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FOR AGENDA

EBAP/07/46

March 30, 2007

To: Members of the Executive Board

From: The Acting Secretary

Subject: **The FY2008–FY2010 Medium-Term Administrative and Capital Budgets**

Attached for consideration by the Executive Directors is a paper on the proposed FY2008–FY2010 administrative and capital medium-term budgets, which is tentatively scheduled for discussion on **Wednesday, April 25, 2007**. Draft decisions appear on page 37.

Questions may be referred to Mr. Cangiano (ext. 37330) and Ms. Reynolds (ext. 38795) in OBP.

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INTERNATIONAL MONETARY FUND

The FY2008–FY2010 Medium-Term Administrative and Capital Budgets

Prepared by the Office of Budget and Planning

Approved by Barry H. Potter

March 30, 2007

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GLOSSARY

AFRITAC	African Technical Assistance Center
CBA	Cost-Benefit Analysis
CEP	Committee of Eminent Persons
CIO	Chief Information Officer
COB	Committee on the Budget
ECBR	Employment, Compensation, and Benefits Review
ESF	Exogenous Shocks Facility
FTE	Full-Time Equivalent (person year of employment)
FTS	Full-Time Staffing (open-ended and limited-term staff positions)
HQ1	Headquarters Building 1
HQ2	Headquarters Building 2
IFRS	International Financial Reporting Standards
IT	Information Technology
KOA	Key Output Areas
LICs	Low Income Countries
MBP	Medical Benefits Plan
MTB	Medium-Term Budget
MTS	Medium-Term Strategy
PGR	Pensionable Gross Remuneration
PRGF	Poverty Reduction and Growth Facility
RSBIA	Retired Staff Benefits Investment Account
SRP	Staff Retirement Plan
TA	Technical Assistance

EXECUTIVE SUMMARY

- This paper presents proposals for the FY2008–FY2010 medium-term administrative budget (MTB) and the medium-term capital budget. It is accompanied by two companion papers: the first on the projected outturn for the FY2007 administrative budget; the second on the delivery of the Fund's Medium-Term Strategy (MTS) through the three-year departmental business plans.

- The proposed MTB has been formulated against the background of work on sustainable financing for the Fund. While a new income model, building on the recommendations of the Committee of Eminent Persons (CEP), must play a major role in putting the Fund's finances on a sustainable basis, expenditure restraint can and should also contribute to ameliorating the Fund's finances over the medium term.

- This budget has, therefore, been formulated on the basis of seeking to deliver the MTS, as approved in April FY2006, while cutting back the real administrative resources available to the Fund. The MTS envisages important changes in what the Fund does: additional resources are allocated to meet new needs and priorities of member countries, fully offset by raising the cost-effectiveness of existing operations and scaling back or eliminating lower priority activities. Thus, real cutbacks in the budget must be primarily achieved by increasing the efficiency with which the institution delivers a changing pattern of outputs.

- Accordingly, and as discussed at the February 2007 meeting of the Committee on the Budget (COB), the MTB envisages a 1 percent real reduction—measured against the external deflator—in the Fund's net administrative expenditures each year. As the Fund's internal costs have tended to rise about 1 percent faster than the external deflator each year, the proposed MTB implies a reduction in the real administrative resources (staff numbers, travel volumes and level of support services) available to the Fund of about 2 percent each year. On this basis, by FY2010, the real administrative budget will have been cut by some 6 percent.

- The proposed MTB incorporates:

  – targeted reductions in input costs, particularly in support services, to achieve a relative shift from "back office" activities to "front line" work;

  – measures to ensure that Fund business practices and policies are in line with best practices of other International Financial Institutions, as appropriate; and

  – tighter budget constraints on, and enhanced monitoring of, all Fund departments and offices.

- While departmental business plans are still being finalized, the initial figures for FY2008 indicate there will be an increase in the share of administrative resources devoted to global monitoring. There will also be a small increase in the resources allocated to capacity building, with the Central AFRITAC coming fully into operation. Some further reduction in the share of resources devoted to Fund-supported financial programs and near program arrangements is anticipated. After allowing for certain classification changes, the share of resources devoted to country and regional surveillance is projected to remain broadly flat.

- At this juncture, the most significant further change in the pattern of outputs emerging for FY2009 and FY2010 is the increased share of resources going to country and regional surveillance, offset by a smaller share devoted to capacity building. (However, the latter is largely driven by conservative assumptions on the availability and application of external financing.) The small reduction in the share of resources going to global monitoring reflects the peaking of work on quotas and voice next year. Moreover, increasingly large planning reserves, not allocated to specific departments or outputs, are held in both years. These reserves are to allow not only, for example, for changes in the number of countries with Fund-supported programs, but also for the further implementation of MTS initiatives.

- The Executive Board is asked to appropriate $922.3 million for FY2008 net administrative expenditures. This is an increase of 1.1 percent over last year's budget (1.7 percent on an underlying basis)—the lowest such increase in the last decade, and below the 2.7 percent increase in the Fund's external deflator. The Executive Board is also asked to take note of the indicative budgets for FY2009 and FY2010, which rise by 1.7 percent and 2.3 percent, respectively.

- Approval is also sought for $46.6 million for capital projects beginning in FY2008. The Executive Board is asked to take note of the medium-term capital plan, totaling $138 million; this represents a small nominal reduction in planned capital spending over the medium term relative to the FY2007 capital plan.

I. Introduction and Overview

1. **This paper presents proposals for the FY2008–FY2010 medium-term budget (MTB) and seeks Board approval for the proposed FY2008 annual net administrative budget**.[1] The paper also presents the FY2008–FY2010 medium-term capital plan and seeks approval for expenditures on new capital projects beginning in FY2008. The impact of the proposed administrative and capital budgets on the Fund's administrative expenses (as classified in the Fund's financial statements), and hence on the Fund's net income over the next three years, is identified.

2. **The income outlook assumed in this paper is consistent with that set out in the forthcoming staff paper on the Fund's income position**.[2] As discussed in that paper, the outlook reflects the current policy stance on income and therefore does not incorporate possible options to develop a new income model.

3. **This paper, which is accompanied by companion papers presenting the FY2007 projected budget outturn and the departmental three-year business plans for delivery of the MTS respectively,[3] is organized as follows**.

- Section II describes the proposed top-down budget policy stance and the determination of the MTB envelope for FY2008–FY2010. This section identifies the specific measures proposed to reduce expenditures, relative to the estimated cost of current policies, and thus bridge the gap with the top-down budget policy constraint in FY2008. The areas where further reductions in costs will be sought to meet the indicative budget figures for the two outer years are also identified. The section also describes the MTB by planned output (the shares of administrative expenditures devoted to delivering each of the Fund's Key Output Areas (KOAs) and constituent 12 outputs); and by input structure, in terms of the main categories of expenditure.

- Section III presents projections on receipts and derives a proposed upper limit on gross administrative expenditures for FY2008, and indicative limits for FY2009 and FY2010.

- Section IV presents the proposed medium-term capital plan and the FY2008 capital budget.

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[1] From FY2007, the Executive Board approves the net administrative budget, based on a central estimate of receipts, and an upper limit on gross expenditures, based on a higher estimate of receipts. Accordingly, there is no gross administrative budget but rather a gross expenditure estimate.

[2] "Review of the Fund's Income Position for FY2007 and FY2008," which will be issued shortly and which is scheduled to be discussed by the Executive Board on April 25, 2007 along with this paper.

[3] "FY2007 Administrative Budget—Projected Outturn, (EBAP/07/41, 3/22/07), and the forthcoming paper on the Fund's departmental business plans.

- Section V indicates the estimated impact of the projected FY2007 administrative and capital expenditures on the Fund's net income position.
- Section VI concludes with the proposed decisions for Executive Board approval.

The paper also includes three appendices. The first describes the working assumptions, adopted in drawing up the budget proposals, on the key decisions the Board must take over the last few weeks of this financial year on staff compensation, and the budgetary contributions to the Fund's Staff Retirement Plan (SRP) and Medical Benefits Plan (MBP). The second provides more detail on the capital projects that are included in the proposed FY2008 capital budget. The third presents statistical background material on the administrative budget.

II. The Proposed FY2008–FY2010 MTB

A. The Budget Policy Stance

4. **At its meeting on February 22, 2007, the COB broadly endorsed management's proposed budget policy stance for FY2008–FY2010.** The MTB envisages a 1 percent real reduction each year—measured against the external deflator—in the Fund's net administrative budget. The Fund's internal costs have tended to rise by about 1 percent more than the external deflator in recent years.[4] Were this trend to continue, the proposed MTB would imply a reduction in real administrative resources (staff numbers, travel volumes and level of support services) of about 2 percent each year during the period. On this basis, the real budget would be cut by 6 percent by FY2010.

5. **The external deflator used to set the nominal budget is 2.7 percent, based on the formula agreed with the COB in December 2005.** Thus, the budget policy stance of a 1 percent real cut relative to the deflator implies a 1.7 percent nominal increase in the net administrative resources for each year of the MTB (as a standard assumption the external deflator is held constant over the medium term). However, the special addition made to the FY2007 budget for the costs of holding the Annual Meetings abroad must be excluded, before the FY2008 budget figure is calculated. Thus, the increase in the administrative budget proposed for FY2008, budget to budget, is 1.1 percent—the lowest rate of growth in the administrative budget in over a decade (Table 1 and Figure 1).

[4] See Section II "Staff Benefits and the Administrative Budget" in "The FY2007–FY2009 Medium-Term Administrative and Capital Budgets—Selected Topics and Statistical Appendix" (EBAP/06/39 Supplement 1, 4/21/06); and Box 3 in "The FY2008–FY2010 Medium-Term Administrative and Capital Budgets" (EB/CB/07/1, 2/15/07).

Table 1. Administrative Budget and Outturn Expenditures, FY1998–FY2008
(In millions of U.S. dollars, unless otherwise indicated)

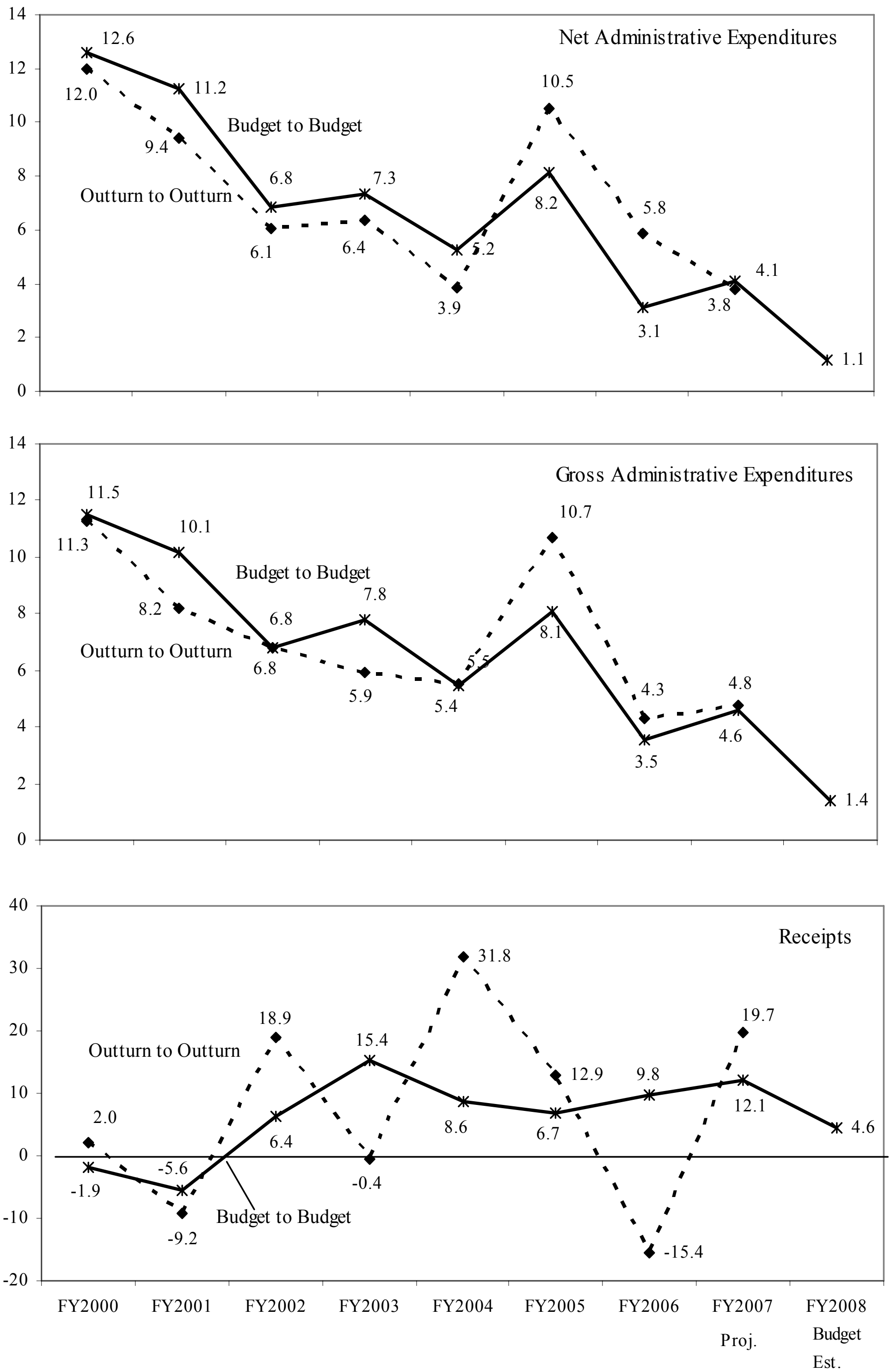
Financial Year	Budget	Outturn	Outturn to Budget Variance		Budget to Budget Increase		Outturn to Outturn Increase	
			Amount	Percent	Amount	Percent	Amount	Percent
A. Net Budget								
1998	503.7	495.3	-8.4	-1.7	13.2	2.7	23.8	5.0
1999	519.6	520.6	1.0	0.2	15.9	3.2	25.3	5.1
2000	585.1	583.0	-2.1	-0.4	65.5	12.6	62.4	12.0
2001	650.9	638.0	-12.9	-2.0	65.8	11.2	55.0	9.4
2002	695.4	676.7	-18.7	-2.7	44.5	6.8	38.7	6.1
2003	746.4	719.7	-26.7	-3.6	51.0	7.3	43.0	6.4
2004	785.5	747.6	-37.9	-4.8	39.1	5.2	27.9	3.9
2005 1/	849.6	826.1	-23.5	-2.8	64.1	8.2	78.5	10.5
2006	876.1	874.4	-1.7	-0.2	26.5	3.1	48.3	5.8
2007	911.9	907.6	-4.3	-0.5	35.8	4.1	33.2	3.8
2008	922.3	...	...	...	10.4	1.1	...	...
B. Gross Expenditures								
1998	545.2	531.1	-14.1	-2.6	18.7	3.6	20.2	4.0
1999	561.7	561.1	-0.6	-0.1	16.5	3.0	30.0	5.6
2000	626.4	624.3	-2.1	-0.3	64.7	11.5	63.2	11.3
2001	689.9	675.5	-14.4	-2.1	63.5	10.1	51.2	8.2
2002	736.9	721.3	-15.6	-2.1	47.0	6.8	45.8	6.8
2003	794.3	764.1	-30.2	-3.8	57.4	7.8	42.8	5.9
2004	837.5	806.1	-31.4	-3.7	43.2	5.4	42.0	5.5
2005 1/	905.1	892.2	-12.9	-1.4	67.6	8.1	86.1	10.7
2006	937.0	930.3	-6.7	-0.7	31.9	3.5	38.1	4.3
2007	980.2	974.5	-5.7	-0.6	43.2	4.6	44.2	4.8
2008	993.8	...	...	...	13.6	1.4	...	...

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

1/ FY2005 budget and expenditures include a $48 million step increase in the Fund's contribution to the SRP.

Figure 1. Administrative Expenditures and Receipts: Rate of Growth, FY2000–FY2008 1/
(In percent)



Source: Office of Budget and Planning.

1/ FY2005 budget and expenditure figures include a $48 million step increase in the Fund's contribution to the SRP.

6. **At 2.7 percent, the external deflator is 0.3 percentage points lower than the estimate given in the paper presented at the February 2007 COB meeting; and it is 0.8 percentage points lower than the figure used last year in setting the FY2007–FY2009 MTB.** (The construction of the deflator and the figures for recent years are shown in Box 1.)[5] This lower figure, relative to the assumption in the February 2007 COB paper, further reduces the size of the nominal net administrative budget proposed for FY2008 (and the indicative budgets for the two outer years.) The figure now proposed for the FY2008 net administrative budget is \$2.7 million lower than that put forward to the COB in February, while the indicative net budget envelopes for FY2009 and for FY2010 are reduced by \$5.5 million and \$8.5 million respectively.

7. **This lower figure for the external deflator leads to a (slightly) greater squeeze on the Fund's real administrative resources at least for next year.** If the lower deflator were to be translated into a fully corresponding lower increase in the Fund's internal costs, then the effect would be neutral in real terms. In practice, the lower figure for the deflator will not be fully reflected in a smaller rise in the Fund's internal costs. The main reason is that the increase in unit personnel costs, (and personnel costs account for more than 70 percent of gross administrative expenditures), is still estimated at around 4 percent in FY2008—the same figure as in the February COB paper. Thus, staff estimate that, at most, the lower deflator will moderate the rise in internal costs by about \$0.8 million.

8. **As a result, the cost of delivering the MTS on current policies in FY2008 is now estimated at \$20 million higher than the proposed budget envelope, vis-à-vis the \$18 million figure estimated in February**. In other words, actions to reduce administrative expenditures by some \$20 million must be taken to ensure consistency between the Fund's business and administrative policies and the proposed FY2008 budget. Further such action to close even larger gaps will be required for FY2009 and FY2010.

9. **The evolution of the proposed MTB envelope (both on a net and gross expenditure basis) is shown in Table 2.** This table reconciles the MTB figures now proposed, with the figures presented in February 2007, and the rolling forward of the FY2007–FY2009 MTB agreed by the Executive Board last year.

