The monitoring continues for as long as IMF credit remains outstanding, and about 84 central banks are currently subject to monitoring.

The IMF also conducts fiscal safeguards reviews of state treasuries when a member requests exceptional access to IMF resources in cases in which a substantial portion of the funds—at least 25 percent—is directed toward financing the state budget, and in cases of high combined credit exposure with at least 25 percent of resources also directed to budget financing. During FY 2024, one fiscal safeguards review was conducted, and one was in progress at the end of the year.

Safeguards seminars are also performed as part of outreach activities. During FY 2024, four in-person regional seminars were held and covered best international practices in the safeguards' framework areas. Notably, an inaugural regional forum on governance was held in Armenia, in conjunction with the Central Bank of Armenia, consistent with the 2022 safeguards assessment policy review proposal to conduct such outreach on a regional basis. An eighth high-level central bank governance forum in Dubai was conducted and covered emerging topics such as artificial intelligence, fintech, and climate change, among other governance topics.

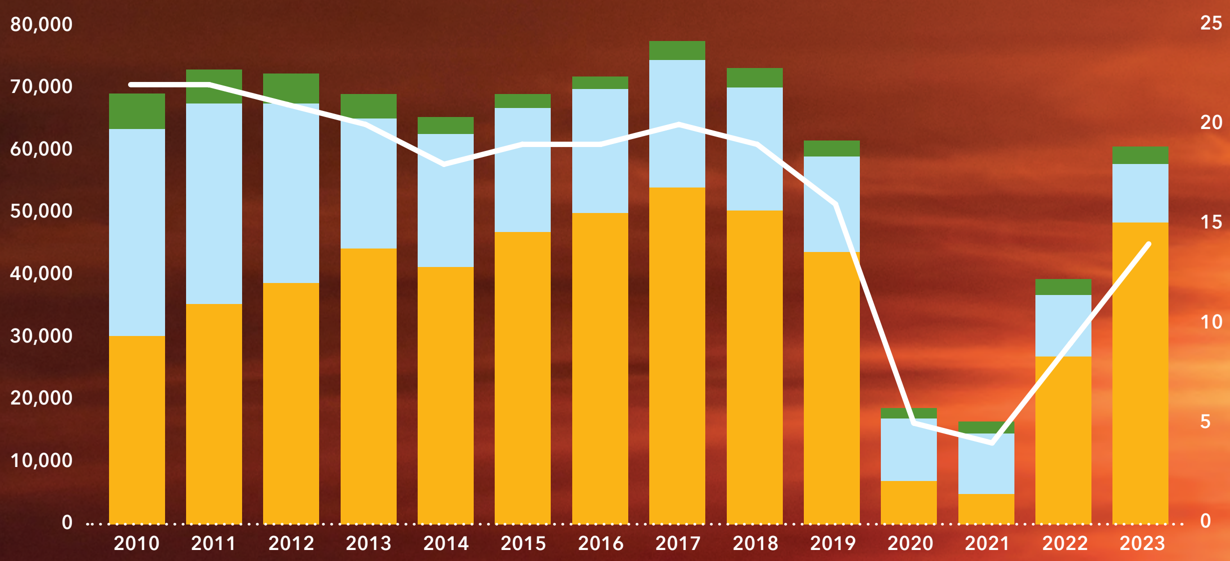
CORPORATE SOCIAL RESPONSIBILITY

Environmental sustainability and philanthropic initiatives are the core of the IMF's corporate social responsibility program.

Mauritania

ENVIRONMENTAL SUSTAINABILITY

Figure 3.2. Greenhouse Gas Emissions, total and per IMF Employee (Calendar Years 2010–23)



SCOPE 1: Mobile emissions, purchased fuel, and fugitive emissions

SCOPE 2: Purchased electricity

SCOPE 3: Employee commuting, business travel, courier and shipments, purchased goods, and waste generation

Emissions Intensity (MtCO2e / IMF employee)

Total estimated emissions in 2023 have reached 98% of the pre-pandemic emissions levels of 2019, while per employee emissions are about 10% lower than in 2019.

Source: IMF, "Annual Environmental Sustainability Report" 2023.

Note: MtCO2e = metric tons of carbon dioxide-equivalent.

Scotland

The IMF is mitigating the impact of its operations on the environment and elevated its commitment to environmental sustainability this past year with the following achievements:

Earned International Organization for Standardization (ISO) 20121 Certification for sustainable events for the Spring and Annual Meetings held on the IMF's Washington, DC, campus.

