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IMF Executive Board Approves the FY2008 Administrative and Capital Budgets

On April 25, 2007, the Executive Board of the International Monetary Fund (IMF) approved the IMF's FY2008 administrative and capital budgets, which cover the financial year ending April 30, 2008. In addition, the Executive Board took note of the indicative administrative budgets for FY2009 and FY2010 and the three-year capital plan for the FY2008–FY2010 period. The Executive Board discussions on the budgets were linked to the staff paper [The FY2008–FY2010 Medium-Term Administrative and Capital Budgets](#).

Background

The administrative budget provides for the personnel and associated travel costs and other recurrent administrative expenditures incurred by the IMF in providing services to member countries and the international community. The annual budget covers the period May 1 through April 30, the IMF's financial year; the administrative budget is approved by the Executive Board on a net basis (defined as gross administrative expenditures less receipts). The Executive Board also approves a limit on gross administrative expenditures, based on an upper range of the estimates for receipts. The IMF's capital budget provides funds for capital projects starting in the forthcoming financial year; the projects approved form part of the three-year capital plan that covers all new capital projects.

Executive Board Assessment

For FY2008, the Executive Board approved a net administrative budget of US\$922.3 million, and took note of the indicative net administrative budgets of \$938.0 million and \$959.4 million for FY2009 and FY2010, respectively. The Executive Board also approved appropriations of \$46.6 million for capital projects and took note of the medium-term capital plan, totaling \$138.0 million.

The Administrative Budget for FY2008

The FY2008–FY2010 medium-term administrative budget allows for an underlying 1.7% increase each year. It was approved by the Executive Board against the background of the work underway to put the IMF's financing on a sustainable footing over the longer term. Executive Directors agreed that, although a new income model—building on the recommendations of the Committee of Eminent Persons—must play the major role in putting the Fund's finances on a sustainable basis, expenditure restraint is also necessary. Accordingly, the approved medium-term budget implies real reductions in the IMF's administrative resource envelope in each of the next three years. To ensure continued delivery of the IMF's outputs in line with the medium-term strategy, the additional resources allocated to meet new needs and priorities of member countries will be more than offset by cost reductions generated through the increased efficiency of existing operations, reductions in support services, and the scaling back or elimination of lower-priority activities.

Continuing the budget reform program, in FY2008, the IMF will implement a full medium-term budget supported by three-year business plans for its departments and offices. In addition, the IMF is introducing a range of performance indicators that will assist in making departments more accountable for the delivery of their business plans. It is also taking measures to improve the accuracy of how costs are allocated across the Fund's outputs.

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