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[5] The construction of the external deflator is discussed in greater detail in Appendix I: Administrative Budget—The External Deflator of "The FY2007–FY2009 Medium-Term Administrative and Capital Budgets" (EBAP/06/39, 3/31/06).

Box 1. The External Deflator

Following several discussions in the COB and the Executive Board in FY2006, Directors endorsed the use of an external deflator in setting nominal administrative budgets.

The agreed external deflator consists of:

- A personnel component, constructed as the weighted average of the most recent percentage changes in U.S. public sector salaries, financial sector total compensation, and private industrial sector total compensation; and
- A nonpersonnel component, set equal to the latest year-on-year change in the Washington-Baltimore Consumer Price Index.

The deflator is to be applied to all three years in setting the upcoming MTB envelope, and then updated each year in January, on a rolling basis. The deflator applied to the FY2007–FY2009 envelope was 3.5 percent; the deflator applied to the proposed FY2008–FY2010 envelope is 2.7 percent.

The External Deflator, FY1999-FY2008
(In percent per annum)

FY	Public Sector Compensation 1/	Private Financial Sector Compensation 2/	Private Industrial Sector Compensation 3/	Compensation Index 4/	Washington-Baltimore CPI 5/	External Deflator 6/
1999	2.5	6.5	2.2	4.0	0.6	3.0
2000	3.7	4.1	2.8	3.8	1.8	3.2
2001	4.9	5.8	3.7	5.2	2.5	4.4
2002	3.8	4.5	4.6	4.2	3.3	3.9
2003	4.8	4.2	4.0	4.5	1.8	3.7
2004	4.3	4.9	3.7	4.5	3.3	4.1
2005	4.4	7.5	4.3	5.6	2.2	4.6
2006	3.7	2.7	4.3	3.4	3.6	3.4
2007	3.4	2.7	4.6	3.3	4.1	3.5
2008	2.6	2.7	2.2	2.6	2.9	2.7

1/ Federal government scheduled salary increase for the locality pay area of Washington-Baltimore-Northern Virginia, as published by the U.S. Office of Personnel Management. For FY(X), percent increase effective January 1 CY(X-1) is used.
2/ Employment Cost Index for Total Compensation: Private Industry Workers: Service-providing industries: Financial Activities, excluding sales occupations; as published by the U.S. Bureau of Labor Statistics. For FY(X), percent increase in the index, Q4 CY(X-2) over Q4 CY(X-3), is used.
3/ Employment Cost Index for Total Compensation: Private Industry Workers: Goods-producing industries: White-collar Occupations, excluding sales occupations; as published by the U.S. Bureau of Labor Statistics. For FY(X), percent increase in the index, Q4 CY(X-2) over Q4 CY(X-3), is used.
4/ Calculated as: 0.5 x public sector percent change + 0.4 x financial sector percent change + 0.1 x private industrial sector percent change.
5/ Washington-Baltimore Consumer Price Index, as published by the U.S. Bureau of Labor Statistics. For FY(X), percent increase in the index, January CY(X-1) over January CY(X-2), is used.
6/ Calculated as: 0.7 x compensation index percent change + 0.3 x Washington-Baltimore CPI percent change.

Table 2. Rolling Forward the Medium-Term Budget, FY2007-FY2010
(In millions of U.S. dollars)

	FY2007	FY2008	FY2009	FY2010
A. Approved FY2007-FY2009 MTB				
Net budget	911.9	929.6	952.8	
percent increase on previous financial year	*4.1*	*1.9*	*2.5*	
excluding the additional cost of holding Annual Meetings overseas	*3.5*	*2.5*	*2.5*	
Central receipts estimate	68.3	70.7	73.2	
Gross expenditures	980.2	1,000.3	1,026.0	
Of which: Overseas Annual Meetings	5.0	0.0	0.0	
B. Rolling forward the FY2007-FY2009 MTB to FY2008-FY2010				
Estimated net budget in February 2007 (EB/CB/07/1)		925.0	943.5	967.9
percent increase on previous financial year		*1.4*	*2.0*	*2.6*
excluding the additional cost of holding Annual Meetings overseas		*2.0*	*2.0*	*2.0*
Adjustment for revised deflator 1/		-2.7	-5.5	-8.5
C. FY2008-FY2010 MTB				
Net budget		922.3	938.0	959.4
percent increase on previous financial year		*1.1*	*1.7*	*2.3*
excluding the additional cost of holding Annual Meetings overseas		*1.7*	*1.7*	*1.7*
Revised central receipts estimate		71.4	71.7	71.7
Gross expenditures		993.8	1,009.7	1,031.1
Of which: Overseas Annual Meetings		0.0	0.0	5.4
Upper receipts estimate 2/		75.9	76.1	76.2
Upper limit on gross expenditures		998.2	1,014.1	1,035.6

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

1/ Figures reported in EB/CB/07/1 were derived under the assumption of a 3.0 percent external deflator for FY2008-FY2010; on the basis of data released subsequently, the final deflator has been calculated at 2.7 percent.

2/ Upper estimate based on the assumption that, with other receipts unchanged, those for capacity building are 10 percent higher than under the central estimate.

B. Allocating the Medium-Term Budget

10. **This year marks the implementation of a full medium-term administrative budget, with—for the first time—three-year business plans for Fund departments and offices**. As agreed in earlier discussions with the COB, the external deflator is held flat throughout the MTB period as a simplifying assumption, so that the budget figures for the outer years can reflect real changes—whether in output or input patterns or departmental allocations. But for the MTB to be meaningful, the figures must allow for uncertainty, not just on price and demand (volume) factors but also for the further implementation of the MTS itself, through the completion or downgrading of current exercises, and the emergence of new priorities and initiatives.

11. **Accordingly, the medium-term budget makes provision for centrally held reserves, that increase in size (as uncertainty increases) over the three-year period**. Thus, the first step in allocating the proposed medium-term budget was to make appropriate provision for centrally held reserves—that is, the contingency and central reserve for the forthcoming financial year, and planning reserves for the two outer years of the MTB.[6]

- The FY2008 budget provides for a slightly larger contingency reserve than last year ($4.6 million against $3 million). This contingency reserve is now set at 0.5 percent of the net administrative budget and is designed to meet higher expenditures generated by exogenous demand or price, (rather than policy) changes. Thus, these resources would be available, for example, to departments (on a demonstrated need basis) if the overall number of Fund programs were to increase, relative to plans, during the year. The reserve would also be available to accommodate any price changes, if for example the assumptions made about the rise in staff costs were overtaken by decisions still to be taken by the Executive Board at the time of preparing this paper.

- The budget also sets aside a larger central reserve ($5 million) vis-à-vis last year's $3 million to accommodate MTS-related initiatives and other policy changes. A central reserve for MTS initiatives was introduced in FY2007. This approach was judged (and has proven to be) more effective in channeling resources to high priority work than releasing resources directly into departmental budgets, in anticipation of new developments that may not occur on time or in exactly the format or manner envisaged. For FY2008, this central reserve will be available to departments, again on a demonstrated need basis, for work to follow up on the recommendations of the Malan Committee, the CEP, further multilateral surveillance exercises and other MTS-related initiatives.

- For FY2009 and FY2010, sizeable planning reserves have been created. As noted, these larger reserves in the outer years will better enable the Fund to cope with the

[6] The contingency and planning reserves are described in Box 5 of EB/CB/06/8: the reserves rise from 1 percent of the net budget in FY2008 to 1.6 percent in FY2009 and 2.2 percent in FY2010.

larger degree of uncertainty over time: the key objective is to ensure that resources are available to reflect new or changed modalities in the delivery of the MTS as it unfolds—as some current priorities intensify (or diminish as the work is completed)—within the overall agreed budget envelope. As the MTB is rolled forward, each year the resources in these planning reserves will be released to departments (with appropriate sums retained in the contingency and central reserve for the forthcoming budget year) in line both with the further evolution of MTS objectives and priorities, and emerging demand pressures.

12. **Within the MTB, the resources allocated to reserves and those available to be allocated directly to outputs (and hence departments and offices) are summarized in Table 3.** As noted in paragraph 8, the overall squeeze on the FY2008 budget implied by the top-down envelope relative to the estimated cost of continuing current policies is estimated at $20 million. In terms of the resources available to allocate to outputs (and hence departments and offices), however, a further tightening is needed to make room for the $3.6 million addition to reserves. Thus, in discussions with departments and offices, cost reducing measures totaling $23.6 million had to be found for FY2008.

Table 3. Allocation of the Medium-Term Budget, FY2007-FY2010
(In millions of U.S. dollars)

	FY2007	FY2008	FY2009	FY2010
Gross expenditures estimate	980.2	993.8	1,009.7	1,031.1
Reserves	6.0	9.6	15.4	21.4
Contingency reserve 1/	3.0	4.6	n.a.	n.a.
Central reserve	3.0	5.0	n.a.	n.a.
Planning reserve	n.a.	n.a.	15.4	21.4
Gross expenditures allocated to outputs/departments (and offices)	974.2	984.1	994.3	1,009.7
Of which: Overseas Annual Meetings	5.0	0.0	0.0	5.4

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

1/ The formal contingency reserve is calculated as 0.5 percent of the net administrative budget. Note that the $3 million held in central reserves in FY2007 was previously shown under building and other expenditures (see Table 5 below).

C. Cost Reducing Measures

13. **The proposed MTB thus incorporates a number of measures, described below, which aim to ensure that the MTS priorities and objectives can be fully delivered, despite the tighter real resource envelope.** The measures involve both targeted reductions in costs and a general squeeze on budgets to encourage greater efficiency, while delivering a changing pattern of outputs to member countries and the global community, in line with the MTS.

14. **First, a major element of the proposed MTB is to shift resources, in relative terms, from "back office," primarily support activities, to "front line" work**. In this context, the MTB proposes the following measures.

- The ongoing examinations of support services, both the OIA zero-based review of support services and internal work within TGS, have identified considerable scope for cost reduction, mostly but not exclusively in non-staff costs—contractual services and procurement spending—while broadly maintaining current levels of service for next year. These measures will start to have an impact in FY2008, with enhanced cost reductions being achieved in the outer years.

- The first round of offshoring certain IT services that are already outsourced within the United States will also start reducing support service costs next year—again with greater savings being achieved in the two outer years.

- Some cost reductions will be secured from past and ongoing investments in IT projects—most of these will come from STA and TGS, with the rest from OBP. This is the return on past IT investments, with much of the savings arising from the lower numbers of clerical/administrative staff needed.

- In aggregate, some $8 million in savings from support services will be secured next year with larger savings in the two outer years. The precise amounts in the two outer years, and any consequent changes in policies on support services, will need to be considered further in the light of the ongoing OIA reviews.

15. **Second, management is continuing to pursue specific efficiency and cost reducing initiatives, many of which are directed at ensuring that Fund administrative policies and practices are in line with best practices of comparable institutions.**

- The Travel Policy Working Group will be making recommendations for changes to policies and practices on official travel—airline ticketing, hotel booking, daily subsistence allowances (per diem), and other elements of official travel. The aim will be to bring the Fund's policies more into line with standard business practices in other international financial institutions. For FY2008, some changes to the setting of per diem rates, (to cover meals and other expenses when staff are on official business) are envisaged. But the more substantive changes would involve changes to the way in which the Fund purchases air tickets and arranges business travel. The impact of any such changes will come mainly in FY2009 and beyond.

- Management has also commissioned a review of the Fund's separation policies and the financial provisions for such separations under the Separation Benefits Fund. For FY2008, the budget for the cost of staff separations will be set at $5 million: thus with the expiration of the Staff Restructuring Initiative, which was introduced in FY2007 to finance staff separation costs arising from the MTS and the creation of MCM, the financial provision for staff separations will be reduced from $9.7 million in FY2007 to $5 million in FY2008.

- In aggregate the savings generated from these sources will be about $6.5 million next year: but larger savings are expected in the two outer years, even before taking account of the further initiatives set out below.

16. **Looking forward to FY2009 and FY2010, with the ongoing program of cost reductions for support services already set in train, much of the focus will move to ensuring that administrative policies and practices are in line, as appropriate, with those in comparable international financial institutions.** Management has established a number of task forces and working groups, in addition to the Travel Policy Working Group, to review various aspects of such policies and programs. Their remits are summarized in Box 2. The objectives are to improve the design of these programs and ensure their long-run financial sustainability, as well as to temper the growth in their administrative costs. It is too early to assess potential savings arising from these reviews—and other reviews will likely also be undertaken (for example further zero-based reviews of departments).

17. **Third, all departmental and office budgets have now been agreed for FY2008: all groups —area departments, TA functional departments, other functional departments and support departments—face, to a varying extent, cuts in the real administrative resources available to them**. In line with modern budget practice, departments are given considerable flexibility on the application of their resources to different inputs. But, collectively, it is likely the number of staff years or Full-Time Equivalents (FTEs) will fall next year, as it has in each of the last two, as departments have to manage within increasingly tight budgets.

18. **The year-to-year changes in nominal departmental budgets in FY2008 vary both by broad category of department, and within each category from department to department, with much of the variation driven by MTS priorities and objectives.**

- On the one hand, the increase in nominal budgets for the area departments as a whole has been set only just below the levels needed to sustain their existing real resource base.[7] On the other, for the support departments as a group, nominal budgets fall—the figures will be provided in the forthcoming companion paper.

- Within the non-TA functional category, FIN and RES will see their budgets grow in real terms as additional resources are allocated to them for work on quotas and voice and multilateral surveillance, respectively. By contrast, the OIA zero-based review of PDR, plus the further changes generated by the implementation of the MTS, will result in the nominal PDR budget remaining flat in FY2008, and a decline in FTEs.

- The introduction of performance measures next year will also enhance budget monitoring capacity, including the ability to undertake better review and comparative analysis of the delivery of departmental business plans.

[7] This is after taking account of a technical adjustment made to devolve more responsibility for certain resident representatives expenses to area departments.

- In aggregate, the downward pressure applied to departmental budgets in FY2008 will yield some $9 million—exclusive of the further specific savings on support services identified above. For the outer years, as discussed below, it is intended that this general downward pressure on departmental budgets would remain firmly in place.

Box 2. Ongoing Management-Established Task Forces and Working Groups

- **The Task Force on the Reform of the MBP**, chaired by one of the Deputy Managing Directors, was established last year to address the relevant recommendations in the Employment, Compensation and Benefits Review (ECBR) and against the backdrop of the sizeable fluctuations from year to year in the financial health of the MBP. The task force is considering how to project and control medical costs more accurately, and how to slow their growth, while continuing to provide comprehensive coverage. The task force plans to complete its work during 2007 and to start implementing policy changes and some of the short-term administrative recommendations in FY2008, as discussed in Appendix I.

- **The Travel Policy Working Group** established last summer is undertaking a comprehensive review of the Fund's travel policies, administration, and business model against best practices. The working group, which has largely completed its work, is focusing its key recommendations: on the scope to leverage the Fund's purchasing power in order to secure more favorable arrangements in purchasing airline tickets; and the need to ensure that the systems for the purchase of hotel accommodation, and the basis for setting the per diem allowances paid to staff traveling on Fund business, operate in a cost effective manner.

- **The Task Force on SRP Reform**, chaired by one of the Deputy Managing Directors, and established last May, is reviewing the Fund's retirement benefits to see how the present approach, which will continue to provide the defined benefit scheme, can also be adapted to meet evolving staffing requirements. In this context, the task force is examining the level and service-based rate of accrual of benefits consistent with the relevant standards of competitiveness, and will determine whether changes may be needed—such as complementing the current pension system with a voluntary savings plan, and other measures that could facilitate benefits portability for short-term and mid-career appointments. This work is expected to be completed by this fall. The task force will then review and evaluate a change in the SRP remuneration base and the payment of pensions, comparing the current gross with a net-of-tax salary basis that would be accompanied by a tax allowance payment for any income tax paid on pensions.

D. Delivering the Strategy within the MTB

19. **Within the MTB envelope, the allocation of resources proposed for FY2008 is designed to enable the full delivery of the objectives of the MTS.**[8] The principal objectives of the MTS may be summarized as follows:[9]

[8] "The Managing Director's Report on the Fund's Medium-Term Strategy" (SM/05/332, Revision 1, 9/7/05); and "The Managing Director's Report on Implementing the Fund's Medium-Term Strategy" (IMFC/Doc/13/06/2, 4/14/06).

- **Modernizing the framework for surveillance and continuing to improve its effectiveness***,* through sharper and more focused surveillance, greater emphasis on the financial sector, increased stress on external stability, better analysis of spillovers through stronger multilateral and regional surveillance, and the streamlining of Article IV reports;

- **An enhanced role in crisis prevention in emerging market economies,** through strengthening the Fund's ability to diagnose vulnerabilities, greater focus on financial and capital markets, the broadening of the Consultative Group on Exchange Rate Issues (CGER) to include major emerging market currencies and consideration of a new liquidity instrument (the Reserve Augmentation Line). The Fund is also strengthening its preparedness for crisis management;

- **More effective engagement in low-income countries (LICs),** through new instruments (the Policy Support Instrument and the Exogenous Shock Facility), debt relief (Heavily Indebted Poor Countries and Multilateral Debt Relief Initiative), better policy advice and program design, a rigorous debt sustainability framework, clarifying the Fund's role in LICs as well as its interactions with donors, and improved coordination with the World Bank (Malan report);

- **A more integrated approach to capacity building***,* through better alignment of capacity building efforts within the overall Fund and country priorities, an enhanced role for area departments in setting priorities and better targeting of activities; and a more effective engagement in LICs (e.g., by full operation of the new regional technical assistance center in Africa—Central AFRITAC);

- **Governance reforms,** with consideration of a new quota formula and increase in basic votes; and an increase in staffing resources for Executive Directors elected by a large number of members; and

- **Putting the institution on a more stable financial basis,** through development of a new income model following the CEP report, in parallel with the implementation of real spending cuts as part of MTB/MTS and further budget reforms—including the introduction of Fund-wide performance indicators.