Reduced the environmental impact of IMF staff commuting by increasing the number of electric vehicle and bike chargers; enhancing shower and locker facilities for bikers, runners, and walkers; increasing incentives for use of public transportation and bike sharing; and facilitating carpooling.

Increased use of digital formats for conveying information to staff and visitors, thus eliminating the use of paper and printer ink.

Continued efforts with suppliers and service providers to strengthen the sustainability of the supply chain for goods and services.

With operations back to normal following the pandemic, the IMF staff has returned to headquarters and field offices, and mission travel has fully resumed. As a result, the IMF's carbon footprint increased significantly relative to 2022 but remained just below the prepandemic low recorded in 2019.

Despite progress to date, there is both a need and a strong case for a more ambitious agenda to address emissions from IMF operations and further strengthen the institution's commitment to green operations in accordance with the IMF's climate change strategy. Work is ongoing on the development of a strategy to reduce the environmental footprint and impact of the IMF's operations in support of the Paris Agreement, while maintaining the ability to effectively serve the membership.

GIVING TOGETHER

Giving Together, the IMF's philanthropic program, is supported by donations from employees and retirees, as well as by corporate matching funds.

Last year witnessed multiple crises—including a devastating earthquake in Morocco, climate-related deadly floods in Libya, the conflict in the Middle East, Russia's ongoing war in Ukraine, and a continued rise in the cost of living—all of which have compounded the challenges faced by people around the world.

The IMF responded to these challenges with tremendous support in FY 2024. Total donations from employees and retirees, IMF corporate matching, and Giving Together grants and donations resulted in the program providing a grand total of $5.1 million to charitable causes during the financial year.

Annual Staff and Retiree Giving

In FY 2024, IMF employees and retiree donations and corporate matching totaled $4.9 million (see Figure 3.3). This includes the Fall Giving Campaign and year-round giving, as well as donations made for humanitarian and disaster relief campaigns.

Fall Giving Campaign

62 percent of staff members contributed to the FY2024 "Together for Every Child" giving campaign —focused on supporting nonprofits helping children around the world. Together with retirees, IMF staff raised $3.4 million in donations and matching funds to support organizations in the Washington, DC, metropolitan area and across the globe.

Humanitarian and Disaster Relief

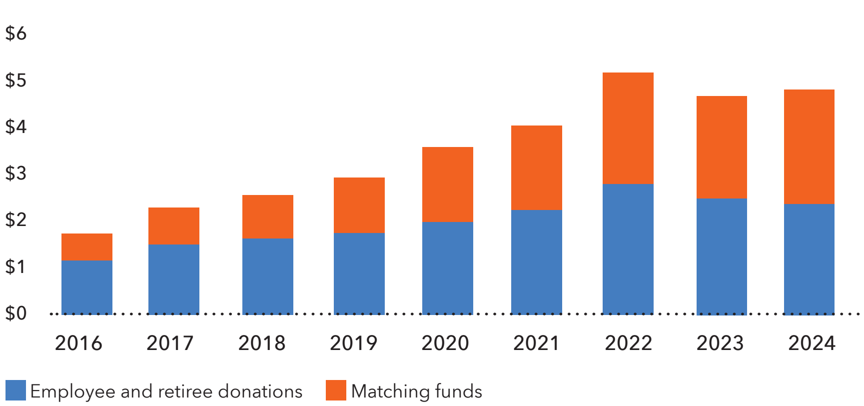
The IMF's Giving Together program organized fundraisers to support humanitarian and disaster relief efforts in Gaza, Israel, Libya, Morocco, and Yemen, which together raised $592,000 (including the corporate match).

These contributions were channeled to international relief organizations providing critical aid and support to affected children and families on the ground in these countries.

Grants and Corporate Donations

The IMF supports community initiatives in the Washington, DC, metropolitan area through partnerships and annual grants. In FY 2024, the Giving Together program awarded 18 grants and corporate donations to charitable organizations in the Washington, DC, metropolitan area amounting to $227,500.

Figure 3.3. Employee and Retiree Donations and Matching Funds, FYs 2016–24 *(millions of US dollars)*



Source: IMF, Communications Department.

Among the recipients of the Giving Together Program in FY 2024

$592,000
raised to support humanitarian and disaster relief efforts

$227,500
in grants and corporate donations, all of which was channeled to

22
organizations across

3
continents

VOLUNTEERING

The Giving Together program organizes staff volunteering events in partnership with charities and supports staff-led volunteering initiatives throughout the year.

