

**LAPSE OF  
TIME**

EBD/20/16

June 19, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Rules for the 2020 Regular Election of Executive Directors—Report of the Executive Board to the Board of Governors**

Board Action: Executive Directors' **consideration** on a lapse of time basis

Deadline to Request a Board Meeting, after which Proposed Decision Deemed Approved: **Monday, June 22, 2020 5:30 p.m.**

Proposed Decision: Page 3

Questions: Mr. Bauche, SEC (ext. 36764)  
Ms. Michaels, SEC (ext. 35451)  
Mr. Blair, LEG (ext. 38164)  
Ms. Yiadom, LEG (ext. 39635)



To: Members of the Executive Board

June 18, 2020

From: Shona Riach, Chairman—Committee on Rules for the 2020 Regular Election of Executive Directors

Subject: **Report on the 2020 Regular Election of Executive Directors**

1. In connection with the forthcoming election of the Executive Board, the Committee on Rules for the 2020 Regular Election of Executive Directors (the “Committee”) has prepared the attached draft Report of the Executive Board to the Board of Governors entitled “Report of the Executive Board to the Board of Governors —2020 Regular Election of Executive Directors” (“draft Report”). The key points are as follows:

(a) ***Election Rules:*** Since the *Amendment of the Articles of Agreement of the International Monetary Fund on the Reform of the Executive Board* (the “Seventh Amendment”) in 2016, all Executive Directors are elected through regular election procedures. The Committee noted that the proposed rules are substantially the same as those approved for the 2018 regular elections of Executive Directors. Details on the nomination and balloting schedule are set forth in the draft Report.

(b) ***Number of Executive Directors:*** The Seventh Amendment did not change the “default” size of the Executive Board which, under Article XII, Section 3(b) continues to comprise 20 Executive Directors. Consistent with the commitment noted in Board of Governors Resolution 66-2, the rules propose that the Executive Board comprise 24 Executive Directors.<sup>1</sup> Accordingly, and as required by the Articles, the Board of Governors will be required to adopt the regulations by an 85 percent majority of the total voting power.<sup>2</sup>

(c) ***Maximum and Minimum Limits:*** The Committee proposes the same maximum and minimum limits that were set out in the rules for the 2018 election. The maximum and minimum limits for multi-country constituencies will be 8 percent and 2 percent of the total voting power, respectively. The Committee agreed that these limits should be applied in a manner that is consistent with the approach that has been followed in the past years, which allow for considerable flexibility. In particular:

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<sup>1</sup> In Board of Governors Resolution No. 66-2, the Board of Governors takes note of “the commitment of the Fund’s membership to maintain an Executive Board consisting of 24 Executive Directors, and to review the composition of the Executive Board every eight years.”

<sup>2</sup> Article XII, Section 3(c) provides that, for the purpose of each regular election of Executive Directors, the Board of Governors, by an 85 percent majority of the total voting power, may increase or decrease the number of Executive Directors from 20.

(i) On the maximum, a candidate will be able to retain the votes cast by a member whose votes brought the candidate from below to above 8 percent of the total voting power;

(ii) The voting power held by a single-member constituency may exceed the maximum limit, and its voting power is indivisible; and

(iii) On the minimum, in circumstances where the election is not contested (i.e., where the number of candidates equals the number of vacancies), the minimum limit will be waived.

(d) **Review Clause:** The proposed rules include the standard election review clause that, at the request of any Governor, requires the Board of Governors to review the results of the election in order to determine whether, in light of the objectives set forth in Chapter O, Section 2 of the Report by the Executive Directors to the Board of Governors on the Proposed Second Amendment to the Articles of Agreement, an additional Executive Director should be elected.<sup>3</sup> The Committee notes that, if as a result of the review, it was proposed to further increase the number of elected Executive Directors then, consistent with the Articles of Agreement, the proposal would need to be supported by the Board of Governors by an 85 percent majority of the total voting power.

(e) **Remaining Provisions:** As a matter of substance, the remaining provisions governing the election are consistent with the rules that have previously been adopted by the Board of Governors.

2. In addition to the formal provisions for the conduct for the 2020 election, the Committee has agreed that its report to the Board of Governors should draw attention to the importance that the Executive Board places on increasing its gender diversity. To reinforce this message, the Executive Board's most recent report to the Board of Governors on Gender Diversity should be recirculated to Governor as an attachment to the proposed rules for the 2020 election.

3. In a similar vein, the Committee has noted that the timing of the term of the Executive Board, which has commenced in November since 1948, may impact the relocation of some incoming Executive Directors and other staff with young children, as it occurs after the beginning of the northern hemisphere school year. The Committee notes that this issue requires further consideration by the Executive Board, preferably at an early opportunity, so

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<sup>3</sup> See *Staff Note on Rules for the 2010 Regular Election of Executive Directors*, EB/CREED/10/3, 10/1/10, paragraph 7(iii), which describes in more detail the legislative history, procedure, and application of the review clause. Although the review clause is of general applicability, the legislative history indicates that it was included (beginning in 1980) as a safeguard against the possibility that, if at the end of the election process there were not at least two Executive Directors representing African countries, a single Executive Director from that region could face the task of representing a very large number of members at the Board, and in that context, may be unable to give a adequate attention to the members that elected him or her.

that these issues may be fully discussed in advance of the next regular election of Executive Directors.