20. **At this juncture, the information available on the planned changes to the Fund's pattern of outputs and activities over the next three years is preliminary, as departmental business plans have not yet been finalized**. The present activity indicators, which do not fully capture the changing pattern of Fund work, are being replaced by new performance indicators as from FY2008 (and the specific proposals will be described in the relevant companion paper). The information on the allocation of Fund administrative expenditures, that is the input of staff, travel and support service resources, to outputs, the 4

[9] A more comprehensive discussion on how departments plan to implement the MTS objective and priorities is contained in the forthcoming paper on the Fund's departmental business plans.

KOAs and 12 constituent outputs is rather better; but there are some important changes between the FY2007 and FY2008 figures. A review of the existing systems for allocating staff time and other resources, and the scope for better matching them to the emerging pattern of Fund outputs and the introduction of performance indicators, led to changes in the way certain resources are allocated to the various outputs (Box 3). In part, the differences emerging in the initial figures for FY2008 are driven by these reclassifications, but in part they also reflect genuine shifts in the application of resources—making the FY2007 to FY2008 changes difficult to interpret.

21. **That said, and as noted in the companion paper on the FY2007 projected outturn, the information available for FY2007 suggests a reallocation of staff and other resources in line with MTS objectives is already taking place; and the initial figures from departmental business plans indicate these changes will be taken further in FY2008.** Table 4 provides a breakdown of the FY2008 gross expenditures by KOAs and by the 12 constituent outputs as they are emerging in departments' draft business plans. The following main developments can be, at least provisionally, identified at this stage:

- **Within a declining real administrative resource envelope, the FY2008 budget reallocates resources from back office activities to work on KOAs.** In practice, this implies shifting dollar resources—in relative terms—from support departments to area and functional departments. (OED and IEO expenditures are assumed to increase broadly in line with the external deflator.)

- **An increase in the share of administrative resources going to global monitoring and within that KOA, particularly to oversight of the international monetary system is envisaged in the emerging departmental business plans**. In part, this shift is a result of a reclassification of staff time and other resources, but it also reflects a redeployment of resources for increased work on quotas and voice and on general outreach—a priority under the MTS. The downward trend in the outer years reflects an anticipated peaking of work on quotas and voice in the next financial year.

- **The share of resources devoted to capacity building in FY2008 is expected to be slightly higher than in FY2007, but is then projected to fall a little over FY2009 and FY2010**. The FY2008 planned share takes account of the full operation of the Central AFRITAC next year. Over the remainder of the MTB, the prospective small fall in the share of administrative resources devoted to capacity building principally reflects the expected decline (in real terms) in the drawdown of donor funds, in line with the central estimate of receipts discussed in the next section. If, however, there were both higher availability of external monies for technical assistance work, and the capacity within the relevant departments to marshall the necessary resources (largely the services of short-term experts), there could be an increase in the share of resources devoted to capacity building.

- **The figures for both the country specific and regional monitoring and country programs and financial support KOAs are more difficult to interpret; are being further reviewed; and will be described in more detail in the separate companion paper**. The year-on-year fall in the share of resources being allocated to each KOA in FY2008 is driven principally by a reclassification. As is to be expected, the figures for country programs and financial support remain broadly flat over the remainder of the MTB period—since, by assumption, the number of Fund-supported financial and near programs is held constant. The rise in the share of resources going to country specific and regional monitoring in part reflects increased further application of resources to financial sector work.

Box 3. Further Changes to the Allocation of Administrative Expenditures to Output

A recent review has led to further changes in the allocation of gross expenditures to outputs, following the recommendations of the Second Task Force on Performance Indicators, and taking account of the new patterns of output emerging in the FY2008 departmental budget submission.

The reclassifications include:

(i) The task force determined that operational support to the Board of Governors and the IMFC is a final output of the Fund. Thus, it has been reclassified from Governance to Global Monitoring, in particular Oversight of the International Monetary System.

(ii) The administrative costs incurred by INS for the management of the Institute training program were reallocated from technical assistance to external training.

(iii) EXR has reclassified some of its support costs (mainly in the area of publications) into general outreach.

(iv) The allocation of building and other expenses has been revised on the basis of departmental budget submissions.

Examples of departments redeploying resources to meet new MTS priorities (some of which began in FY2007) include:

(i) EXR is putting more resources into general outreach and less into country work and general support activities.

(ii) FIN is shifting resources into income and quota work.

Table 4. Estimated Gross Administrative Expenditures by Key Output Area and Constituent Output, FY2007-FY2010 1/
(In percent share of total gross expenditures, excluding reserves)

	FY2007 2/ Estimated Outturn	FY2007 2/ Projected Outturn	FY2008 Budget	FY2009 Budget	FY2010 Budget
Global Monitoring	14.1	14.2	17.4	17.2	17.0
Oversight of the international monetary system	...	3.8	5.0	4.9	4.8
Multilateral surveillance	...	4.0	4.6	4.6	4.5
Cross-country statistical info. & methodologies	...	3.2	3.0	2.9	2.9
General research	...	0.1	0.4	0.4	0.4
General outreach	...	3.1	4.3	4.3	4.3
Country specific and regional monitoring	33.9	36.7	33.7	34.3	34.5
Bilateral surveillance	...	30.6	27.7	28.1	28.3
Regional surveillance	...	2.6	2.8	2.9	3.0
Standards and codes and financial sector assessments	...	3.6	3.2	3.2	3.3
Country programs and financial support	27.2	25.1	24.4	24.5	24.6
Generally available facilities	...	13.7	11.1	11.1	11.2
Facilities specific to low-income countries	...	11.4	13.3	13.4	13.5
Capacity Building	24.8	24.0	24.5	24.0	23.8
Technical assistance	...	20.0	17.4	16.9	16.8
External training	...	3.9	7.1	7.1	7.0
Total, excluding reserves	100.0	100.0	100.0	100.0	100.0
Memorandum items (in millions of U.S. dollars):					
Governance	96.1	92.6	90.6	93.2	97.5
Reserves 3/	3.0	n.a.	9.6	15.4	21.4
Total gross expenditures	980.2	955.5	993.8	1,009.7	1,031.1

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

1/ Because of the changes discussed in Box 3, the figures for FY2007 and FY2008 are not directly comparable.
2/ From FY2007, the Executive Board approves the net administrative budget, based on a central estimate of receipts, and an upper limit on gross expenditures, based on a higher estimate of receipts. Accordingly, there is no gross expenditure budget but rather a gross expenditure estimate.
3/ Includes the contingency and central reserves for FY2008; and the planning reserves for both FY2009 and FY2010.

22. **The indicative information for the two outer years of the MTB in Table 4 need to be interpreted with particular caution**. What is identified is the relative share of resources to be devoted to each output. In developing their business plans, departments faced a 3 percent real reduction in their budgets for FY2009 and FY2010. The combination of the overall budget policy stance—a 1 percent reduction against the external deflator and the assumed continued further 1 percent gap between the deflator and the rise in the Fund's internal costs—plus the application of a 1 percent efficiency tax to create higher reserves, effectively squeezed departmental budgets by around 3 percent in each of the outer years. While in reality there will be some release of resources from the planning reserves to departmental budgets, as the MTB is rolled forward, the tight stance for the outer years is intended to challenge departments to scrutinize activities and raise efficiency. But the release of resources from the reserves will also likely lead to further changes in the planned share of resources going to the different outputs.

E. The Proposed MTB by Input

23. The proposed FY2008 administrative budget by main input category shows a further small shift in the allocation of resources from building and other expenses towards the personnel and travel categories (Table 5). This shift in part reflects the measures, described earlier, to reduce the costs of support services—many of which are recorded in the building and other expenses category. But the shift also reflects the impact of relative price changes, as a gap remains between the projected price increase for personnel and that for other expenditure items. Since staff are largely a fixed factor of production in the short term, departments have typically tried to absorb the increase in the staff's unit costs (or standard costs, as described below) by reducing the other more variable production factors. The share of travel in gross expenditures is also budgeted to increase in FY2008, as departments have planned for higher outreach and TA-related travel (for example to the new AFRITAC).

24. **In FY2008, the Fund's overall internal costs are estimated to grow by slightly less than 4 percent (budget to budget), some 2 percent more than the underlying increase in the net administrative budget envelope**. The main driver of the Fund's internal cost structure is the projected increase in staff standard costs—essentially average staff salaries plus staff benefit payments. Box 4 describes the standard cost concept in more detail and how it is computed. Standard costs for staff are estimated to increase by about 4 percent in FY2008, relative to the FY2007 budget figure, while both travel costs and the cost index for the buildings and other expenses category are assumed to rise in line with the external deflator (by 2.7 percent).

25. **The projected rate of increase in the Fund's standard costs for FY2008 is based on working assumptions about a number of decisions that the Executive Board will be asked to take by the end of the current financial year**—in particular, the 2007 staff compensation award and the annual budgetary contributions to the SRP; and the MBP. These are described in Appendix I. As at this stage last year, there is still some uncertainty on the

outcome of the Board's discussion, for example on the staff compensation award, and the final figures for the comparatio and recovery rate.[10]

Table 5. Administrative Budget by Major Expenditure Category, FY2007-FY2010
(In millions of U.S. dollars, unless otherwise indicated)

	FY2007				FY2008		FY2009		FY2010	
	Budget	Percent Share 2/	Projected Outturn 1/	Percent Share 2/	Budget	Percent Share 2/	Budget	Percent Share 2/	Budget	Percent Share 2/
I. Personnel	700.2	71.9	712.1	73.1	723.1	73.5	735.5	74.0	748.0	74.1
Salaries	407.5	41.8	405.0	41.6	424.6	43.1	430.4	43.3	436.7	43.3
Benefits	292.7	30.0	307.1	31.5	298.5	30.3	305.1	30.7	311.3	30.8
II. Travel	97.0	10.0	91.6	9.4	100.5	10.2	100.4	10.1	98.1	9.7
III. Building and other expenditures	171.9	17.6	165.3	17.0	160.6	16.3	158.4	15.9	158.2	15.7
IV. Annual Meetings	5.0	0.5	5.4	0.6	0.0	0.0	0.0	0.0	5.4	0.5
V. Reserves 3/	6.0	0.6	0.0	0.0	9.6	1.0	15.4	1.5	21.4	2.1
Gross Expenditures	980.2	100.6	974.5	100.0	993.8	101.0	1,009.7	101.5	1,031.1	102.1
Receipts	-68.3	-7.0	-66.9	-6.9	-71.4	-7.3	-71.7	-7.2	-71.7	-7.1
Net Administrative Budget	911.9	93.6	907.6	93.1	922.3	93.7	938.0	94.3	959.4	95.0

Source: Office of Budget and Planning.

Note: Figures may not add to totals due to rounding.

1/ Includes the additional contribution to the SRP Service Credit Program, as described in EBAP/07/41. Note that, excluding this additional contribution, the share of personnel in gross expenditures allocated to outputs is projected at 72.5 percent.
2/ Percent of gross expenditures allocated to outputs (gross expenditures less reserves).
3/ Includes the contingency and central reserves in FY2008 and the planning reserves in FY2009 and FY2010. Note that the $3 million held in central reserves in FY2007 was previously shown under III. Building and other expenditures.

[10] These concepts and their interrelation in determining the budgetary allocation for salary are discussed in Box 2 of EBAP/07/41.

Box 4. The Computation of Standard Costs for Staff Resources

- Until FY2002, the costs of staff in open-ended and limited-term positions were budgeted for in terms of staff years per department—not dollars. All personnel costs were paid out of centrally-held accounts.

- In FY2003, the concept of a standard cost for personnel was introduced into the dollar budgets of departments. The aim was to provide departmental budget managers with an estimate of the staff costs—their main cost of operation—and to provide flexibility in allocating different resources (staff, experts, contractual employees, travel and other costs) in the delivery of outputs.

- The use of a standard (rather than actual) cost ensures that departments have no financial incentive to differentiate between staff on the basis of salary level, gender, nationality, or benefit entitlement.

- The calculation of standard costs involves two steps: (i) the projection of the average salary for three groups of open-ended and limited-term staff (grades A1-A8, A9-A15, and B1-B5); and (ii) determination of average benefits relative to salaries in each group. Within the B1-B5 category, a separate calculation is made for Fund Executive Director employees, who have a lower and more variable (given the smaller number of staff) unit-cost than equivalently-graded staff.

- The average salary is calculated by taking the estimated total salary paid to each group for the present budget year, and dividing it by the assessed full-time equivalent in each group. This figure is then escalated by an assumed increase in salaries for the coming year.

- The average benefit is calculated by estimating the cost of the main benefits and allowances in the current budget year (including Medical Benefit Plan contributions, Staff Retirement Plan contributions, Group Life Insurance, home leave, education allowance, tax allowance, spouse and child allowance, and settlement allowances) and dividing it by the assessed FTEs in each group. The average estimated benefit is then escalated by the projected increase in the cost of such benefits in the coming year.

- The computations for the FY2008 standard costs are available on OBP's web page.

III. Gross and Net Administrative Expenditures

26. **The FY2008 central estimate of Fund receipts is $71.4 million—a 4.5 percent increase over last year's budget central estimate (Table 6).**[11] This increase is mainly driven by a higher expected availability and drawdown of external financing, relative to FY2007. The main factors are as follows:

- The third AFRITAC will come fully into operation next year: the associated administrative expenditures will be some $5 million in FY2008, of which $4.5 million will be externally financed by donors and the host country, accounting for most of the increase in receipts projected for FY2008. A further addition to external receipts will come with the new India Training Program.

- Other receipts items, however, including revenues generated from travel commissions and the Concordia apartments, are projected to be less buoyant in FY2008.

- Specifically, the projected travel commissions and rebates assume the continuation of the current budget figure (despite higher than expected receipts in FY2007). Given the uncertainty on future ticket purchasing arrangements, it seems prudent to assume a lower figure than the unexpectedly higher amounts collected in FY2007.

- The lower figure for receipts from the Concordia apartments reflects the need for a refit of certain apartments and thus reduced availability for rental.

- Over the remainder of the MTB period, the receipts from all sources are projected to remain broadly flat in nominal terms.

- The figures for external finance (predominantly for capacity building work) in FY2009 and FY2010 have been estimated following detailed consultations with OTM and each of the TA functional departments. All emphasize the considerable uncertainty on the projections. As noted above, a figure for external finance nearer the upper limit could raise the volume of capacity building work and its share of total Fund outputs.

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[11] The central estimate of Fund receipts is the difference between the net administrative budget (financed from the Fund's net income) and the Fund's gross administrative expenditures (the budgetary aggregate relevant for the delivery of the Fund's outputs).

Table 6. Receipts, FY2007-FY2010
(In millions of U.S. dollars)

	FY2007	FY2008		FY2009	FY2010
	Central Estimate	Central Estimate	Upper Limit	Central Estimate	Central Estimate
Externally Financed Technical Assistance	40.1	44.5	48.9	44.6	44.8
Direct Costs	35.6	39.4	43.4	39.6	39.6
Support Costs 1/	4.5	5.0	5.5	5.1	5.1
Scholarships (including administrative fees)	5.1	5.1	5.1	5.1	5.2
Fund-sponsored sharing agreements 2/	6.6	6.3	6.3	6.0	5.9
Publications income	4.0	4.0	4.0	4.1	4.1
Concordia apartment	2.7	2.1	2.1	2.4	2.6
Travel commissions	5.0	5.0	5.0	5.0	5.0
Other miscellaneous reimbursements 3/	2.6	2.4	2.4	2.4	2.2
Parking	2.1	2.0	2.0	2.0	2.0
Total	68.3	71.4	75.9	71.7	71.7

Source: Office of Budget and Planning.

Note: Figures may not add due to rounding.

1/ Includes the payments the Fund receives from donors towards administrative costs of providing externally financed technical assistance.
2/ Includes reimbursements principally from the World Bank for administrative services provided under sharing agreements, including the Joint Bank/Fund Library and the Bank/Fund Conference Office.
3/ Includes reimbursement from overseas offices and revenue and funding from a number of agreements with donors, interest and rent from HQ2 commercial leases.

IV. THE MEDIUM-TERM CAPITAL BUDGET

27. **Each year the Executive Board is asked to approve a capital appropriation for new building facilities and IT projects starting in the forthcoming budget year.** The appropriations have a three year lifetime: if a project is not completed, renewed Executive Board authority must be sought for any further expenditures. The capital budget is set within a three-year capital plan, that includes the start date and full cost of all capital projects envisaged over that period. Box 5 summarizes the main components of the capital budget.

Box 5. The Fund's Capital Budget: An Overview

The capital budget comprises projects under three categories: building facilities, information technology, and major building works.

- Building facilities comprise regulatory, replacement, and new facility projects. *Regulatory project*s are mandated by changes to building codes or industry regulations (e.g., changes in the fire code for office buildings), or are considered to be essential for the protection of Fund staff and property. *Replacement projects* provide for the replacement of building structures or equipment that is at the end of its useful life. *New facility projects* providing new functions or capacity within the existing headquarters building (such as the FY2002 reconfiguration of office and cafeteria space to accommodate the child care center) also fall under this category, but are less frequent.

- The purchase of information technology microcomputers, servers and other infrastructure equipment, and similar IT projects have been a part of the capital budget since FY1988. Since FY2000, the Executive Board approved the inclusion of major software development projects in the capital budget, in line with standard public and private sector practices.

- The construction of HQ2 was the only major building works project in recent years; none is planned looking forward.

The IT capital program in the Fund is overseen by the Chief Information Officer (CIO). He is supported directly in this capacity by the Committee on Business and Information Technology, a group of senior staff from various departments that is chaired by management, which assists in the review and prioritization of projects. The IT capital budget comprises four categories of project.

- Projects in the *Enterprise Information Program* are dedicated to the core work of the Fund, such as economic data management, document management and production, publications and information services (including communications), and economic and other data transfer with member countries.

- The *Administrative and Financial Information Program* comprises projects that enhance the Fund's administrative, financial and human resource application systems.

- Underpinning both of the above programs is the *Infrastructure and Connectivity Program.* Projects in this category are designed to sustain and improve the Fund's network, remote access capabilities, and overseas IT connectivity. This program also covers the purchase of new and replacement desktop and network computing equipment and communications links.

- *Strategic projects* are included in the IT Planning and Management Program. These are projects that affect the entire IT function, or that fundamentally shift the way in which IT is delivered.