On June 2, 2023, in recognition of World Environment Day, Deputy Managing Director Bo Li, together with IMF staff, volunteered his time to help clean up parkland in a local community in the Washington, DC, metropolitan area. The volunteering event was organized by the IMF's Giving Together program and the IMF Green Team in partnership with Ward 8 Woods Conservancy, a Washington, DC, nonprofit that works to rejuvenate and enhance the beauty, ecological health, and public enjoyment of more than 500 acres of forest.

In October 2023, at the time of the IMF–World Bank 2023 Annual Meetings in Marrakech, Morocco, the IMF Giving Together team organized a volunteering event in Marrakech to help people affected by the devastating earthquake in Morocco. The volunteering event was hosted in collaboration with Project Soar, a local Moroccan nonprofit whose mission is to empower teenage girls to be the leaders of today and tomorrow. Over 200 IMF and World Bank staff members, including the Managing Director and First Deputy Managing Director, packed 625 disaster relief hygiene kits that were distributed to earthquake victims.

In January 2024, in honor of the Martin Luther King Jr. Day of Service, IMF staff participated in a volunteering event organized by the Giving Together program in partnership with Miriam's Kitchen, a Washington, DC, nonprofit committed to providing healthy meals, social services, and permanent supportive housing for unhoused people in the Washington, DC, area. IMF staff assembled seasonal kits and snack packs containing necessities including socks, blankets, and food to help people without homes.

Yemen

DIVERSITY AND INCLUSION

The Diversity and Inclusion Office presented the FY 2022–23 "Diversity and Inclusion Report" to the Executive Board in February 2024. The update included a summary of the IMF's progress toward the 2025 benchmarks, key initiatives undertaken since the FY 2020–21 report, and actions planned for the next two years. The shares of staff from underrepresented regions at the individual contributor and managerial levels continues to increase. Several initiatives are being implemented to sustain progress toward the FY 2025 benchmarks, including continued focus on diversity considerations for internal staff selections. Externally, recruitment efforts have continued to broaden the IMF's reach, bringing in diverse and highly skilled talent though targeted searches, a focus on an expanded range of skills, and an extensive schedule of virtual and in-person engagements. The IMF is committed to diversity and inclusion and continues to make good progress on gender representation, particularly at the most senior levels, where women represent over one-third of heads of departments. The IMF is expanding the scope of its efforts to provide an accessible and inclusive work environment for all, including staff with disabilities.

August 1, 2024

Dear Mr. Chairman:

I have the honor to present to the Board of Governors the *Annual Report of the Executive Board* for the financial year ended April 30, 2024, in accordance with Article XII, Section 7(a), of the Articles of Agreement of the International Monetary Fund and Section 10 of the IMF's By-Laws. In accordance with Section 20 of the By-Laws, the administrative and capital budgets of the IMF approved by the Executive Board for the financial year ended April 30, 2024, are presented on the *Annual Report* website. The audited financial statements for the year ended April 30, 2024, of the General Department, the SDR Department, and the accounts administered by the IMF, together with reports of the external audit firm thereon, are presented in Appendix VI, as well as at www.imf.org/en/Publications/AREB. The external audit process was overseen by the External Audit Committee, comprising Mr. Paape (Chair), Mr. Isingoma, and Mr. Tamai, as required under Section 20(c) of the IMF's By-Laws.

Yours truly,

Kristalina Georgieva
Managing Director and Chair of the Executive Board

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Access and download the 2024 Annual Report along with the Financial Statements and additional resources at the IMF Annual Report website. IMF.org/AR2024

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

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60 IMF Photograph/Cory Hancock
62 IMF Photo
64 IMF Photo
68 IMF Photo / Sarah Silbiger
71 IMF Photo/Paige Taylor White
72 IMF Photo/Anirban Mahapatra
73 IMF Photo/Joshua Roberts
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75 IMF Photo/Raul Ariano
76 IMF Photo / Lewis Joly
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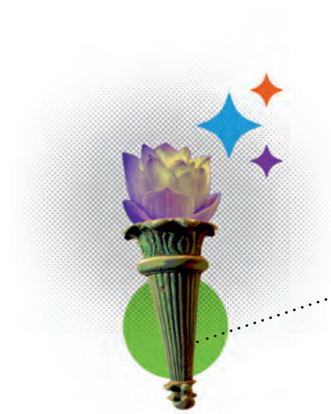

"The need for global cooperation is higher than ever to tackle trends that affect us all, from climate change to the AI revolution."

KRISTALINA GEORGIEVA
IMF Managing Director

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