### **Proposed Decision**

The following draft decision, which may be adopted by a majority of the votes cast, is recommended for adoption by the Executive Board:

1. The Executive Board: (a) adopts the draft *Report of the Executive Board to the Board of Governors – 2020 Regular Election of Executive Directors* set forth in the Attachment of EBD/20/16 (6/19/20); and (b) recommends the adoption by the Board of Governors of the Resolution set forth in the Annex to the Attachment (the “Resolution”).
2. The Executive Board requests the Board of Governors, pursuant to Section 13 of the By-Laws, to vote without meeting on the Resolution. To be valid, votes must be received at the seat of the Fund no later than 6:00 p.m. Washington, D.C. time on Friday, July 17, 2020. Votes received after that time will not be counted.
3. The Executive Board authorizes and directs the Secretary to send to each member of the Fund the proposal of the Executive Board as set forth in the *Report of the Executive Board to the Board of Directors – 2020 Regular Election of Executive Directors*, with a request for a vote by each Governor on the Resolution.
4. All votes cast pursuant to this decision shall be held in the custody of the Secretary until counted, and all proceedings with respect thereto shall be confidential until the Executive Board determines the result of the vote.
5. The effective date of the Resolution shall be the last day allowed for voting.
6. The Secretary is authorized to take such further actions as the Secretary shall deem necessary or appropriate to carry out the purposes of this decision.

Attachment with Annex



## Report of the Executive Board to the Board of Governors

### 2020 REGULAR ELECTION OF EXECUTIVE DIRECTORS

1. Article XII, Section 3(d) of the Articles of Agreement provides that “Elections of Executive Directors shall be conducted at intervals of two years in accordance with regulations which shall be adopted by the Board of Governors.” In accordance with this provision, an election of Executive Directors is to be held this year. The proposed rules are substantially the same as those approved for the 2018 regular election of Executive Directors.
2. The Executive Board recommends that the 2020 Election be conducted on the basis of an Executive Board comprising 24 Executive Directors. This is consistent with Paragraph 17 of Resolution 66-2 of the Board of Governors, where it was noted that there was a commitment of the membership to “maintain an Executive Board consisting of 24 Executive Directors.” A decision to maintain an Executive Board of 24 Executive Directors requires a decision of the Board of Governors adopted by 85 percent of the total voting power.<sup>1</sup>

#### ***Regulations - Key Design Features***

3. The key design features of the regulations governing the 2020 Election may be described as follows:
  - ***Maximum and minimum limits.*** The rules contemplate maximum and minimum voting limits. The Articles require a maximum voting limit; specifically, under Article XII, Section 3(d), the regulations for the regular election of Executive Directors “shall include a limit on the total number of votes that more than one member may cast for the same candidate.” The rules can also establish a minimum threshold of votes required to elect an Executive Director, as has been done in previous elections. It was agreed by the Executive Board at the time the Amendment of the Articles of Agreement of the International Monetary Fund on the Reform of the Executive Board (the “Seventh Amendment”) was proposed that, for an all-elected Board, limits on the voting power of multi-country constituencies would need to be designed to avoid excessive concentration of voting power, while allowing for

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<sup>1</sup> This is because the number of Executive Directors would be increased from 20. Article XII, Section 3(b) sets the number of Executive Directors at 20. Article XII, Section 3(c), provides that, for the purpose of each regular election of Executive Directors, the Board of Governors, by an 85 percent majority of the total voting power, may increase or decrease the number of Executive Directors from 20.

adequate flexibility for voluntary constituency formation.<sup>2</sup> Accordingly, the Executive Board recommends that the same maximum and minimum limits agreed in 2018 be applied to the 2020 Election.

- ***Recommended limits for 2020 Election.*** Specifically, as in 2018, maximum and minimum limits of 8 percent and 2 percent of the total voting power, respectively, are recommended for the election of 24 Executive Directors (see paragraphs 7(a)-(b) of Attachment I of the Annex to this Report).
- ***Flexible application of the minimum and maximum.*** The rules contemplate the continuation of existing practice whereby the maximum and minimum are applied “flexibly.” With respect to the maximum, the rules would allow a candidate to retain votes cast by a member whose votes brought the candidate from below to above the maximum percentage of votes (see paragraph 7(c)(ii) of Attachment I of the Annex to this Report).<sup>3</sup> A single-member constituency may hold voting power exceeding the maximum limit. With respect to the minimum, the rules would allow (as has been standard in previous election regulations) the minimum limit to be waived in circumstances when the number of candidates equals the number of vacant seats (see paragraph 7(d) of Attachment I of the Annex to this Report).
- ***Review clause.*** The rules include the standard review clause (see paragraph 9(b) of Attachment I of the Annex to this Report). This review clause provides that, at the request of any Governor, the Board of Governors is required to review the result of the election in order to determine whether, in light of the objectives set forth in Chapter O, Section 2 of the Report by the Executive Directors to the Board of Governors on the Proposed Second Amendment to the Articles of Agreement, an additional Executive Director should be elected to serve for the term of office commencing upon the effective date of the election. Although the election review provision is of general applicability, the review clause was included (beginning in 1980) as a safeguard against the possibility that, if at the end of the election process, there were not at least two Executive Directors representing African countries, a