The capital budget procedures in place have remained unchanged since the major reforms in FY2003. Project duration and funds are limited to three years, and funds lapse that are not spent within this time frame. For projects that extend longer than three years, it is necessary to make separate appropriations.

Cost benefit analysis (CBA) and other related requirements are applied to both major building works and major IT system development projects (with a value in excess of $500,000). Even if projects qualify as eligible capital expenditures and have been satisfactorily appraised under a CBA and other tests, they are only included in the capital plan to the extent that the resource envelope allows.

28. **Executive Board approval is sought for an appropriation of $46.6 million for capital projects beginning in FY2008 (Table 7).** The proposed appropriation would continue the downward trend in capital budget appropriations that began in FY2007 (Figure 2). The FY2008 capital budget appropriation is lower than the FY2007 appropriation; and the three-year capital plan for FY2008–FY2010 reflects a nominal reduction of 2.1 percent, or $3.0 million, relative to the medium-term capital plan for FY2007–FY2009. The detailed proposals including the full list of projects envisaged are set out in Appendix II. To provide perspective, Table 8 and Figure 3 provide information on capital expenditures over the last ten years.

Table 7. Medium-Term Capital Plans, FY2007–FY2008
(In millions of U.S. dollars)

	FY2007	FY2008	FY2009	FY2010	Total
	FY2007 Current Plan				
Building Facilities	19.8	20.6	14.3		54.7
Information Technology	28.3	26.0	32.0		86.3
Total	**48.1**	**46.6**	**46.3**		**141.0**
		FY2008 Proposed Plan			
Building Facilities		20.6	15.2	19.0	54.8
Information Technology		26.0	31.5	25.7	83.2
Total Requested		**46.6**	**46.7**	**44.7**	**138.0**

Source: Office of Budget and Planning.

Figure 2. Capital Budgets, FY2006-FY2010

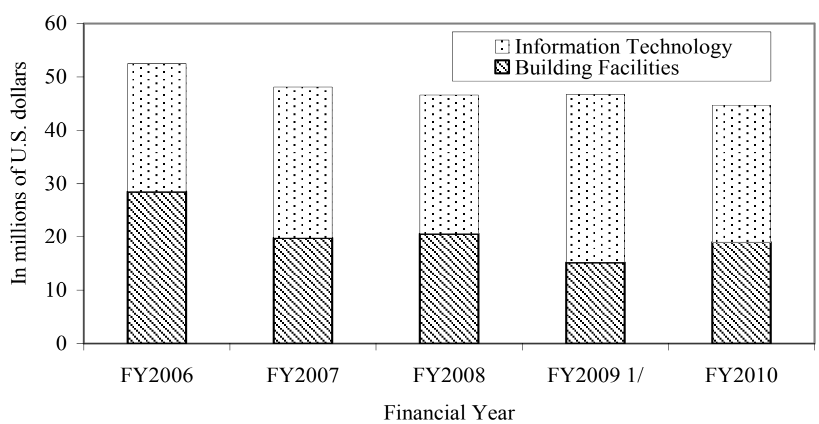


Table 8. Outturn and Projected Capital Expenditures, FY2000–FY2010 1/

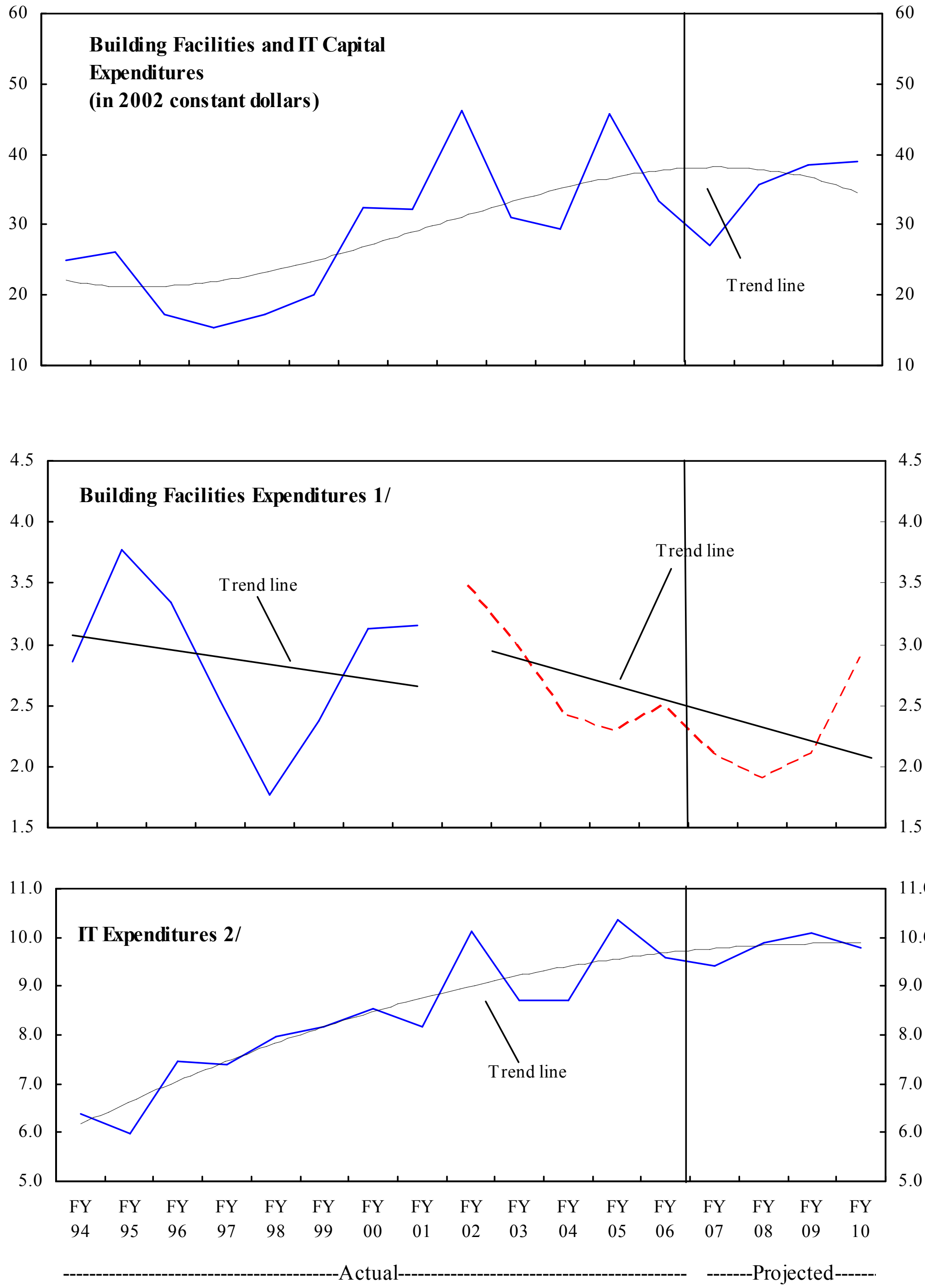
(In millions of U.S. dollars)

	Outturn							Estimated	Projected		
Major Program Area	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Building Facilities	12.4	15.9	22.9	14.0	14.3	30.6	21.0	18.8	26.4	22.4	21.7
Budgets approved prior to FY2008	12.4	15.9	22.9	14.0	14.3	30.6	21.0	18.8	20.1	5.3	
FY2008 Budget									6.3	10.7	3.2
Medium-term FY2009-FY2010 Plan										6.4	18.5
Information Technology (IT)	18.6	15.8	30.7	24.8	21.5	34.2	26.9	25.4	29.4	31.7	30.0
Budgets approved prior to FY2008	18.6	15.8	30.7	24.8	21.5	34.2	26.9	25.4	16.6	4.7	
FY2008 Budget									12.8	11.6	1.5
Medium-term FY2009-FY2010 Plan										15.4	28.5
Total Building Facilities and IT	31.0	31.7	53.6	38.8	35.8	64.8	47.9	44.2	55.8	54.1	51.7
Major Building 2/	8.5	3.0	7.9	13.5	52.4	61.2	7.0	4.9	0.1	0.0	0.0
Budgets approved prior to FY2008	8.5	3.0	7.9	13.5	52.4	61.2	7.0	4.9	0.1	…	…
Total Capital Expenditures	39.5	34.7	61.5	52.3	88.2	126.0	54.9	49.1	55.9	54.1	51.7

Source: Office of Budget and Planning.

1/ Expenditures reflect disbursements against budget approvals, which for capital items have a life of three years.
2/ Includes HQ Phase III and HQ2.

Figure 3. Building Facilities and IT Expenditures, FY1994-FY2010



Source: Office of Budget and Planning.
1/ Three-year moving average as a percent of physical assets. Starting in FY 2001 asset base included Phase III.
2/ As a percent of total IT administrative and capital expenditures to net administrative and capital budgets.

29. **The lower planned level of capital expenditures over the medium term, in part, reflects the near completion of security-related capital projects authorized by the Executive Board after the September 11 2001 attacks.** Investments to secure the Fund's overall business continuity plan were made in: (i) physical building security; and (ii) the IT High Availability program. These initiatives are in the final stages of completion; no further budget appropriation will be sought, beyond that already included in the FY2007–FY2009 medium-term capital plan.

30. **However, the appropriation proposed for FY2008 also reflects an intention to hold the capital budget broadly constant in nominal terms, while the two key benchmarks, that have constrained the overall size of capital expenditures in recent years, are reviewed.** Since FY2003, the overall size of the capital budget has effectively been capped relative to certain benchmarks. For building facility capital projects (very largely capital maintenance), the annual appropriations have been capped at 3 percent (on a moving average basis) of the asset value for the main headquarters building (HQ1)—an industry-wide norm for buildings of the age and type of HQ1. For total IT expenditures, a cap was set at 11 percent of the Fund's aggregate net administrative and capital budgets—a benchmark based on the practices of other major financial institutions. These benchmarks will continue to cap total capital appropriations for FY2008.

31. **Both benchmarks are now under review.** The 3 percent benchmark used to guide capital facilities spending on HQ1 needs to be reexamined in light of the addition of the HQ2 building to the Fund's physical asset base (although no significant capital maintenance spending is anticipated for some time). The benchmark presently used to guide total IT spending also needs to be reviewed given changes in the industry, such as increasing offshoring of the support for certain IT functions. Both benchmarks will be revised in FY2008 and a new approach will be used to guide the development of the FY2009–FY2011 medium-term capital plan. Thus, the proposals in Table 7 for new capital projects in FY2009 and FY2010 should be considered as provisional, subject to the completion of this review.

32. **In addition to assessing the overall size of the capital budget against external benchmarks, the FY2008—FY2010 capital budget and medium-term plan also reflect the continuing careful scrutiny of individual capital projects.** Building facility capital projects are evaluated based on need, urgency, and contribution to the life of the building. IT projects are evaluated on the strength of their cost-benefit analysis, and the return on investment, that they are expected to generate (Box 6 explains the considerations taken into account).

Box 6. The Assessment of Individual Capital Budget Projects

Determination of the Capital Budget Limits

The resource envelopes for the two ongoing components of the Fund's capital budget—IT and building facilities—have been derived with reference to benchmarks, as described in the text. However, these benchmarks establish upper limits and not the precise size of the budget needed. A valid business case has to be established for each and every project included in the capital plan.

Vetting Projects for Inclusion in the Capital Plan

All proposed IT projects are reviewed by the relevant IT committee (see Box 12 in Appendix II) in terms of their costs and benefits prior to being considered for inclusion in the IT medium-term capital plan. Of the $102.6 million in IT capital projects submitted for FY2008-FY2010, this review reduced the request to $84.0 million.

All IT projects (excluding equipment replacement) are subject to cost benefit analysis as follows:

(i) an estimate of all costs by financial year over the useful life of the investment (including administrative, staffing, and capital costs) less the estimated terminal value of the investment at the end of its useful life;

(ii) an estimate of all quantifiable benefits;

(iii) a statement of all nonquantifiable or non-financial benefits;

(iv) a statement of key assumptions, including calculations and price increase assumptions;

(v) a discounting (net present value) of the costs and benefits for projects of $1 million and greater; and a payback analysis for projects under $1 million; and

(vi) a sensitivity analysis by varying key assumptions and applying different discount rates.

For building facilities capital projects, a similar review mechanism to evaluate individual projects is not appropriate. Rather, TGS, as the Fund's facilities manager, identifies the scale and nature of the proposed project—whether driven by regulatory, security, capital maintenance or equipment redundancy considerations. Priorities are established in consultation with OBP.

Vetting Projects at the Time of Releasing Funds

Approved projects receive financing in tranches designed to match the needs of the project on the one hand, and the overall efficient use of budgetary resources on the other. Financing releases do not occur automatically, but instead require up-to-date information to be provided to OBP on the status of the particular project, including, where necessary, a revised cost-benefit analysis.

V. Financing Administrative Expenses

33. **Table 9 brings together the proposals on the medium-term administrative and capital budgets described above, and translates them into the concept of administrative expenses as used in the Fund's financial statements**. The difference between the administrative and capital budgets, and the administrative expenses as in the Fund's financial statements, are described in Box 7. Table 9 also shows the impact of projected recorded administrative expenses on the Fund's net income in FY2007: further information will be presented in the forthcoming staff paper on the income position, to be discussed at the Board at the same time as the budget proposal. The data in the Fund's financial statements are expressed in SDRs: to facilitate comparison, these data are converted to U.S. dollars in the table.

Table 9. Projected Net Income and Administrative Expenses, FY2007–FY2010
(In millions of U.S. dollars, unless otherwise indicated)

	Est. Outturn	Projected		
	FY2007	FY2008	FY2009	FY2010
Net administrative budget	908	922	938	959
Add: Capital budget items not capitalized 1/	26	29	27	35
Depreciation expense 1/	33	34	35	36
A. Administrative expenses after capital-related adjustments	967	986	1,000	1,030
Percent change over previous year	3.5	2.0	1.4	3.0
B. Income sources 1/	806	767	735	632
Income from lending operations 2/	358	231	200	111
Investment and other income	448	536	536	521
C. Income surplus/shortfall (B-A)	-161	-219	-265	-398
Memorandum items:				
Capital expenditures (budget definition)	49	56	55	52
Capital-related expenses (accounting definition)	59	63	62	70
Assumed U.S. dollar/SDR exchange rate	1.49	1.50	1.50	1.50

Sources: Office of Budget and Planning; and Finance Department.

Note: Figures may not add to totals due to rounding.

1/ "Review of the Fund's Income Position for FY2007 and FY2008" (forthcoming).
2/ Includes the margin for the rate of charge (108 basis points), surcharge income, and services charges.

Box 7. Administrative/Capital Budgets and Administrative Expenses

The Fund's administrative budget (used for budgeting purposes) differs from the concept of the Fund's administrative expenses (used for financial reporting purposes). Many institutions do not use the same concepts for budgeting and financial data, reflecting their different respective purposes. In line with established best practice, however, this box provides a reconciliation between the two concepts.

The definition of administrative expenses used by the Fund in its financial statements accords with International Financial Reporting Standards (IFRS). Two types of adjustment are required to translate from the administrative budget figures into administrative expenses: first to reflect an appropriate treatment of capital items; and second to capture certain accounting differences.

As regards capital expenditure, the administrative expenses reported under IFRS must include:

- depreciation expenses for capitalized assets; capital assets are depreciated over periods reflecting their useful lives: major buildings, such as HQ2, are depreciated over 30 years; IT equipment is depreciated over 3-5 years; and
- certain "capital" budget items, which are not capitalized under the Fund's accounting treatment, are expensed directly in administrative expenses in the year that the disbursements are made.[12]

34. **The key points on administrative expenses are as follows:**

- The FY2007 estimated outturn for capital budget expenditures is $49 million. Of this, $23 million will be capitalized on the Fund's balance sheet. The remaining $26 million, which includes expenditures on renovations and repairs, security enhancements, and some IT development work, will be expensed directly.
- In addition, a depreciation charge of $33 million related to assets capitalized in previous years will also be expensed.
- Thus, the capital element to be included in overall administrative expenses in FY2007 is $59 million compared with the capital budget expenditure figure of $49 million.
- With the projected outturn for the net administrative budget in FY2007 of $908 million, administrative expenses, including capital-related adjustments, are thus estimated to be $967 million.

[12] Examples of such items include some repair work and those below a threshold of $100,000.

35. **Thus, under the proposed administrative and capital budget, the Fund's administrative expenses are projected to increase at an average annual rate of 2.1 percent**.

36. **In the budget paper, staff are also required to provide estimates of the expenses associated with the administration of the Multilateral Debt Relief Initiative (No.1 Trust), Poverty Reduction and Growth Facility-Exogenous Shocks Facility Trust (PRGF-ESF) and the SDR Department**.[13]

- The estimated cost of administering the MDRI-I in FY2007 is SDR 2.3 million, compared to a budget estimate of SDR 1.7 million. For FY2008, the projected cost is SDR 1.6 million.

- The estimated cost of administering the PRGF-ESF Trust account in FY2007 is SDR 48.4 million, compared with a budget estimate of SDR 58.0 million. The projected cost for FY2008 is SDR 50.2 million.

- The estimated costs of administering the SDR Department in FY2007 is SDR 1.0 million, compared to a budget estimate of SDR 1.3 million. For FY2008, the projected cost is SDR 1.3 million.

[13] Under Article V, Section 2(b). In recent years, the Board has decided not to seek reimbursement for the costs of administering the PRGF-ESF Trust. See, for instance, "Review of the Fund's Income Position for FY2007 and FY2008."

VI. PROPOSED BOARD DECISIONS

1. **The following draft decisions, which may be adopted by a majority of the votes cast, are proposed for Executive Board approval.** Decision No. 1 sets out both a net budget and a ceiling on gross administrative expenditures that cannot be exceeded without Executive Board approval. Expenditures by the Executive Board and the Independent Evaluation Office, for which estimates are included in the budget, will be monitored and reported by OBP.

Decision No. 1

Administrative Budget for Financial Year 2008

1. Appropriations for net administrative expenditures for FY2008 are approved in the total amount of $922,300,000.

2. A limit on gross administrative expenditures is approved in the total amount of $998,200,000.

3. Any commitment going beyond the above amounts will be submitted to the Executive Board for approval.

Decision No. 2

Capital Budget for Projects Beginning in Financial Year 2008

1. Appropriations for capital projects beginning in FY2008 are approved in the total amount of $46,600,000 and are applied to the following project categories.

I. Building facilities	$20,600,000
II. Information technology	$26,000,000

APPENDIX 1
THE EXECUTIVE BOARD DECISIONS ON STAFF STANDARD COSTS

37. The increase projected in the Fund's standard costs for FY2008 is based on working assumptions about a number of decisions, that the Executive Board will be asked to make by the end of the current financial year. These comprise:

- the 2007 staff compensation award;
- the annual budgetary contributions to the SRP;[14] and
- the annual contribution rate (which also determines the Fund budgetary contribution) to the Medical Benefits Plan.

38. The proposed budgetary contribution to the RSBIA is not a separate decision, but it is adopted by the Executive Board as part of the proposed administrative budget.

Staff Salaries

39. The working assumption is that the overall salary bill will increase by some 4 percent (budget-to-budget). This is based on management's emerging proposals on the 2007 staff compensation award which will be discussed by the Executive Board after the 2007 Spring Meetings. Management's proposals will reflect the application of the new index for the compensation system and the methodology for calculating the comparatio adjustment, which together determine the merit pay envelope (Box 8). Pending the Executive Board's decisions, this figure also reflects staff's preliminary assumptions about the extent to which the comparatio adjustment will be offset by the recovery rate.

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[14] The decision on the annual contribution rate is taken by the Executive Board on the recommendation of the Pension Committee. The total contribution to the plan, including voluntary budgetary contributions, is adopted as part of the decision on the budget.

Box 8. New Index for the Compensation System and Merit Pay Envelope

As part of the ECBR, in April 2006, the Executive Board adopted a salary indexation formula to be used in the second and third years of the three-year compensation cycle.

Last year management established a working group to analyze the suitability of various indices in tracking salary developments in the Fund's comparator markets. A parallel working group was also established to review the mechanism and procedures by which adjustments to the salary structure are translated into the actual salary increases of staff (i.e. , the comparatio adjustment).

These groups' findings and recommendations were presented to the Executive Board in an informal meeting in January 2007. It is proposed that formal decisions be taken on a lapse of time basis.[15] The key recommendations are as follows:

- Fund salaries will be indexed to a weighted average of the U.S. Federal Government wage increase for the current calendar year, and the increase in salaries of Exempt Salaried employees reported for the current calendar year in the Annual WorldatWork Salary Budget Survey.

- As to the determination of the merit pay budget, staff confirmed the appropriateness of the comparatio adjustment but recommended a change in the contribution methodology to better integrate the merit envelope with the administrative budget.

The above decisions will form an integral part of management's proposal for the 2007 annual staff compensation award.

SRP

40. The proposed FY2008 administrative budget includes a contribution to the SRP of $86.2 million, equivalent to 14 percent of staff pensionable gross remunerations (PGR), consistent with the current funding arrangement.[16] The favorable recent return on assets, combined with a change to the asset valuation method and certain demographic assumptions, approved by the Pension Committee last year, were reflected in the April 30, 2006 actuarial valuation of the plan. The valuation results indicate that the required contribution rate, set as a percentage of the PGR, needed to match assets and projected liabilities is relatively low. The figure to be applied for the FY2008 budget is 3.8 percent vis-à-vis the 20.09 percent

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[15] "Staff Compensation—Indexation and Merit Pay" (EBAP/07/37, 3/20/07).

[16] The PGR reflects the application of a tax grossing-up formula to staff net salaries. This is then used to determine both the Fund's and participants' contributions to the Plan. For the purposes of setting the FY2008 contribution estimate, the PGR was determined by OBP in consultation with HRD and FIN using actual year-to-date PGR for FY2007 and adjusting for certain assumptions on salary increases, turnover, and participant growth for the remainder of FY2007 and for FY2008.

contribution rate required in FY2007. The current funding arrangement and the changes in the asset valuation method and assumptions are described in Box 9.

41. Accordingly, a contribution of $23.4 million, will be paid directly into the main SRP (that is 3.8 percent of the PGR) and the residual $62.8 million (that is 10.2 percent of the PGR) will be paid into the SRP reserve account. This will raise the voluntary reserve, which at $36.6 million as at end FY2007 will be at its lowest level in seven years, to close to $100 million.[17]

42. The proposed FY2008 administrative budget also provides for the last payment ($2.1 million) required to discharge in full the Fund's share of the cost of the SRP Service Credit program.[18] This last payment, along with the $19 million that is proposed for FY2007, will reduce the Fund's total payments by approximately $6.8 million, compared with the seven-year amortization schedule now in place.[19]

RSBIA

43. A contribution of $39 million to the RSBIA is proposed for FY2008. The changes in the actuarial assumptions and methods adopted by the Pension Committee for the SRP have been extended to the RSBIA, so as to place both plans on the same footing. Prior to application of the new assumptions and methods, the expected contribution for FY2008 was $41.0 million. Under the new methodology, and again as a result of favorable investment performance, the indicated funding level for FY2008 is $31.4 million. Despite the lower figure that could be paid this year consistent with the current funding policy, staff recommend that the RSBIA funding level for FY2008 be held constant at $39 million, as in FY2007, pending completion of a further review of the RSBIA and the current funding approach (already underway).

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[17] "The Fund's Contribution to the Staff Retirement Plan in FY 2008" (RP/CP/07/4, 3/28/07), Table 1.

[18] This program was described in Box 1 of the February paper to the COB (EB/CB/07/1). See also RP/CP/07/4, 3/28/07.

[19] Any future liability increases or decreases related to this program will be combined with the SRP's regular benefit liabilities and reflected in the SRP regular annual contribution rate.

Box 9. SRP: Current Funding Arrangement and Changes in Asset Valuation Method

Current funding arrangement—A revised funding framework was endorsed by the Pension Committee and adopted by the Executive Board in 2004 with a view to stabilizing and smoothing the Fund's annual budgetary contribution to the SRP.

Under this framework, the Fund's administrative budget is to contribute 14 percent of PGR in FY2005 and at least for the following two years.[20] Should the Actuary recommend a contribution rate exceeding 14 percent in any year, the balance would be drawn from the SRP's reserves, accumulated from voluntary contributions made by the Fund from FY 1998 through FY 2003, or, were the reserve exhausted, from the administrative budget.[21] Symmetrically, in years when the Actuary's recommendation is less than 14 percent, the Fund would contribute 14 percent with the amount in excess of the Actuary's recommendation being used to replenish the reserve.

During the Pension Committee's recent five-year review of actuarial assumptions, it was agreed not to revisit the 14 percent norm on that occasion, and that the lower required contribution resulting from the changed asset valuation method and actuarial assumptions presented an opportunity to replenish the reserve account.[22]

Changes in asset valuation and actuarial assumptions—In October 2006, the Pension Committee approved the Actuary's recommendations following its five-yearly review of the SRP actuarial assumptions and methods.[23] The key recommendations were to change the averaging method used to value the Plan's assets to spread over five years unexpected, rather than total, SRP asset gains and losses, i.e., those above or below the assumed rate of return on assets (7.5 percent); and to contain the actuarial valuation of assets within a corridor of 90 percent to 110 percent of the market value of the Plan's assets.

The above changes were made so that the actuarial asset value would more closely track the market value of assets, while avoiding excessive volatility in the Fund's annual contribution rate. Assumptions for rates of mortality, retirement, and separation before retirement were modified to reflect actual and anticipated Plan experience. The changes in the asset valuation method and actuarial assumptions were incorporated in the April 30, 2006 actuarial valuation, which serves as the basis for the FY2008 staff and budgetary contributions.

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[20] The funding framework reflects a 2:1 contribution ratio for the Fund and participants, i.e., the Fund contributes 14 percent and participants contribute 7 percent. "The Fund's FY 2005 Contribution to the Staff Retirement Plan" (EBAP/04/31, 3/25/04).

[21] "Voluntary contributions" of 5 percent or 7 percent of gross remuneration (depending on the year) were recommended by management and the Pension Committee, and approved by the Executive Board, in each of the years when the Fund was not required to contribute to the Plan. The voluntary contributions were made, in part, to demonstrate the Fund's continuing commitment to maintaining the strong financial position of the Plan, and, during the initial years, to dampen the effect of the fall in the contribution rate on the Fund's administrative budget. During this period, participants continued to contribute at their normal rate of 7 percent of PGR. The voluntary contributions have been paid into the Plan and they constitute a part of the Plan's assets; they are not available to the Fund for other purposes. These contributions were lower than the normal contribution of 14 percent since the contribution framework approved in 2004 was not in place during 1998 to 2003.

MBP

44. Finally, the budget provides for the proposed increase in the Fund's contribution to the MBP. This proposal, which will be put forward to the Executive Board on a lapse of time basis, is a further step toward ensuring a more stable funding regime for the MBP and rebuilding the MBP reserve. These changes are described in more detail in Box 10.

Box 10. MBP: Proposed Funding Changes

The Management-led Task Force on the MBP has proposed several modifications to the methodology for assessing the required funding for the Plan each year.

The first change is to redefine the MBP reserve, which is currently set as a target ratio of the Plan's actual expenses (cash flow), by creating two separate but additive components. The first component would be determined as a target percentage of claims incurred but not yet reported (IBNR); the second (additional component) would be to set a stabilization reserve, to help cope with fluctuations in monthly claims.

According to accepted actuarial practice, adopting this methodology would permit a target reserve reduction from the existing 20-30 percent (of paid expenses). To illustrate the difference, based on preliminary cost data, the change in methodology would reduce the projected FY2007 target reserve from \$10–\$15 million to \$8-\$9 million.

An income-based contribution schedule will be maintained for the MBP, but the task force has also recommended permanently eliminating the linkage between the MBP's contribution schedule and the Fund's salary scale (the linkage was temporarily suspended in FY2007).

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[22] RP/CP/Mtg/06/2, 10/26/06.

[23] The actuarial methods were adopted in 1986 and most recently reviewed and approved, with some modifications to the asset valuation method, in 2006. See "Staff Retirement Plan—Actuarial Assumptions and Methods" (RP/CP/06/11, 10/12/06).

APPENDIX II
FY2008 CAPITAL BUDGET AND THE MEDIUM-TERM CAPITAL PLAN

45. **Executive Board approval is sought for an appropriation of $46.6 million for capital projects beginning in FY2008.**[24] The proposed appropriation provides for expenditures over the next three years of $20.6 million for specified projects on building facilities, including the final phase of the security enhancements, and $26.0 million for information technology (IT) projects.[25] No provision is sought for major building projects—the HQ2 building has been completed, and a final report will be provided shortly.

46. **The medium-term capital plan sets out the budgets for all new capital projects scheduled to start in each of the next three years**. The plan for FY2008—FY2010 envisages a continued decrease in capital budgets, relative to the two previous three-year plans (Table 10). In part, the decrease reflects the near completion of security-related capital projects. But it also reflects the decision to hold the capital budget generally constant in nominal terms, pending the update in FY2008 of the two key benchmarks which are used to guide overall capital spending requirements.

Table 10. Capital Plans, FY2006-FY2008
(In millions of U.S. dollars)

	FY2006	FY2007	FY2008	FY2009	FY2010	Total
		FY2006 Plan				
Building Facilities	28.5	26.2	25.5			80.2
Information Technology	24.0	23.4	20.8			68.2
Total	**52.5**	**49.5**	**46.3**			**148.3**
			FY2007 Plan			
Building Facilities		19.8	20.6	14.3		54.7
Information Technology		28.3	26.0	32.0		86.3
Total		**48.1**	**46.6**	**46.3**		**141.0**
				FY2008 Plan		
Building Facilities			20.6	15.2	19.0	54.8
Information Technology			26.0	31.5	25.7	83.2
Total			**46.6**	**46.7**	**44.7**	**138.0**

Source: Office of Budget and Planning.

[24] The draft decision on the FY2008 capital budget is contained in Section VI.

[25] In FY2003, the budget regime changed to a multi-year funding approach, under which funds are available to the projects for a period of three consecutive years; funds unused by the end of the three-year period lapse.

A. The Structure of Capital Expenditures and a Longer-Term Perspective

47. **The resource envelopes for the three components of the Fund's capital budget—building facilities, IT, and major building works—are derived as follows**.

- *For building facilities*, capital expenditures on upkeep of HQ1, calculated on a three-year moving average, have been kept at about 3 percent (the middle panel of Figure 3 in the main text) of the replacement value of the building. This level of investment is consistent with external benchmarks for buildings of the size, function, and age of the HQ1 building. This ratio increased slightly after the addition of the HQ1 Phase III building, following a period of decline. Periodic external reviews of the buildings' condition are undertaken to ensure that the level of capital upkeep is adequate. The most recent such assessment of HQ1 was carried out in FY2003, and provision is included in the FY2008 budget to conduct a major update to this plan. This update will help guide the future level of capital maintenance required for the upkeep of the HQ1 building over the medium term.

  Several security enhancement projects were undertaken under the building facilities capital budget following the September 11, 2001 attacks, and other security projects added, after it was discovered in August 2004 that the Fund had been identified as a possible target for terrorist attacks. External security experts, including the U.S. Secret Service, were engaged to advise the Fund on the security measures necessary to protect the Fund's staff and property. In the six-year period FY2003—FY2008, approved and envisaged security enhancement projects are expected to total just over $40 million ($37.6 million approved and already underway, and $2.6 million included in the medium-term capital plan). Accordingly, of the $133.2 million budget appropriated for capital building facilities over this time period, some 30 percent has been for security-related measures and other related improvements. All security improvement projects authorized and planned will be nearing completion in FY2008; no further substantial investments in security are envisaged going forward.

  The ratio of total building facilities expenditures to total physical asset value can be expected to fall over the next few years: this reflects the increase in the asset base associated with the addition of HQ2. Excluding expenditures on security enhancements, capital spending on building facilities in HQ1 is projected to remain slightly below the 3 percent benchmark over the next few years, and broadly in line with the historical average. HQ2 is not expected to require significant capital upkeep in the medium term.

- *For IT,* the Fund has generally contained total IT expenditures (capital plus administrative) to a benchmark figure of no more than 11 percent of the total net administrative and capital budgets (excluding the HQ2 building project). As shown in the third panel of Figure 3, this 11 percent mark was recently approached only once in recent years, in FY2005, as a result of the major IT equipment refresh and actions to ensure the availability of the Fund's IT systems. Although differences in budget practices and capital replacement cycles complicate this exercise, a survey of other

IFIs (2002-2004 average) and benchmark private U.S. financial institutions indicated an IT expenditure rate of some 11 percent of total budget.

A comprehensive review of IT spending was undertaken in FY2005 to determine whether the level of IT spending was appropriate, and whether the investments made so far had paid off. While the report concluded that the IT outlays had paid substantial dividends, it also found scope for further improvement. Following this report, a Chief Information Officer was appointed, and a new governance structure has been put in place (Box 11). An initiative is also underway to move some of the IT support functions, which are already outsourced, to an offshore support model (Box 12). In light of these developments, a new approach will be sought to help determine the appropriate level of future IT investments from FY2009.

- *For major buildings,* each project is treated as one-off; budgets are approved by the Board and regular progress reports of expenditures against the budget profile are submitted. The HQ1 Phase III building (FY1994–FY2001) was completed on time and within budget; the HQ2 project was opened for occupancy ahead of schedule, and although some items remain to be finalized, can be considered to have been completed within the budget. No further projects in this category are planned.

48. **The Fund's capital expenditures—excluding new buildings and measured in constant dollar terms—grew substantially between FY1994 and FY2005**. But much of this growth reflected a classification change, with the inclusion of major IT projects in the capital, rather than administrative, budget starting in FY2000. Excluding the impact of this reclassification, the growth in capital expenditures was modest, and primarily reflected the replacement or upgrading of electrical, mechanical and plumbing facilities in HQ1, the required upkeep to the building structures, and improvements for security. Historical trends are presented in Figure 3 (in the main paper).

Box 11. IT Governance

The CIO position was established in FY2007, in line with a key recommendation in the FY2005 IT Spending Review.[26] The CIO will have overall responsibility for the Fund's IT and information management program.

The recently appointed CIO reviewed the current IT governance arrangements, and recommended a new structure to management. The new governance structure was approved and implemented in FY2007, and consists of the following committees and groups:

- **Committee on Business and Information Technology**: this committee is responsible for aligning the IT strategy with the Fund's institutional objectives, approving the IT investments, and overseeing the IT portfolio. It is chaired by the Deputy Managing Director and includes a number of departmental/office directors.

- **Business and Information Technology Advisory Group**: this group, chaired by the CIO, serves as a forum of departments and the CIO, to discuss and advise on significant changes to IT strategy, budgets, and plans.

- **Steering Committees**, reflecting each of the main areas of the IT program (Enterprise Information, Financial and Administrative Systems, and Infrastructure and Connectivity): these committees, chaired at the departmental director level, review and prioritize IT proposals and associated budgets, monitor the progress of individual projects, and approve changes to and/or halt non-performing projects.

Relative to the previous governance structure, these changes are intended to:

- better align IT strategy with Fund objectives;

- increase senior management oversight of IT projects;

- strengthen business ownership of major IT-enabled initiatives;

- promote accountability for the successful delivery of project outcomes;

- foster improved project management practices; and

- provide the opportunity for all departments to provide input and feedback on IT and information management initiatives.

[26] "Review of Fund's Information Technology Outlays," (EB/CB/05/6, 7/15/05).

Box 12. IT Global Sourcing Initiative

The Fund is changing the model for providing technical support to certain IT systems.

- Although support for these systems has already largely been outsourced, the change will involve moving from an on-site, staff augmentation model[27] to a performance-based, global-delivery model. Under this new approach, a vendor company contracts to provide a pre-negotiated level of service, using a combination of on-site and off-shore resources. This move is expected to result in greater efficiency and improved effectiveness in the delivery of IT support services, at significant cost savings.

- A competitive bidding process, involving 10 vendors was undertaken last year. Evaluation of the bids was conducted by an interdepartmental committee, and involved the following steps: review of vendors' written responses; oral presentations by selected vendors; site visits to select vendor facilities; and reference checks.