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<sup>2</sup> “With respect to the proposed amendment on an all-elected Board, Directors are committed to work expeditiously to design limits to the voting power of multi-country constituencies to avoid excessive concentration of voting power, while allowing for a dequate flexibility to enable members to form constituencies on a voluntary basis. It is understood that the maximum limit will need to be significantly higher than is currently the case as a means of providing for reconfiguration of chairs.” Secretary’s Understanding of November 5, 2010, *IMF Quota and Governance Reform—Elements of an Agreement*, SM/10/293, Supplement 3 (11/9/2010).

<sup>3</sup> When determining whether the votes cast by a Governor raise the total of any candidate above the maximum limit, the maximum limit includes, first, the votes of the Governor casting the largest number of votes, then the votes of Governor casting the next largest, and so on, until the maximum limit is reached. This is due to the operation of proposed rule 7(c)(i) (Attachment I).

single Executive Director from that region could face the task of representing a very large number of members at the Board, and in that context, may be unable to give adequate attention to the members that elected him/her. The election review provision allows the Board of Governors to assess this situation, should it occur, and propose an increase in the number of Executive Directors beyond the original proposal. A decision by the Board of Governors to increase the number of Executive Directors would have to be approved by an 85 percent majority of the total voting power.

### ***Timetable for Nominations and Balloting***

4. The Executive Board recommends an initial approximately twelve-week timetable to conduct the 2020 Election (i.e., the completion of nominations and the first round of balloting), commencing on Wednesday, July 22, 2020 and ending on the scheduled date of the Annual Meeting plenary on Friday, October 16, 2020. Members would be invited to submit nominations for candidates for Executive Director from Wednesday, July 22, 2020 through noon on Monday, August 24, 2020 (4.5 weeks). The first round of balloting would be conducted from 6:00 p.m. Monday, August 24, 2020 through 6:00 p.m. Washington, DC time on Friday, October 16, 2020 (8 weeks). In the event there is only a need for one round of balloting, the Secretary would announce the results no later than noon on Saturday, October 17, 2020. Additional time (beyond the eight-week timetable) would be needed if subsequent ballots were required. In these circumstances, it is envisaged that the necessary additional steps would be completed within a fifteen-day period, in order to permit completion of the election in time to allow newly-elected Executive Directors to take office on November 1, 2020.

### ***Next Election***

5. The term of office of Executive Directors elected in the 2020 Election would conclude on October 31, 2022. The next election will be held in October 2022 to permit the next Board to commence its term on November 1, 2022.

### ***Increasing Gender Diversity***

6. Executive Directors underscore the importance of promoting gender diversity at the IMF's Executive Board and the Offices of Executive Directors (OEDs). The Executive Board recognizes that a diversity of views contributes to stronger decision-making, and is committed to ongoing efforts to improve the gender profile of the Board and Offices of the Executive Directors. The Fund's membership has also indicated that it places importance on this issue; the International Monetary and Financial Committee (IMFC) has consistently drawn attention in its communiqués to the importance of enhancing the gender diversity of the Executive Board.

7. Therefore, the Executive Board encourages consideration of gender diversity in the nomination and selection of Executive Director candidates, and in striving to achieve a more

balanced representation going forward. However, the Executive Board acknowledges that Governors retain, at all times, freedom to nominate and vote for the candidates they consider best to represent them.

### ***Dates of the Executive Board Term***

8. The Executive Board notes that the Articles of Agreement require that an election of Executive Directors be conducted every two years. The election rules have specified the term of service for the Executive Directors. Since 1948, the term of each new Executive Board term has commenced on November 1 of the election year and concluded on October 31 of the subsequent election year, although in principle the term could be changed to start at any point within the calendar year of the required election. The Committee notes that beginning a new Board term on November 1 may complicate the relocation of those incoming Executive Directors with young children for whom the school year in the duty station begins two months earlier. If the new Board term were to begin on an earlier date, say, August 1, rather than November 1, those incoming Executive Directors could complete their relocation in time for their children to enroll in local schools at the beginning of the local school year.

9. The Executive Board notes that effecting such a change would require the Board of Governors to approve changes in the dates of the new term of the Executive Board, which are generally specified in the rules for the election. Careful consideration would need to be given to the implications of such change, timing, and possible transitional provisions. Given the proximity of the 2020 election, and advanced stage of selection of candidates for this cycle, the Board proposes that the new term of the Executive Board this year should begin on November 1, 2020, and end on October 31, 2022, in line with past practice. The Board has agreed to consider these issues in the future at an early opportunity, with a view to ascertaining the strength of support for such a change.

### ***Proposed Resolution***

10. The Executive Board recommends that the Board of Governors adopt the draft Resolution set forth in the Annex hereto to approve the draft Regulations for the Conduct of the 2020 Regular Election of Executive Directors (set forth in Attachment I of the Annex). This Resolution is being proposed for adoption by the Board of Governors by a vote without meeting in accordance with Section 13 of the By-Laws. The recommendation that there should be twenty-four total Executive Directors requires that the draft Resolution be adopted by an 85 percent majority of the total voting power.<sup>4</sup>

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<sup>4</sup> See footnote 1 above.

## INTERNATIONAL MONETARY FUND

**Draft Resolution No. [\*] of the Board of Governors  
2020 Regular Election of Executive Directors**

## RESOLVED:

1. In accordance with paragraph 2 of Resolution No. 73-3 adopted August 8, 2018, which provides that “[t]he next regular election of Executive Directors shall take place in 2020,” the proposed Regulations for the Conduct of the 2020 Regular Election of Executive Directors, set forth in Attachment I hereto, are hereby adopted; and
2. The next regular election of Executive Directors shall take place in 2022.

**REGULATIONS FOR THE CONDUCT OF THE 2020 REGULAR ELECTION OF EXECUTIVE DIRECTORS**

1. **Definitions:** In these Regulations, unless the context otherwise requires:
  - (a) “Articles” means the Articles of Agreement of the Fund.
  - (b) “Board” means the Board of Governors of the Fund.
  - (c) “Chairman” means the Chairman or Vice-Chairman acting as Chairman of the Board of Governors.
  - (d) “Governor” includes the Alternate Governor or any temporary Alternate Governor when acting for the Governor.
  - (e) “Secretary” means the Secretary or any Acting Secretary of the Fund.
  - (f) “Election” means the 2020 Regular Election of Executive Directors.
  - (g) “Eligible votes” means the total number of votes that can be cast in an election.
  - (h) “Rapid means of communications” includes conventional mail, fax, special courier or through the secure online Board of Governors Extranet Voting System (BOGeVS).

References in these Regulations to a particular time shall be to Washington, D.C. time, unless a different time is specifically provided for by these Regulations.

2. **Eligibility:** Subject to paragraph 6(d) of these Regulations, the Governors eligible to vote in the election shall be all of the Governors except those of the members that have had their voting rights suspended under Article XXVI, Section 2(b).
3. **Supervision of the Election:** The Chairman shall appoint such tellers and other assistants and take such other actions as he/she deems necessary for the conduct of the election.
4. **Number of Executive Directors to be Elected:** Twenty-four Executive Directors shall be elected.

5. **Nominations:**

- (a) Each Governor eligible to vote in the election shall be entitled to nominate one person for election as Executive Director. Any person nominated by one or more Governors shall be eligible for election as an Executive Director.
- (b) **Nominations may be made from 9:00 a.m. on Wednesday, July 22, 2020 through noon on Monday, August 24, 2020.** Each nomination shall be made on a Nomination Form furnished by the Secretary, signed by the Governor or Governors making the nomination and deposited with the Secretary by rapid means of communication.
- (c) Upon the closing of nominations, the Secretary shall, by rapid means of communication, send to all Governors eligible to vote in the election the list of candidates for the election, together with an invitation to Governors to vote in the first ballot.
- (d) If a nominee withdraws from the ballot after the closing date of the nomination period, but before the closing date of the ballot, the Secretary shall inform all Governors eligible to vote of such withdrawal and invite them to submit nominations of a candidate by rapid means of communication, and the timing for such nomination, which shall be determined by the Secretary, but no less than ten business days of the Fund. At the end of the prescribed period of time for this nomination, the Secretary shall compile a new list of candidates with all individuals who were nominated by at least one Governor in either nomination period, and circulate that list by rapid means of communication to all Governors eligible to vote with an invitation to vote through similar channels (or in person) before the end of the revised balloting period, which shall be determined by the Secretary.

6. **Ballots and Balloting:**

- (a) One ballot form shall be furnished, before a ballot is taken, to each Governor eligible to vote.
- (b) Each ballot shall be conducted by the deposit of ballot forms, signed by Governors eligible to vote, with the Secretary by rapid means of communication or in person. When a ballot has been completed, the Secretary shall cause the ballot forms to be counted and the names of the persons elected to be announced and communicated to Governors by rapid means of communication.
- (c) If the tellers should be of the opinion that any particular ballot form is not

properly executed, they shall, if possible, afford the Governor concerned an opportunity to correct it before tallying the results, and such ballot form, if so corrected, shall be deemed valid.