- In addition to the stated goal of selecting a vendor, the review process also served to confirm the viability of a global sourcing model at the Fund.

- At the conclusion of the review, the evaluation committee unanimously recommended Tata Consultancy Services (TCS) as the preferred provider. TCS, founded in 1968, is part of the Tata Group, a conglomerate headquartered in India, which has a 135-year history. With annual revenues of nearly $3.0 billion and with over 60,000 employees, the TCS portion of the conglomerate currently services seven of the U.S. Fortune top 10 companies.

- Two pilot projects are now underway to validate the new global sourcing approach. An effort is also underway, in parallel, to move support for 25 IT systems to TCS. Savings in FY2008 are estimated at nearly $2.0 million, and steady-state savings—after the transition to the new model is completed—are estimated at some $5.3 million annually.

- It is envisaged that further savings may be possible in later years by extending the global sourcing model to other IT systems. This will be further evaluated in FY2008, drawing on experience gained through the efforts currently underway.

B. Capital Projects Planned for FY2008

49. **Tables 11 and 12 below list, either individually or by program, all building facilities projects and IT projects, respectively, along with the budget, the expected year of completion, and the main benefits expected from the investment**.

[27] The staff augmentation model consists of contracting with one of three vendor companies to perform tasks on a time and materials cost basis.

Table 11. Facilities Capital Budget Projects Beginning in FY2008

Project	Description	FY2008 Budget (Thousands)	Estimated Completion	Main Benefits
Building Facilities		**20,550**		
Strengthened Security	• Construct a new permanent HQ1 visitor's facility to replace the current temporary visitor screening tent • Retrofit the HQ2 interim visitor screening area to make it permanent and accommodate the required retail space • Replace optical turnstiles with physical barriers	2,550	FY2009	• Provide a permanent segregated entrance to screen visitors in a blast-resistant location before they enter Fund space • Comply with local regulations, which require retail storefront space • Provide improved building access security, while reducing the number of guards at each entrance
Health, Safety, Environment	• Develop a comprehensive plan to address health, safety, and environmental issues in HQ1	500	FY2008	• Comply with local, national, and international standards for workspace environments • Identify opportunities for cost-savings to be achieved through more environmentally sound building maintenance and operations
Furniture Replacement	• Complete the Fund-wide replacement of all out-dated, 20-year-old office furniture	3,007	FY2009	• Provide updated office furniture, which complies with current office, workspace, ergonomic, and computer technology standards • Replace furniture that is no longer in production and is beyond repair
Office and Building Renovations	• Complete office renovations required to support departmental moves and reorganizations • Upgrade some conference rooms to replace obsolete IT and audio-visual equipment • Construct a data center lab in HQ2	1,900	FY2009	• Increase organizational efficiencies through co-locating staff • Provide secure computer lab space with required mechanical, sprinkler, electrical, and safety infrastructure

Table 11. Facilities Capital Budget Projects Beginning in FY2008 (continued)

Project	Description	FY2008 Budget (Thousands)	Estimated Completion	Main Benefits
Concordia Mechanical, Electrical, and Plumbing Upgrades	• Repair and/or replace original mechanical, electrical, and plumbing systems that have reached the end of their useful life	2,200	FY2009	• Ensure ongoing availability of the Concordia facility to house INS participants, and act as a business continuity center
HQ1 Building Maintenance and Improvements	• Refurbish cabs in 22 passenger elevators • Replace heating and cooling units which have reached the end of their useful life • Repair and replace garage ventilation units, pumps, and motors which have reached the end of their useful life • Complete required refurbishments to HQ1 restrooms, including replacements of piping and fittings • Determine replacement schedule for fire alarm systems approaching the end of their useful life • Implement required kitchen exhaust rehabilitation • Provide required backup capabilities for the data center	7,800	FY2009	• Improve the lighting, appearance, durability, and maintainability of the passenger elevator cabs • Continue to operate the HQ1 building in a comfortable and secure manner, consistent with comparable Class A office buildings • Provide failover access to the data centers, ensuring that access to the network in both HQ buildings remains operational

Table 11. Facilities Capital Budget Projects Beginning in FY2008 (concluded)

Project	Description	FY2008 Budget (Thousands)	Estimated Completion	Main Benefits
HQ2 Safety and Regulatory Upgrades	• Implement upgrades to safety and regulatory systems	1,000	FY2009	• Ensure all HQ2 safety and regulatory systems are at a level consistent with recent updates to HQ1 systems
Other Minor Projects	• Construct a playground for the on-site Child Care Center[28] • Conduct an assessment of the HQ1 building facilities to establish a new baseline plan for future required maintenance	1,593	FY2008	• Provide a secure environment which complies with local regulations, requiring child care centers to provide outdoor playtime • Enable a cost-effective program for required future capital repairs and upkeep

[28] The capital cost for construction will be recovered from a user fee.

Table 12. Information Technology Capital Budget Projects Beginning in FY2008

Project	Initiative Description	FY2008 Budget (Thousands)	Estimated Completion	Main Benefits
Enterprise Information Program		**9,460**		
Enterprise Content Management Systems	• Integrate separate computer systems, each storing different types of Fund documents and records • Institute information management standards based on best practices • Upgrade the Fund's Intranet	3,790	FY2010	• Reduce software licensing costs • Improve standards and practices for organizing and storing key business information • Improve ability to easily search, publish, and manage increasing volumes of information • Implement common web page layouts and standards across departmental sites to increase usability
Economic and Information Management Systems	• Develop a single system to store economic information, and streamline the current manual data gathering and verification process • Upgrade tools used by departments for data management, validation, reporting, and analysis • Develop computer systems to more efficiently distribute the Fund's statistical data over the internet	3,620	FY2009	• Improve internal efficiency in gathering and verifying economic data from member countries, while reducing the data reporting burden on member countries • Increase accuracy and reliability of economic data, as a result of reporting from a single source • Reduce central IT support costs, through improved departmental reporting capabilities • Improve access to economic data, both within the Fund and with external consumers
Order and Fulfillment Systems	• Automate the subscription and delivery process for Fund documents and publications	950	FY2008	• Allow authorized individuals to order Fund publications online • Streamline internal processes for delivering Fund publications • Strengthen ability to increase revenues from Fund publications

Table 12. Information Technology Capital Budget Projects Beginning in FY2008 (continued)

Project	Initiative Description	FY2008 Budget (Thousands)	Estimated Completion	Main Benefits
WEO Production System	• Develop a new computer system to support the formulation of the World Economic Outlook (WEO), replacing the current out-dated, 20-year-old system	1,100	FY2010	• Improve the business processes surrounding the WEO formulation, which must be carried out under tight deadlines • Accommodate increasing volumes of WEO data, with fewer resources • Support the emergence of Regional Economic Outlooks (REOs)
Administrative and Financial Program		**4,900**		
Budgeting and Business Intelligence Systems	• Develop a single system to store financial, human resource, travel, budgeting, and output information • Implement a system to support the management of large IT and capital facilities projects	2,250	FY2008	• Increase accuracy in administrative and financial reporting • Provide data analysis capabilities • Reduce software licensing costs • Increase project management and oversight capabilities
Core Financial Systems Improvements	• Strengthen internal automated controls in core financial systems • Implement updated risk analysis systems to model risk related to credit outstanding • Upgrade the Fund travel systems to support changes in policy	1,700	FY2008	• Comply with financial systems best practices, as stipulated in the U.S. Sarbanes-Oxley regulations • Monitor exposures related to lending, and assist in determining the adequacy of precautionary balances • Automate support for new administrative policies, which are expected to result in further cost savings

Table 12. Information Technology Capital Budget Projects Beginning in FY2008 (continued)

Project	Initiative Description	FY2008 Budget (Thousands)	Estimated Completion	Main Benefits
Technical Assistance Support Systems	• Improve tools for TA Regional Allocation Planning (RAP), budget execution, and monitoring • Upgrade the Technical Assistance Information Management system to support newly documented departmental procedures • Improve access to automated systems from Regional Technical Assistance Centers	950	FY2008	• Increase oversight and monitoring of TA activities and budget utilization • Provide automated support for recently updated departmental procedures • Increase transparency of TA activities and costs
Infrastructure and Connectivity Program		**10,860**		
Desktop, Network, and Telecommunications Equipment	• Standard replacement of network servers, workstations, printers, and telecommunications equipment, based on best practice guidelines for equipment life expectancy	4,140	FY2008	• Improve the operation and response times of the network, and associated IT systems • Reduced outages of key IT systems
IT High Availability Program	• Provide an off-site data center with the capability of running critical computer applications in the event of planned and unplanned outages to the primary data center	2,110	FY2008	• Increase availability for key computer systems • Reduce the number of system outages (both planned and unplanned), and improve recovery time when outages occur • Enhance business continuity capabilities

Table 12. Information Technology Capital Budget Projects Beginning in FY2008 (concluded)

Project	Initiative Description	FY2008 Budget (Thousands)	Estimated Completion	Main Benefits
Storage and Server Consolidation	• Implement improved computer server and data storage systems, which take advantage of current technologies and best practices	1,840	FY2008	• Reduce computer server acquisition and maintenance costs • Improve reliability and efficiency in the storage of electronic information (which has grown by two-thirds each year) • Improve support from outside computer hardware vendors
IT Security Certifications and Process Improvements	• Assess the Fund’s most critical IT systems for compliance with industry-standard security requirements (International Standards Organization 27001) • Standardize the computer system development and maintenance processes	1,170	FY2008	• Comply with prevailing international standards for IT security, which are also consistent with recommendations from the External Audit Committee • Improved efficiency and reliability in developing and maintaining new computer systems
Automated Provisioning	• Automate the processes for allocating and recovering resources when staff are hired, transferred, and separated (including the provision of office space, telephones, computers, network access rights, etc.)	760	FY2008	• Automatically provide staff access to required equipment and IT systems when appointed or transferred, and remove access upon their separation (consistent with audit recommendations) • Increase control over physical inventory of computer hardware
Other Minor Projects		840	FY2008	
IT Planning and Management		**780**		
Global Sourcing Implementation	• Transition current on-site support for certain IT systems to a mixture of on-site and off-shore support personnel	780	FY2008	• Reduce IT support costs • Improve delivery of IT support, with agreed upon service levels specified ex-ante

APPENDIX III
STATISTICAL TABLES

This annex contains a number of historical tables and charts principally on the Fund's administrative budget and expenditures.

- Tables 13 to 16 set out time series on the Fund's administrative budget and expenditures, employment and salaries, the use of Fund credit and income, and administrative expenses by category of expenditure.

- Tables 17 and 18 provide information on staff positions by department and total employment in the Fund.

- Tables 19 and 20 give information on capacity building work: Table 19 on the number of courses and participants in IMF Institute Training Programs; Table 20 on the regional distribution of technical assistance and training.

- Table 21 presents the distribution of the Fund's outputs on the basis of the previous five categories of outputs and the current four key output areas, including a bridge year.

- Tables 22 and 23 provide detailed information on business travel expenditures by department and on the average size and length of missions.

- Table 24 gives information on selected indicators of work pressure, by department and by staff grade.

- Tables 25-31 provide information on expenditures incurred on Fund offices outside Washington, D.C.

Table 13. Use of Fund Credit, Net Income, Gross Administrative Expenditures, Salaries, Headcount, and FTEs: FY1986-FY2007
(In millions of U.S. dollars, unless otherwise noted)

Financial Year	Use of Fund Credit 1/	Annual Net Income	Gross Administrative Expenditures		Headcount 2/	FTEs 3/
			Total	Salaries		
1986	42,575	96	245.8	97.1	1,704	...
1987	47,019	122	247.1	102.4	1,688	...
1988	40,018	66	242.0	104.4	1,680	...
1989	33,859	71	243.2	109.2	1,720	...
1990	32,577	122	259.9	121.1	1,764	...
1991	32,188	100	291.9	136.5	1,786	...
1992	31,857	124	355.1	153.1	1,884	...
1993	33,011	97	411.0	174.6	2,051	...
1994	36,619	108	473.0	191.9	2,179	2,102.0
1995	42,865	126	493.3	202.9	2,186	2,120.6
1996	49,184	128	504.0	210.2	2,183	2,145.9
1997	47,768	127	510.9	215.3	2,176	2,122.1
1998	59,306	231	531.1	227.8	2,170	2,128.6
1999	75,691	598	561.1	247.4	2,220	2,142.2
2000	68,082	349	624.3	265.4	2,301	2,220.3
2001	54,694	223	675.5	289.5	2,556	2,520.5
2002	64,124	490	721.3	318.2	2,667	2,575.3
2003	87,954	963	764.1	337.1	2,698	2,629.2
2004	99,302	1,277	806.1	355.9	2,718	2,650.7
2005	80,085	877	892.2	375.2	2,714	2,647.6
2006	50,084	342	930.3	392.6	2,713	2,640.5
2007 4/	19,763	-161	974.5	405.0	2,675	2,628.0

Sources: Finance Department and Office of Budget and Planning.

1/ Mid-year average.
2/ Head count at the end of the financial year: open-ended and limited-term staff, including staff on leave without pay, sabbatical, etc., but excluding OED and IEO.
3/ Full-time equivalents, excluding OED and IEO.
4/ Estimated.

Table 14. Administrative Budget and Outturn Expenditures, FY1983–FY2007
(In millions of U.S. dollars, except where indicated otherwise)

Financial Year		Budget	Outturn	Outturn to Budget Variance		Budget to Budget Variance		Outturn to Outturn Variance	
				Amount	Percent	Amount	Percent	Amount	Percent
				A. Net Budget					
1983		179.9	182.7	2.8	1.6	...	...	...	...
1984		201.5	202.2	0.7	0.3	21.6	12.0	19.5	10.7
1985		229.5	224.9	-4.6	-2.0	28.0	13.9	22.7	11.2
1986		248.6	247.3	-1.3	-0.5	19.1	8.3	22.4	10.0
1987		247.6	247.1	-0.5	-0.2	-1.0	-0.4	-0.2	-0.1
1988		246.8	242.0	-4.8	-1.9	-0.8	-0.3	-5.1	-2.1
1989		239.5	234.2	-5.3	-2.2	-7.3	-3.0	-7.8	-3.2
1990		257.1	259.9	2.8	1.1	17.6	7.3	25.7	11.0
1991		279.3	278.8	-0.5	-0.2	22.2	8.6	18.9	7.3
1992		343.8	338.1	-5.7	-1.7	64.5	23.1	59.3	21.3
1993		404.1	389.1	-15.0	-3.7	60.3	17.5	51.0	15.1
1994		476.8	448.3	-28.5	-6.0	72.7	18.0	59.2	15.2
1995		488.3	462.2	-26.1	-5.3	11.5	2.4	13.9	3.1
1996		475.1	470.8	-4.3	-0.9	-13.2	-2.7	8.6	1.9
1997		490.5	471.5	-19.0	-3.9	15.4	3.2	0.7	0.1
1998		503.7	495.3	-8.4	-1.7	13.2	2.7	23.8	5.0
1999		519.6	520.6	1.0	0.2	15.9	3.2	25.3	5.1
2000		585.1	583.0	-2.1	-0.4	65.5	12.6	62.4	12.0
2001		650.9	638.0	-12.9	-2.0	65.8	11.2	55.0	9.4
2002		695.4	676.7	-18.7	-2.7	44.5	6.8	38.7	6.1
2003		746.4	719.7	-26.7	-3.6	51.0	7.3	43.0	6.4
2004		785.5	747.6	-37.9	-4.8	39.1	5.2	27.9	3.9
2005	1/	849.6	826.1	-23.5	-2.8	64.1	8.2	78.5	10.5
2005	*2/*	*801.6*	*778.1*	*-23.5*	*-2.9*	*16.1*	*2.0*	*30.5*	*4.1*
2006	3/	876.1	874.4	-1.7	-0.2	26.5	3.1	48.3	5.8
2007	4/ 5/	911.9	907.6	-4.3	-0.5	35.8	4.1	33.2	3.8
				B. Gross Budget					
1983		179.9	182.7	2.8	1.6	...	...	...	...
1984		201.5	202.2	0.7	0.3	21.6	12.0	19.5	10.7
1985		229.5	226.4	-3.1	-1.4	28.0	13.9	24.2	12.0
1986		248.6	245.8	-2.8	-1.1	19.1	8.3	19.4	8.6
1987		247.6	247.1	-0.5	-0.2	-1.0	-0.4	1.3	0.5
1988		246.8	242.0	-4.8	-1.9	-0.8	-0.3	-5.1	-2.1
1989		252.5	243.2	-9.3	-3.7	5.7	2.3	1.2	0.5
1990		266.9	269.7	2.8	1.0	14.4	5.7	26.5	10.9
1991		292.4	291.9	-0.5	-0.2	25.5	9.6	22.2	8.2
1992		358.7	355.1	-3.6	-1.0	66.3	22.7	63.2	21.7
1993		425.9	411.0	-14.9	-3.5	67.2	18.7	55.9	15.7
1994		503.0	473.0	-30.0	-6.0	77.1	18.1	62.0	15.1
1995		518.1	493.2	-24.9	-4.8	15.1	3.0	20.2	4.3
1996		509.3	504.0	-5.3	-1.0	-8.8	-1.7	10.8	2.2
1997		526.5	510.9	-15.6	-3.0	17.2	3.4	6.9	1.4
1998		545.2	531.1	-14.1	-2.6	18.7	3.6	20.2	4.0
1999		561.7	561.1	-0.6	-0.1	16.5	3.0	30.0	5.6
2000		626.4	624.3	-2.1	-0.3	64.7	11.5	63.2	11.3
2001		689.9	675.5	-14.4	-2.1	63.5	10.1	51.2	8.2
2002		736.9	721.3	-15.6	-2.1	47.0	6.8	45.8	6.8
2003		794.3	764.1	-30.2	-3.8	57.4	7.8	42.8	5.9
2004		837.5	806.1	-31.4	-3.7	43.2	5.4	42.0	5.5
2005	1/	905.1	892.2	-12.9	-1.4	67.6	8.1	86.1	10.7
2005	2/	857.1	844.2	-12.9	-1.5	19.6	2.3	38.1	4.7
2006	3/	937.0	930.3	-6.7	-0.7	31.9	3.5	38.1	4.3
2007	4/ 5/	980.2	974.5	-5.7	-0.6	43.2	4.6	44.2	4.7

Source: Office of Budget and Planning.