- (d) If a member does not have a duly appointed Governor or Alternate Governor during a ballot, such member shall be taken not to have voted on that ballot.
- (e) **Voting for the first ballot shall take place from 6:00 p.m. on Monday, August 24, through 6:00 p.m. Washington, DC time Friday, October 16, 2020.** If a revised list of nominees is circulated in accordance with paragraph 5(d) of these Regulations, or a second or subsequent ballot is necessary, the Secretary shall announce and communicate the names of the candidates to be voted on, the members whose Governors are entitled to vote, and the timing for the relevant ballot, which shall be determined by the Secretary.
- (f) If a Governor does not vote for any candidate when entitled to do so, he/she shall not be entitled to vote on any subsequent ballot and his/her votes shall not be counted under Article XII, Section 3(i)(i) toward the election of any Executive Director.
- (g) If a second or subsequent ballot is required, but the number of remaining candidates is equal to the number of vacancies to be filled, those candidates shall be deemed to have been elected in the preceding ballot, provided that paragraph 7(f) of these Regulations shall apply.

#### 7. **Conduct of the Election:**

- (a) In balloting for the Executive Directors to be elected, each Governor eligible to vote shall cast for one person all of the votes to which that Governor is entitled under Article XII, Section 5(a). The twenty-four persons receiving the greatest number of votes shall be Executive Directors, provided that, subject to paragraphs 6(g) and 7(d) of these Regulations, no person who received less than two percent of the total voting power shall be considered elected.
- (b) When twenty-four persons are not elected in the first ballot, a second ballot shall be held in which there shall vote only (i) those Governors who voted in the first ballot for a person not elected, and (ii) those Governors whose votes for a person elected are deemed under (c) below to have raised the votes cast for that person above eight percent of the total voting power. If in the second ballot there are more candidates than the number of Executive Directors to be elected, the person who received the lowest number of votes in the first ballot shall be ineligible for election.
- (c) In determining whether the votes cast by a Governor are to be deemed to have

raised the total of any person above eight percent of the total voting power:

- (i) the eight percent shall be deemed to include, first, the votes of the Governor casting the largest number of votes for such person, then the votes of the Governor casting the next largest number, and so on until eight percent is reached; and
  - (ii) for purposes of (c)(i) above, if the votes cast by a Governor raise the total votes received by a candidate from below to above eight percent of the eligible votes, the votes cast by that Governor shall be deemed not to have raised the total votes received by that candidate above eight percent.
- (d) When in any ballot the number of candidates is the same as the number of Executive Directors to be elected, and no candidate is deemed to have received more than eight percent of the total voting power, each candidate shall be considered elected by the number of votes received even though a candidate may have received less than two percent of the total voting power.
  - (e) If, after the second ballot, twenty-four persons have not been elected, further ballots shall be held on the same principles as set out in (b) above until twenty-four persons have been elected, provided that after twenty-three persons are elected, the twenty-fourth may be elected by a simple majority of the remaining votes and shall be deemed to have been elected by all such votes.
  - (f) Any member whose Governor has voted in the last ballot and whose vote has not contributed to the election of an Executive Director may, before the effective date of the election, and subject to the limits specified above on the total number of votes that may be cast toward the election of an Executive Director, designate an Executive Director who was elected, and that member's votes shall be deemed to have counted toward the election of the Executive Director so designated.

#### 8. **Resolving Ties:**

- (a) If in any ballot there are more candidates than the number of Executive Directors to be elected and two or more candidates tie with the lowest number of votes, no candidate shall be ineligible for election in the next succeeding ballot but if the same situation is repeated on such succeeding ballot, the Chairman shall eliminate by lot one of the candidates from the following ballot.
- (b) If any two or more Governors having an equal number of votes shall have voted for the same candidate and the votes of one or more, but not all, of such Governors could be deemed under paragraph 7(c) of these Regulations to have

raised the total votes received by the candidate above eight percent of the eligible votes, the Chairman shall determine by lot the Governor or Governors, as the case may be, who shall be entitled to vote in the next ballot.

9. **Announcement and Review of Result:**

- (a) After the last ballot, the Secretary shall cause to be distributed a statement setting forth the result of the election.
- (b) The Board of Governors, at the request of any Governor, will review the result of the election in order to determine whether, in light of the objectives set forth in Chapter O, Section 2 of the Report by the Executive Directors to the Board of Governors on the Proposed Second Amendment to the Articles of Agreement, an additional Executive Director should be elected to serve for the term of office commencing upon the effective date of the election.

10. **Effective Date of Election of Executive Directors:**

- (a) The effective date of election shall be November 1, 2020. If a review is requested under paragraph 9(b) of these Regulations prior to the effective date of the election, the effective date of the election shall be a date announced by the Secretary after the Board of Governors has completed the review and has taken any action that it deems necessary.
- (b) The term of office of Executive Directors shall commence on the effective date of the election. Executive Directors elected pursuant to these Regulations shall serve through October 31, 2022.

11. **General:** Any question arising in connection with the conduct of the election shall be resolved by the tellers, subject to appeal, at the request of any Governor, to the Chairman and from him/her to the Board of Governors. Whenever possible, any such question shall be put without identifying the members or Governors concerned.



October 8, 2019

## GENDER DIVERSITY IN THE EXECUTIVE BOARD—PROGRESS REPORT OF THE EXECUTIVE BOARD TO THE BOARD OF GOVERNORS

Working Group on Gender Diversity at the Executive Board: Louise Levonian (Chair), Anthony De Lannoy, Alisara Mahasandana, Dumisani Mahlinza, Maher Mouminah, Shona Riach, and Alexandre Tombini (OED). Report prepared by Elena Michaels, Emelie Mannefred, and Erica Anderson (SEC).

**Executive Directors underscore the importance of promoting gender diversity at the IMF's Executive Board and the Offices of Executive Directors (OEDs).** The Executive Board recognizes that a diversity of views contributes to stronger decision-making, and is committed to ongoing efforts to improve the gender profile of the Board and Offices of the Executive Directors. The Fund's membership has also indicated that it places importance on this issue; the International Monetary and Financial Committee (IMFC) has consistently drawn attention in its communiqués to the importance of enhancing the gender diversity of the Executive Board.

**This report updates the Executive Board on the current gender profile of the Fund's Executive Board;** assesses this profile against that of other comparator organizations; and outlines the efforts currently being led by the Working Group on Gender Diversity at the Executive Board (WGGD) to achieve positive change going forward

## GENDER DIVERSITY AT THE EXECUTIVE BOARD AND ITS SHARED BENEFITS

1. **The IMF’s Executive Board comprises 24 Executive Directors, elected directly by all 189 member countries. Executive Directors are supported by 30 Alternate Executive Directors.**

2. **The number of women Executive Directors and Alternate Executive Directors on the IMF’s Executive Board is low—currently five (three Executive Directors and two Alternate Executive Directors).** The number of women working as Senior Advisors and Advisors to Executive Directors remains below the voluntary targets agreed in 2016, discussed further below. We can, and should, do better.

3. **Improved gender diversity on the Executive Board benefits everybody:**

- Increasing the number of women Executive Directors and Alternate Executive Directors **strengthens decision-making** by including broader perspectives, skill sets, and experiences to feed into key decisions.
- IMF studies have indicated that increased gender diversity on boards in the financial sector is associated with **stronger financial outcomes, reduced risk, and enhanced resilience.**
- A growing body of evidence also suggests that enhanced gender diversity on boards may **reduce conflict**, increase the **focus on transparency and ethics**, and build a stronger sense of corporate **responsibility.**

4. **Recognizing the importance of making progress in this area, in 2016 the Executive Board adopted a strategy for increasing the representation of women on the Board and in Offices of Executive Directors.** To maintain focus on this work, the Board has established a standing Working Group on Gender Diversity, comprising seven Executive Directors.

5. **In 2019, the WGGD’s work will focus on two key dimensions:**

- Preparing the groundwork for increasing representation of women on the Executive Board, especially as Executive Directors and Alternate Executive Directors, in the next regular election of Executive Directors, which will be conducted in October 2020. As described further below, the WGGD will lead efforts to raise awareness within the Executive Board, and

### Gender Diversity at the Board—Key Trends (average figures 2014–2019)

**2 of 24** Executive Directors

**4 of 31** Alternate Executive Directors

**24%** Share of female Senior Advisors

**33%** Share female Advisors

**1** Constituency with a female Executive Director and Alternate Executive Director

with member country authorities, of the importance of considering—and selecting—women to be nominated as Executive Directors and Alternate Executive Directors.

- Increasing the number of women appointed to Senior Advisor and Advisor positions is important to maintain a balanced work place. As significant turnover in these positions generally coincides with the beginning of each new term of the Executive Board (November 1 of every even numbered year), the WGGD will also draw attention to the need to work towards achieving the voluntary targets for the appointments of women as Senior Advisors and Advisors to Executive Director (see paragraph 8 below).