1/ The figures for FY2005 include a step increase of $48 million in the contribution to the Staff Retirement Plan (SRP), following the Executive Board decision to set contributions at 14 percent of gross remuneration.
2/ Excluding the $48 million additional contribution to the SRP.
3/ Percentage changes are relative to FY2005 figures including the additional $48 million contribution to the SRP.
4/ Includes an additional $19 million contribution to SRP Service Credit Program.
5/ Estimated.

Table 15. Administrative Expenditures by Input, FY1997–FY2007 1/

(In thousands of U.S. dollars)

	Financial Year										
Expenditure Category	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 (Est.)
Personnel Expenses											
Salaries											
Staff, OED, and IEO	175,759	185,000	196,151	211,046	234,871	266,673	285,641	303,703	320,600	334,195	344,500
Other personnel	39,517	42,788	51,254	54,344	54,608	51,503	51,459	52,224	54,596	58,428	60,500
Total	**215,276**	**227,788**	**247,405**	**265,390**	**289,479**	**318,176**	**337,100**	**355,927**	**375,196**	**392,622**	**405,000**
Other Personnel Expenses											
Spouse and child allowances	6,340	6,417	6,626	6,814	7,074	7,513	7,667	7,816	7,767	7,684	7,665
Settlement allowances 2/	14,020	14,890	16,621	20,445	25,107	4,834	4,309	4,417	4,166	4,347	4,253
Overseas allowances	9,001	8,310	9,343	10,989	11,525	12,728	12,660	13,358	14,089	14,672	15,307
Home leave	11,336	11,864	12,673	13,196	14,120	16,200	18,073	19,308	22,980	22,666	23,384
Children's education allowances	8,159	8,004	8,177	9,274	10,170	10,548	11,569	12,766	14,424	15,410	16,331
Spouse points and emergency travel	612	902	612	714	676	901	826	1,133	1,168	1,040	1,491
Training and study allowances	4,193	4,103	4,488	5,311	5,758	5,774	6,535	6,247	6,177	5,878	9,625
IMF Institute participant allowances	1,275	1,323	1,412	1,497	1,385	1,343	1,644	1,668	1,735	1,752	2,710
Tax allowances	20,680	22,680	24,083	27,264	28,729	30,779	31,680	31,285	34,253	34,694	38,042
Retirement contributions 3/	33,457	18,585	19,887	30,598	25,587	26,802	29,839	30,352	81,465	91,975	103,374
Long-term benefits (RSBIA) 4/	0	0	0	0	0	30,000	31,361	35,055	35,300	37,198	38,984
SBF and other separation incentives 5/	3,471	2,530	4,820	4,640	4,805	7,922	6,728	9,580	7,031	4,275	9,771
Health benefits	29,053	30,263	26,306	32,722	32,416	22,486	24,813	25,026	26,723	30,095	34,003
Life insurance and death benefits	788	1,183	1,140	1,283	2,635	368	776	709	880	957	1,153
Social and welfare expenses	602	572	744	1,009	993	1,188	905	1,158	1,306	1,297	1,020
Food services	1,033	1,213	1,399	1,436	2,033	2,522	1,963	395	0	0	0
Total	**144,020**	**132,839**	**138,330**	**167,193**	**173,013**	**181,908**	**191,348**	**200,273**	**259,464**	**273,941**	**307,112**
Total Personnel Expenses	**359,296**	**360,627**	**385,735**	**432,583**	**462,492**	**500,084**	**528,448**	**556,201**	**634,660**	**666,564**	**712,112**

Table 15. Administrative Expenditures by Input, FY1997–FY2007 1/ (continued)
(In thousands of U.S. dollars)

Expenditure Category	Financial Year										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2,007 (Est.)
Other Expenses											
Business Travel											
Meetings of Governors 6/	1,934	4,190	1,863	2,050	3,050	119	1,900	3,285	2,062	2,332	4,070
Other business travel	37,367	42,641	45,265	46,795	53,296	58,954	58,647	67,195	67,746	69,601	71,096
Total	**39,302**	**46,831**	**47,128**	**48,845**	**56,346**	**59,073**	**60,547**	**70,480**	**69,808**	**71,933**	**75,166**
Other Travel 7/											
Settlement travel	10,045	10,851	9,999	15,171	13,776	11,741	8,344	8,608	8,358	9,669	9,247
Miscellaneous travel	3,519	2,894	3,548	4,999	4,791	5,148	10,966	12,423	12,081	12,564	12,635
Total	**13,564**	**13,745**	**13,547**	**20,170**	**18,566**	**16,889**	**19,310**	**21,031**	**20,439**	**22,233**	**21,882**
Communications											
Telecommunications	5,970	6,051	6,054	6,991	6,716	7,593	8,828	8,130	9,557	9,646	8,200
Postage and freight	4,723	4,456	4,909	4,580	5,211	4,880	3,541	4,694	4,867	5,139	5,220
Total	**10,693**	**10,507**	**10,963**	**11,571**	**11,927**	**12,474**	**12,369**	**12,824**	**14,424**	**14,785**	**13,420**
Building Occupancy											
Maintenance and operations	11,118	11,903	13,535	15,362	16,717	17,522	23,153	24,228	26,338	35,109	34,800
Utilities	2,578	3,288	3,589	3,305	3,589	3,467	3,241	3,216	3,510	6,497	8,492
Alterations	2,418	3,770	3,609	3,824	4,426	5,361	4,496	5,016	2,083	2,289	1,300
Leased space	25,785	23,917	24,194	25,579	28,482	32,148	34,126	32,597	33,454	13,404	11,830
Total	**41,899**	**42,878**	**44,927**	**48,071**	**53,214**	**58,498**	**65,016**	**65,058**	**65,385**	**57,298**	**56,422**
Subscriptions and Printing											
Subscriptions	4,322	4,798	4,510	5,357	5,564	5,904	6,835	6,917	6,335	6,878	6,990
Contractual printing	4,257	4,871	5,195	6,209	7,196	6,735	5,385	6,726	6,432	7,690	7,700
Total	**8,579**	**9,669**	**9,704**	**11,566**	**12,760**	**12,638**	**12,220**	**13,643**	**12,767**	**14,568**	**14,690**

Table 15. Administrative Expenditures by Input, FY1997–FY2007 1/ (concluded)
(In thousands of U.S. dollars)

Expenditure Category	Financial Year 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2,007 (Est.)
Supplies and Equipment											
Purchase of furniture and equipment	3,220	2,765	3,775	3,051	4,089	2,594	2,975	2,585	3,459	4,022	2,515
Rental of equipment	170	109	147	149	88	86	171	72	67	46	40
Maintenance of equipment	1,844	2,493	2,671	2,255	2,405	2,781	2,310	2,497	2,443	2,623	2,685
Expendable supplies	2,706	2,797	2,948	3,020	3,418	3,380	3,311	3,041	2,918	3,001	2,700
Total	**7,941**	**8,164**	**9,542**	**8,474**	**10,001**	**8,840**	**8,767**	**8,195**	**8,887**	**9,693**	**7,940**
Information Technology 8/											
Vendors and services	8,200	9,437	12,192	12,142	15,668	15,851	24,737	26,837	28,513	31,643	31,700
Other information technology	11,534	16,327	13,826	12,845	14,800	16,089	10,615	7,421	7,486	9,574	10,635
Total	**19,735**	**25,764**	**26,018**	**24,986**	**30,467**	**31,940**	**35,352**	**34,258**	**35,999**	**41,217**	**42,335**
Miscellaneous											
Representation	1,333	1,317	1,414	1,554	1,518	1,400	1,609	1,662	1,927	2,056	1,990
Insurance	1,097	1,784	942	1,518	1,425	1,577	1,771	1,980	1,873	1,957	1,730
Contractual services	8,478	8,847	10,368	12,733	14,239	13,946	16,861	16,131	21,124	22,538	22,200
Sundries	-985	982	837	2,199	2,548	3,975	1,805	4,674	4,904	5,486	4,615
Total	**9,923**	**12,930**	**13,560**	**18,004**	**19,730**	**20,898**	**22,046**	**24,447**	**29,828**	**32,037**	**30,535**
Total Other Expenses	**151,636**	**170,488**	**175,389**	**191,686**	**213,011**	**221,250**	**235,627**	**249,935**	**257,537**	**263,763**	**262,390**
Total Gross Administrative Expenses	**510,932**	**531,115**	**561,125**	**624,269**	**675,505**	**721,334**	**764,075**	**806,136**	**892,197**	**930,327**	**974,502**
Receipts	-39,368	-35,836	-40,506	-41,279	-37,520	-44,610	-44,100	-58,522	-66,123	-55,967	-66,910
Total Net Administrative Expenses	**471,564**	**495,279**	**520,619**	**582,991**	**637,984**	**676,724**	**719,975**	**747,613**	**826,074**	**874,359**	**907,592**

Table 16. Percentage Distribution of Gross Administrative Expenditures by Input, FY1997–FY2007

Expenditure Category	Financial Year 1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 (Est.)
Personnel Expenses											
Salaries	42.1	42.9	44.1	42.5	42.9	44.1	44.1	44.2	42.1	42.2	41.6
Other personnel expenses	28.2	25.0	24.7	26.8	25.6	25.2	25.0	24.8	29.1	29.4	31.5
Total	**70.3**	**67.9**	**68.7**	**69.3**	**68.5**	**69.3**	**69.1**	**69.0**	**71.1**	**71.6**	**73.1**
Other Expenses											
Business travel	7.7	8.8	8.4	7.8	8.3	8.2	7.9	8.7	7.8	7.7	7.7
Other travel	2.7	2.6	2.4	3.2	2.7	2.3	2.5	2.6	2.3	2.4	2.2
Communications	2.1	2.0	2.0	1.9	1.8	1.7	1.6	1.6	1.6	1.6	1.4
Building occupancy	8.2	8.1	8.0	7.7	7.9	8.1	8.5	8.1	7.3	6.2	5.8
Subscriptions and printing	1.7	1.8	1.7	1.9	1.9	1.8	1.6	1.7	1.4	1.6	1.5
Supplies and equipment	1.6	1.5	1.7	1.4	1.5	1.2	1.2	1.0	1.0	1.0	0.8
Information technology	3.9	4.9	4.6	4.0	4.5	4.4	4.6	4.2	4.0	4.4	4.3
Miscellaneous	1.9	2.4	2.4	2.9	2.9	2.9	2.9	3.0	3.3	3.4	3.1
Total	**29.7**	**32.1**	**31.3**	**30.7**	**31.5**	**30.7**	**30.8**	**31.0**	**28.9**	**28.4**	**26.9**
Total Gross Administrative Expenses	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Office of Budget and Planning.

Note: Totals may not add due to rounding.

Table 17. Staff Positions (FTS) by Department/Bureau/Office, FY1998–FY2007

Department/Bureau/Office	Financial Year									
	1998	1999	2000	2001 1/	2002	2003	2004	2005	2006	2007
Area Departments										
African	185.0	186.0	207.0	213.0	216.0	221.0	222.0	234.0	240.0	239.0
Asia and Pacific	111.0	119.0	121.5	129.5	130.0	128.0	127.0	127.0	129.0	129.0
European I 2/	133.0	133.0	133.0	141.0	142.5	142.5	141.0	0.0	0.0	0.0
European II 2/	113.0	111.0	111.0	113.5	110.5	106.5	100.5	0.0	0.0	0.0
European 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	179.0	181.0	181.0
Middle Eastern 2/	77.0	77.0	81.0	85.5	86.0	87.0	88.0	0.0	0.0	0.0
Middle Eastern and Central Asia 2/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	144.0	146.0	146.0
Western Hemisphere	144.0	144.0	148.0	154.0	154.5	158.5	161.0	159.0	160.0	160.0
Subtotal	**763.0**	**770.0**	**801.5**	**836.5**	**839.5**	**843.5**	**839.5**	**843.0**	**856.0**	**855.0**
Functional and Special Services Departments										
Fiscal Affairs	124.5	126.5	139.5	149.5	151.5	151.5	151.5	155.5	154.5	154.5
Finance 3/	138.5	138.0	139.0	154.0	154.0	152.0	147.0	144.0	142.0	142.0
International Capital Markets 4/	0.0	0.0	0.0	0.0	62.0	63.0	62.0	63.0	63.0	59.0
IMF Institute & Regional Institutes	82.0	85.0	97.0	105.0	106.0	106.0	106.0	106.0	104.0	101.5
Legal	44.0	45.0	48.0	51.0	51.0	56.0	59.0	60.0	60.0	69.0
Monetary and Financial Systems 5/	89.0	97.0	110.0	160.0	165.5	178.5	184.5	186.5	186.5	169.5
Monetary and Capital Markets 4/	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Policy Development and Review	153.5	157.5	176.0	186.0	176.0	179.0	182.0	182.0	183.0	183.0
Research	104.5	104.5	112.5	123.5	92.0	93.0	97.0	97.0	96.0	97.0
Statistics	139.5	140.0	149.0	171.0	174.5	173.5	173.5	173.5	168.5	168.5
Subtotal	**875.5**	**893.5**	**971.0**	**1,100.0**	**1,132.5**	**1,152.5**	**1,162.5**	**1,167.5**	**1,157.5**	**1,144.0**

Table 17. Staff Positions (FTS) by Department/Bureau/Office, FY1998-FY2008 (continued)

Department/Bureau/Office	Financial Year									
	1998	1999	2000	2001 1/	2002	2003	2004	2005	2006	2007
Information, Liaison, and Support Departments										
Administration 6/	204.0	202.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
External Relations	63.0	65.0	71.0	89.5	89.0	90.0	89.0	89.0	89.0	89.0
Human Resources 6/	0.0	0.0	84.5	102.5	100.5	100.5	102.0	103.0	102.0	102.0
Secretary's 6/	96.0	94.0	65.0	66.0	65.5	65.5	65.5	65.5	65.5	65.5
Technology and General Services 6/	0.0	0.0	307.0	424.0	417.0	420.0	428.5	421.5	412.5	412.5
Bureau of Computing Services 6/	58.0	58.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bureau of Language Services 6/	97.5	97.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Office of Internal Audit and Inspection	17.0	17.0	17.0	19.0	18.5	18.5	18.5	18.0	18.0	19.0
Investment Office - SRP	4.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	7.0
Regional Office for Asia and the Pacific	4.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
Offices in Europe 7/	0.0	0.0	0.0	0.0	0.0	13.0	13.0	13.0	13.0	13.0
Office in Europe 7/	12.0	12.0	12.0	12.0	12.0	0.0	0.0	0.0	0.0	0.0
Office in Geneva 7/	5.0	5.0	4.0	4.0	4.0	0.0	0.0	0.0	0.0	0.0
Office of Budget and Planning	17.0	23.0	22.0	26.0	19.5	19.5	19.0	19.0	24.0	24.0
Technical Assistance Secretariat 8/	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Office of Technical Assistance Management 9/	0.0	0.0	0.0	0.0	7.0	7.0	7.0	7.0	7.0	7.0
Fund Office United Nations 10/	0.0	0.0	3.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Total	**583.5**	**583.5**	**596.0**	**757.0**	**747.0**	**748.0**	**757.5**	**752.0**	**747.0**	**749.0**

Table 17. Staff Positions (FTS) by Department/Bureau/Office, FY1998-FY2008 (concluded)

Department/Bureau/Office	Financial Year 1998	1999	2000	2001 1/	2002	2003	2004	2005	2006	2007
Other Offices or Units										
Office of Managing Director	18.0	19.0	19.0	21.0	21.0	20.0	20.0	20.0	20.0	20.0
Director of Special Operations	0.0	0.0	0.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0
Support Group Secretarial Staff	22.5	18.5	18.5	17.5	17.5	17.5	17.5	15.5	14.0	14.0
Administrative Tribunal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Central allocation control	0.0	9.0	8.0	7.0	2.5	2.5	2.5	4.0	7.0	19.5
Total	**40.5**	**46.5**	**45.5**	**45.5**	**41.0**	**44.0**	**40.0**	**39.5**	**41.5**	**54.0**
Total 11/	**2,262.5**	**2,293.5**	**2,414.0**	**2,739.0**	**2,760.0**	**2,788.0**	**2,799.5**	**2,802.0**	**2,802.0**	**2,802.0**

Source: Office of Budget and Planning.

1/ Under the Categories of Employment Phase 1, a number of contractual and vendor appointments were converted to staff positions; for example, in the Technology and General Services and Monetary and Financial Systems Departments.

2/ European I , European II, and the Middle Eastern Department were reorganized into the European Department and the Middle Eastern and Central Asia Departments.

3/ Treasurer's Department was renamed to the Finance Department in FY2004.

4/ The Monetary and Financial Systems Department and the International Capital Markets Department were merged in December 2006 and renamed the Monetary and Capital Markets Department.

5/ The Monetary and Exchange Affairs Department was renamed to the Monetary and Financial Systems Department in FY2004.

6/ The Administration Department, the Bureaus of Computing and Language Services, and part of Secretary's Department were reorganized into the Human Resources and Technology and General Services Departments effective July 1, 1999.

7/ The Paris and Geneva Offices, along with the new Brussels Office, were reorganized as the Offices in Europe (EUO).

8/ Merged with the Office of Budget and Planning in FY1999.

9/ Separated from the Office of Budget and Planning in FY2002.

10/ Separated from Policy Development and Review Department effective August 2, 1999.

11/ These data exclude all contractuals, consultants and experts.