### The Working Group on Gender Diversity— Terms of Reference

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

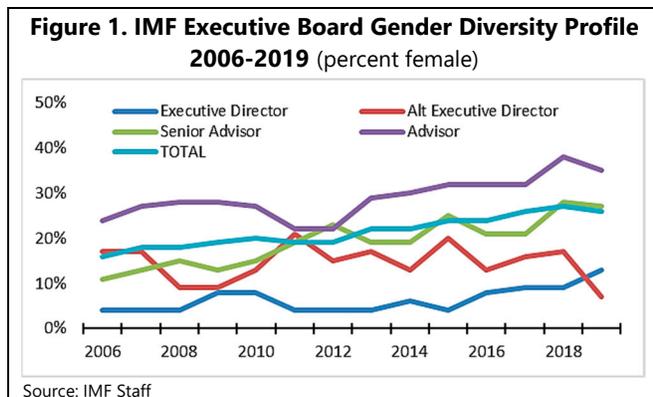
## CURRENT GENDER DIVERSITY PROFILE

6. **The current female representation on the IMF Executive Board and Offices of Executive Directors in the Fund and the World Bank is shown in Table 1.** Three out of 24 (13 percent) Executive Director positions and two of 30<sup>1</sup> (7 percent) Alternate Executive Director positions are held by women. In the Senior Advisor and Advisor positions the numbers are 27 percent and 35 percent, respectively. Figure 1 shows the percentage of female appointments to the positions of Executive Director, Alternate Executive Director, Senior Advisor and Advisor, as a share of the total number of these categories of positions, for the period 2006–2019.

	IMF		World Bank	
	as of July 2019		as of July 2019	
<b>Executive Directors</b>	3	13%	4	17.4%
<b>Alternate Executive Directors</b>	2	7%	5	20%
<b>Senior Advisors</b>	13	27%	22	39.3%
<b>Advisors</b>	33	35%	44	42.7%
<b>Total</b>	51	26%	75	36.2%

Source: IMF and World Bank staff.  
1/Data includes only those staff appointed by member country authorities.

7. **The gender profile of the Executive Board over the past 14-year period indicates that while the total numbers of female representation at the Board has generally increased over time, the picture**

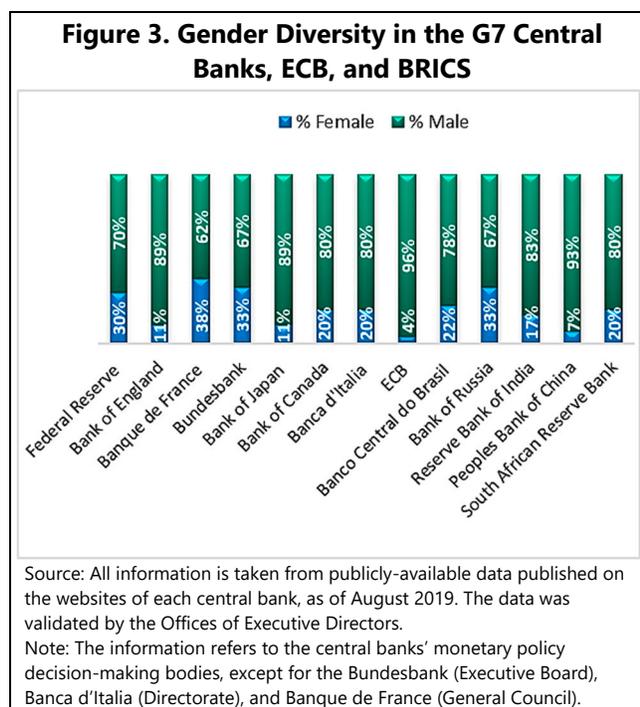
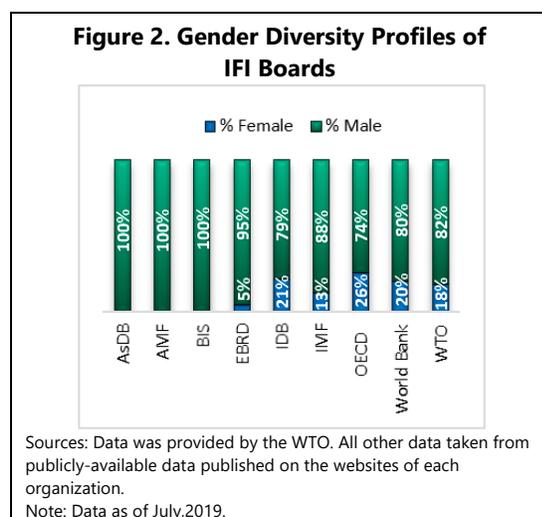


<sup>1</sup> One Alternate Executive Director position is currently vacant.

**is mixed.** The share of women holding Advisor and Senior Advisor positions has increased, but the share of female Executive Directors has hovered around 4-8 percent (1-2 positions) with a recent peak of 13 percent (or 3 out of 24). The share of women in the Alternate Executive Director positions has in fact declined since the last report to the Board of Governors in 2017.

8. **The Gender Diversity Strategy adopted by the Executive Board in 2016 establishes voluntary targets for female Senior Advisor and Advisor positions: 35-45 percent of Senior Advisors and 40-50 percent of Advisors should be female by 2020.** Progress has been more consistent in this area, but more remains to be done. As progress is made, more ambitious targets should be set, striving towards equality.