Table 18. Staffing: Staff Positions (FTS) and Full-Time Equivalents (FTEs), FY1998–FY2007

	Financial Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 Est.
Full-time staff (FTS) ceilings	2,262.5	2,293.5	2,414.0	2,739.0	2,760.0	2,788.0	2,799.5	2,802.0	2,802.0	2,802.0
Total Fund employment 1/	2,592.4	2,640.9	2,727.9	2,832.6	2,967.7	3,041.5	3,041.4	3,068.5	3,101.0	3,088.5
1. Regular and fixed term staff										
Full-time equivalent staff (FTEs) 2/	2,128.6	2,141.2	2,220.3	2,520.5	2,575.3	2,629.2	2,650.7	2,647.6	2,640.5	2,628.0
2. Expert and contractual staff										
Actual expert and contractual employment 3/ 4/	463.8	499.7	507.6	312.1	392.4	412.3	390.7	420.9	460.5	460.5
Memorandum items										
Independent Evaluation Office										
FTS	...	...	...	...	12.0	12.0	13.0	13.0	13.0	13.0
FTEs	...	...	...	...	5.5	11.8	12.8	11.7	12.6	12.8
Office of Executive Directors (OED)										
FTS	227.5	227.5	227.0	227.0	251.0	247.0	249.0	249.0	258.5	258.5
FTEs	222.0	221.4	220.7	234.0	232.2	235.2	244.7	248.8	248.0	249.5

Source: Office of Budget and Planning.

1/ Includes regular staff, the Economist Program, technical assistance experts, contractual staff, visiting scholars, special support staff, and other staff resources.
2/ Actual staff person years are measured in FTEs (data excludes OED and IEO).
3/ As part of the budget reforms, the staff ceiling has been limited to open-ended and limited-term staff positions since FY2003. Other categories of personnel (technical assistance experts, contractual staff, etc.) are controlled by dollar budgets.
4/ Includes contractual staff, visiting scholars, special support staff, paid overtime, and externally-funded experts.

Table 19. IMF Institute Training Programs, FY2001–FY2007

Program	Financial Year 2001	2002	2003	2004	2005	2006	2007 Est.
Headquarters training 1/							
Number of courses and seminars	21	18	20	18	20	21	22
Number of participants	760	695	698	614	713	718	793
Number of participant weeks	3,584	2,718	3,010	2,764	2,898	2,889	3,129
Regional training institutes and programs 2/							
Number of courses and seminars	64	73	73	82	85	96	96
Number of participants	1,998	2,291	2,302	2,607	2,631	3,060	2,923
Number of participant weeks	1,691	4,261	3,969	4,449	4,509	4,853	4,668
Other overseas training							
Number of courses and seminars	19	16	17	18	16	22	18
Number of participants	569	439	496	551	493	634	561
Number of participant weeks	1,050	828	899	949	802	1,146	1,005
Distance learning 3/							
Number of courses	1	3	3	2	3	4	3
Number of participants	40	120	110	72	112	142	126
Number of participant weeks	160	519	481	324	519	639	567
Total participant weeks	**6,485**	**8,326**	**8,359**	**8,486**	**8,728**	**9,527**	**9,369**

Source: IMF Institute.

1/ Excludes residential component of distance learning courses, which are counted below under distance learning.

2/ Includes the Joint Vienna Institute (JVI), the IMF-Singapore Regional Training Institute (STI), the IMF-Arab Monetary Fund Regional Training Program, the Joint Africa Institute (JAI), the Joint China-IMF Training Program, and the Joint Regional Training Center for Latin America. Data for the JAI do not include courses delivered by the African Development Bank and the World Bank, which are partially financed by the Fund, and data for the JVI do not include courses delivered by the Austrian authorities, which have been partially funded by the IMF from FY2004.

3/ Where the distance and residential segments of the course occur in different financial years, the data are attributed to the year in which the residential segment of the course takes place.

Table 20. Direct Delivery of Technical Assistance and Training: Fund- and Externally-Financed, FY2000-FY2007 1/
(In effective person years) 2/

	Financial Year							
	2000	2001	2002	2003	2004	2005	2006	2007 Est.
Resource use								
African	69.8	68.2	71.9	72.1	83.8	86.9	82.4	85.4
Asia and Pacific	44.4	57.0	63.1	67.5	69.0	68.2	58.5	60.4
European I	24.1	30.2	30.3	27.7	...	...	...	...
European II	40.4	40.8	32.6	25.1	...	...	...	...
Middle Eastern	27.5	27.8	22.4	26.5	...	...	...	...
European 3/	...	...	...	...	35.5	34.5	37.1	31.6
Middle East and Central Asia 3/	...	...	...	...	40.1	44.6	61.0	53.7
Western Hemisphere	28.2	23.7	28.0	32.6	26.6	32.1	37.5	45.1
Multiregional	47.8	28.0	31.7	35.1	36.0	35.0	11.9	21.4
Direct delivery	**282.2**	**275.7**	**280.0**	**286.5**	**291.1**	**301.3**	**288.4**	**297.5**

Source: Office of Technical Assistance Management.

Note: Totals may not add due to rounding.

1/ Includes training by the IMF Institute but excludes time spent on TA policy, supervision, and administration.
2/ An effective person year is 260 days.
3/ In 2004, three departments (European I, European II, and Middle Eastern) were combined into two new departments, European (EUR) and Middle East and Central Asia (MCD).

Table 21. Output Shares, FY1998–FY2007
(In percent)

Five Primary Outputs 1/	Financial Year 1998	1999	2000	2001	2002	2003	2004	2005	2006	Four Key Output Areas 3/	Financial Year 2006	2007 Est.
Policy development, research, and operation of the international monetary system 2/	6.7	7.0	7.2	7.3	7.4	7.7	7.3	8.2	8.2	Global monitoring	13.8	14.2
Standard setting/provision of standardized information 2/	6.2	6.4	6.6	6.5	6.1	6.0	5.9	5.4	4.1			
Bilateral/regional surveillance	27.5	27.1	26.8	27.5	29.2	30.9	31.4	31.6	34.7	Country specific and regional monitoring	34.2	36.7
Use of Fund resources	31.6	31.3	33.1	33.7	33.5	31.2	30.9	29.0	27.9	Country programs and financial support	26.5	25.1
Capacity building	28.0	28.2	26.3	25.0	23.8	24.2	24.6	25.8	25.0	Capacity building	25.5	24.0

Source: The Office of Budget and Planning.

1/ For FY1998 to FY2006 under the previous five output structure, outputs consist of employee costs for area and functional departments.
2/ In the previous set of activities, area departments did not report to outputs (i) policy development, research, and the operation of the international monetary system and (ii) standard setting/provision of standardized information.
3/ Modifications to systems to implement recommendations in accordance with the Second Task Force on Performance Indicators were implemented in FY2007. Data for FY2006 are provided on an indicative basis; for FY2006, general research was reported as part of the research under each of the specific Key Output Areas.

Table 22. Travel Expenditures FY2003–FY2007 1/
(In millions of U.S.dollars)

	FY2003	FY2004	FY2005	FY2006	FY2007 2/
Business travel	67.0	76.2	75.4	72.8	65.5
Departmental business travel	58.9	65.6	65.6	64.8	57.3
Transportation	35.9	39.7	40.2	39.5	35.1
Per diem	23.0	25.9	25.6	25.3	22.2
Fund-financed departmental business travel	57.4	62.4	61.5	60.1	52.0
Area	23.3	24.6	23.4	22.0	18.6
TA functional	20.5	21.8	22.8	22.8	18.5
Other functional	3.7	4.5	4.5	4.1	3.9
Support	1.9	2.1	2.0	2.0	1.9
OMD	0.6	0.9	1.0	1.2	1.3
OED and IEO	5.9	6.5	5.7	5.8	6.2
Other departments	1.4	1.8	2.2	2.2	1.6
Externally-financed departmental business travel	1.5	3.2	4.1	4.8	5.3
Other business travel	8.1	10.7	9.7	8.0	8.2
Other travel	12.0	12.5	12.0	10.8	9.9

Source: Office of Budget and Planning.

Note: figures may not add to totals due to rounding.

1/ Expenditures are for missions whose expenses have been booked. Excludes Annual meetings travel.
2/ Based on 10-month data.

Table 23. Travel Metrics FY2003–FY2007 1/

	FY2003	FY2004	FY2005	FY2006	FY2007 2/
Number of Missions	4,706	5,062	5,101	5,698	4,707
Area	1,090	1,069	975	1,078	903
TA Functional	1,517	1,495	1,688	2,021	1,765
Other functional	600	668	699	722	633
Support	340	331	363	400	280
Governance	1,159	1,499	1,376	1,477	1,126
Mission Nights	7,858	8,456	8,357	8,151	6,266
Area	2,683	2,803	2,575	2,633	2,112
TA Functional	2,659	2,537	2,789	2,400	1,773
Other functional	764	900	867	845	750
Support	477	562	567	616	423
Governance	1,275	1,654	1,559	1,657	1,208
Average Mission Size (persons)	1.7	1.7	1.6	1.4	1.3
Area	2.5	2.6	2.6	2.4	2.3
TA Functional	1.8	1.7	1.7	1.2	1.0
Other functional	1.3	1.3	1.2	1.2	1.2
Support	1.4	1.7	1.6	1.5	1.5
Governance	1.1	1.1	1.1	1.1	1.1
Average Mission Length (days)	8.1	7.3	7.2	7.8	8.0
Area	9.1	8.3	8.3	6.2	6.3
TA Functional	10.9	9.7	9.9	14.2 3/	14.7 3/
Other functional	4.2	4.4	4.1	4.7	4.6
Support	3.7	4.0	3.1	3.7	3.8
Governance	4.2	4.8	3.8	4.2	4.6

Source: Office of Budget and Planning.

1/ Includes both Fund-financed and externally-financed travel. Includes expert travel. Excludes Annual Meetings travel.
2/ FY2007 is based on 10-month data.
3/ Reflects a shift from the employment of long-term experts to short-term experts, and longer missions for short-term experts.

Table 24. Selected Indicators of Work Pressure, FY2001-FY2007
(In percent of staff years)

	FY 2001	FY 2002	FY 2003	FY2004	FY2005	FY2006	FY2007 1/
Overtime	**10.7**	**9.6**	**9.1**	**9.6**	**9.6**	**9.6**	**9.5**
By Grade							
B-level	20.8	19.0	18.4	17.5	17.0	17.2	17.0
Professional level	13.0	11.4	10.6	10.6	10.5	10.2	10.2
Support level	5.1	4.1	3.8	3.7	3.9	4.0	3.7
By Department	**10.7**	**9.6**	**9.1**	**9.6**	**9.6**	**9.6**	**9.5**
Area Departments	14.6	12.3	12.0	12.5	12.5	12.0	11.2
Functional Departments	10.6	10.0	9.1	9.5	9.6	9.7	9.8
Support and Information Liaison Departments	5.7	5.7	5.5	5.8	5.8	6.0	6.3
Other 2/	12.2	11.9	11.1	11.5	10.9	11.3	13.2
Annual Leave 3/	**8.4**	**8.6**	**8.8**	**9.0**	**9.4**	**9.4**	**9.1**
By Grade							
B-level	9.4	9.9	10.0	9.5	10.5	10.2	7.8
Professional level	8.4	8.4	8.8	8.6	8.9	9.0	8.9
Support level	9.5	9.6	9.6	9.6	9.9	10.0	10.4
By Department	**8.4**	**8.6**	**8.8**	**9.0**	**9.4**	**9.4**	**9.1**
Area Departments	8.5	8.5	8.7	8.4	9.4	9.3	9.0
Functional Departments	8.4	8.4	8.7	9.1	9.1	9.2	9.2
Support and Information Liaison Departments	8.4	8.9	9.3	9.6	9.9	9.7	9.5
Other 2/	7.6	8.6	8.6	9.3	9.8	10.8	7.1
Sick Leave 4/	**8.9**	**8.7**	**8.6**	**9.2**	**8.9**	**9.4**	**10.0**
By Grade							
B-level	7.6	7.4	7.3	7.7	7.0	10.2	14.2
Professional level	9.1	8.8	8.6	9.2	8.7	9.0	9.6
Support level	10.3	9.9	9.8	10.2	10.3	10.0	9.4
By Department	**8.9**	**8.7**	**8.6**	**9.2**	**8.9**	**9.4**	**9.9**
Area Departments	8.7	8.7	8.4	9.0	8.6	9.3	11.1
Functional Departments	8.8	8.2	8.4	9.0	8.6	9.2	8.9
Support and Information Liaison Departments	9.7	9.6	9.4	9.9	10.1	9.7	10.0
Other 2/	6.6	7.0	7.8	9.3	7.5	10.8	15.9
Memorandum item:							
Number of staff traveling 50+ days							
As a share of all departments	7.6	7.4	6.0	7.3	5.6	5.1	...
As a share of area and functional departments	10.9	10.6	8.5	9.6	7.0	6.5	...

Sources: Budget Reporting System (BRS), Time Reporting System (TRS) and HR Leave System.

1/ Annualized estimates based on nine months of FY 2007 data.
2/ Includes EUO, INV, OAP, OBP, OIA, OMD, OTM, and UNO.
3/ Includes home leave.
4/ Includes sick leave, official holidays, home leave travel days, and other paid leave.

Table 25. Administrative Expenditures and Staff Positions in Offices Outside Washington, D.C.: FY1997-FY2006
(In thousands of U.S. dollars)

	FY1997	FY2003	FY2004	FY2005	FY2006
A) Administrative Expenditures					
Resident Representative Offices 1/	28,937	50,293	48,306	49,102	54,498
RTACs 1/	n.a.	2,020	9,877	14,419	15,986
Regional Offices	5,085	4,636	6,288	6,561	5,809
EUO - Offices in Europe	4,784	1,645	2,531	2,888	2,597
OAP - Regional Office for Asia and the Pacific	301	2,990	3,757	3,673	3,212
Training Institutes	2,273	2,033	2,206	2,626	2,722
Total Gross Expenditures	**36,295**	**58,982**	**66,677**	**72,709**	**79,015**
			-		
Receipts	...	691	8,745	12,413	13,761
Total Net Expenditures	36,295	58,290	57,932	60,295	65,255
Percent of Net Administrative Budget Outturn	...	...	7.75	7.30	7.46
B) Number of Fund staff	...	...	117	115	114
RR offices	...	...	87	85	84
RTACs	...	...	4	4	5
Regional offices	...	...	19	19	19
Regional training institutes	...	...	7	7	6

Sources: Office of Budget and Planning; "The FY2007-FY2009 Medium-Term Administrative and Capital Budgets--Selected Topics and Statistical Appendix" (EBAP/06/39, 4/21/07, Supplement 1, Table 7, page 46); "FY1998 Administrative and Capital Budgets--Report on Actual Expenses" (EBAP/98/69, 7/2/98).

1/ Amount includes all direct expenses associated with the operation of the office.

Table 26. Comparison of Staff-Related Expenditures between Headquarters and Offices Outside Headquarters, FY 2006

(In thousands of U.S. dollars) 1/

			Offices Outside Headquarters				
	Fund Total	Headquarters	Total	Res Rep Offices	RTACs	Regional Offices	Regional Institutes
Salaries 2/	334,194	317,110	17,084	12,137	880	3,273	794
Benefits and allowances paid directly to staff 3/	252,043	222,095	29,948	22,668	1,523	4,746	1,010
Of which:							
Housing allowance 4/ 5/	6,282	0	6,282	4,503	251	1,162	366
Educational Allowance	15,063	13,355	1,708	1,294	95	181	138
Number of Fund Staff 6/	2,641	2,527	114	84	5	19	6
Salaries per staff	126.5	125.5	149.9	144.5	176.0	172.3	132.3
Benefits and allowances per staff	95.4	87.9	262.7	269.9	304.6	249.8	168.3
Housing allowances per staff	2.4	0.0	55.1	53.6	50.2	61.2	61.0
Education allowance per staff	5.7	5.3	15.0	15.4	19.0	9.5	23.0

Source: Office of Budget and Planning.

1/ Numbers may not add to totals due to rounding.

2/ Reflects all staff salaries including overtime where applicable.

3/ Total staff benefits include standard benefits, settlement travel, overseas allowances paid directly to staff and residential leases paid to third parties for Res Reps and RTAC coordinators.

4/ For resident representatives and RTAC coordinators, the housing cost reflects the amount of residential lease payments made directly to third party lessors.

5/ The allocation of housing allowances between regional offices and regional training institutes is based on the number of staff in the respective locations.

6/ Staffing figures are as of the end of FY2006.

Table 27. Resident Representative Program, FY2003-FY2007
(Offices and Staff)

	FY2003	FY2004	FY2005	FY2006	FY2007
Total number of Resident Representatives (RR)	95	87	85	84	83
Total number of offices	91	89	88	92	90
Number of offices with RR	84	78	78	78	78
Local employees only	4	9	6	6	4
Shared offices	3	2	4	8	8

Source: Office of Budget and Planning.

Table 28. Resident Representative Offices, FY2003-FY2006
(In thousands of U.S. dollars)

	FY2003	FY2004	FY2005	FY2006
Total Gross Expenditures	50,293	48,306	49,102	54,498
Receipts	...	...	462	285
Total Net Expenditures	50,293	48,306	48,640	54,213
Number of Fund staff	95	87	85	84
Number of offices	91	89	88	92

Source: Office of Budget and Planning.

Table 29. Regional Technical Assistance Centers, FY2003-FY2006
(In thousands of U.S. dollars)

	FY2003	FY2004	FY2005	FY2006
Total Gross Operating Expenditures	2,020	9,877	14,419	15,986
Receipts	n.a.	7,724	10,943	12,463
Total Net Expenditures	2,020	2,153	3,476	3,523
Number of Fund staff	3	4	4	5
Number of centers	3	4	5	5

Source: Office of Budget and Planning.

Table 30. Regional Offices, FY2003-FY2006
(In thousands of U.S. dollars)

	FY2003	FY2004	FY2005	FY2006
Total Gross Expenditures 1/	4,636	6,288	6,561	5,809
Receipts	691	1,020	1,008	1,013
Total Net Expenditures 1/	3,944	5,267	5,553	4,797
Number of Fund staff	18	19	19	19
Number of offices	2	2	2	2

Source: Office of Budget and Planning.

1/ Includes all benefits and allowances paid directly to staff.

Table 31. Regional Training Institutes, FY2003-FY2006
(In thousands of U.S. dollars)

	FY2003	FY2004	FY2005	FY2006
Total Gross Expenditures 1/	2,179	2,357	2,796	2,898
Receipts	...	...	...	...
Total Net Expenditures 1/	2,179	2,357	2,796	2,898
Number of Fund staff	8	7	7	6
Number of training institutes	3	3	3	3

Source: Office of Budget and Planning.

1/ Includes all benefits and allowances paid directly to staff.