9. **It is recognized that recruitment lead times for senior positions are lengthy, and that many factors bear on the nomination of candidates for these roles.** In order to understand better how member countries approach the selection process, and specifically, to ascertain whether gender is an explicit factor in those selection decisions, the 2017- 2018 WGGD sought the informal views of authorities. The information received was helpful but insufficiently broad-based to be considered definitive<sup>2</sup>. The responses indicated that authorities use a combination of open selection processes and closed direct appointments. Executive Directors often do not influence the selection of Executive Director and Alternate Executive Director candidates but may have some influence regarding appointments of Senior Advisors and Advisors. The survey data did not indicate whether gender targets have a significant impact on the selection of women for Executive Board and Senior Advisor and Advisor positions.



<sup>2</sup> Member country authorities submitted 61 responses representing 56 member countries. While responses were received from countries within all five major geographical regions, they were concentrated in a few regions (primarily advanced economies).

10. **Overall, the gender profile of the Fund’s Executive Board is generally somewhat behind that of a number of comparator International Financial Institutions (IFIs), as shown in Figure 2.** Comparison of the IMF’s Executive Board gender profile with that of the governing boards of a range of central banks indicates that the Fund’s profile is below many of these selected public sector bodies (see Figure 3). Further comparison to the aggregate picture of the private sector (Fortune 500 companies) suggests that IFIs generally, and the IMF specifically, lag behind the corporate world (see Table 2).

## ELEVATING THE IMPORTANCE OF ENHANCED GENDER DIVERSITY

11. **Enhancing gender diversity in economic policy and decision making is not only the right thing to do. Research also shows that greater diversity broadens the range of perspectives and improves the quality of decision making and discussion and leads to better**

**outcomes.**<sup>3</sup> Analysis also indicates that a higher share of women on bank boards and in banking supervision boards appears to be associated with greater financial resilience and bank stability. However, the share of women in leadership positions in economics and finance is disproportionately low when compared with the available talent pool, according to an IMF study.<sup>4</sup>

12. **Given this, the WGGD recognizes that its primary role is to encourage consideration and selection of female candidates, while recognizing that member countries’ recruitment processes and practices reflect their specific circumstances and will differ.**

Over the coming year, the WGGD work plan will focus efforts on communicating clearly to the membership the continuing value and importance of increasing the number of women on the Executive Board. In the first instance, this work shall be directed at raising awareness of the benefits of gender diversity and encouraging authorities to give active consideration of this issue in the selection of candidates for the 2020 election of Executive Directors, and increase support for selection of women to Senior Advisor and Advisor positions in the Offices of Executive Directors.

**Table 2. Fortune 500 Board Seats by Gender, 2010-2018**

	2010	2012	2016	2018
Male	84.3%	83.4%	79.8%	77.5%
Female	15.7%	16.6%	20.2%	22.5%

Source: *Missing Pieces Report: The 2018 Board Diversity Census of Women and Minorities on Fortune 500 Boards*, Harvard Law School Forum on Corporate Governance and Financial Regulation.

*During the period 2010–2018, only 6 chairs have appointed female Executive Directors and 13 have appointed female Alternate Executive Directors. Only 1 chair has had a female Executive Director and a female Alternate Executive Director.*

<sup>3</sup> <https://www.aeaweb.org/articles?id=10.1257/jep.30.4.221>

<sup>4</sup> *Women in Finance: A Case for Closing the Gaps*, IMF Staff Discussion Note. September 2018. <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2018/09/17/women-in-finance-a-case-for-closing-gaps-45136>

13. **To take this work forward, it is proposed to:**

- Engage all Executive Directors as advocates for the importance of gender diversity both within their constituency offices and with their authorities.
  - Within their constituency offices, by requesting their staff to complete the Fund’s Unconscious Bias training as part of their onboarding.
  - With key stakeholders in member countries, including through targeted outreach (e.g. written communications to Governors); and informal engagement (e.g. raising awareness of this issue as part of routine contacts with authorities).
- Develop additional recommendations to help in addressing institutional barriers to gender diversity.
- To support this engagement through continuing development of key messages and short factual materials that can be shared with interlocutors, such as the Fact Sheet on Gender Diversity at the Executive Board (see Annex I).
- In partnership with the Managing Director as Chair of the Board, engage the attention of high-level decision makers on the importance of this issue (e.g., at the time of the presentation of the Global Policy Agenda, and other communications with IMF Governors).
- Raise the profile of this issue within the membership at the time of the Spring and Annual Meetings, through raising awareness in many of the open events, including those with civil society, and by including this issue on the agendas of each Office’s constituency meetings.
- Provide networking opportunities for female staff in Offices of Executive Directors to meet and share experiences, informally mentor others during their tenure at the IMF, and develop strategies for elevating the importance of this issue both during their work at the IMF and after they return to their home countries.

14. **The WGGD has adopted a multi-pronged communications plan to be implemented over the next 18 months, utilizing formal and informal outreach.** These efforts are targeted to members of the Executive Board, management and relevant staff, and the IMF membership at different levels.

## NEXT STEPS

15. The WGGD will continue to monitor progress against these objectives and regularly report progress towards implementation of the strategy to the Executive Board, for referral to the Board of Governors.



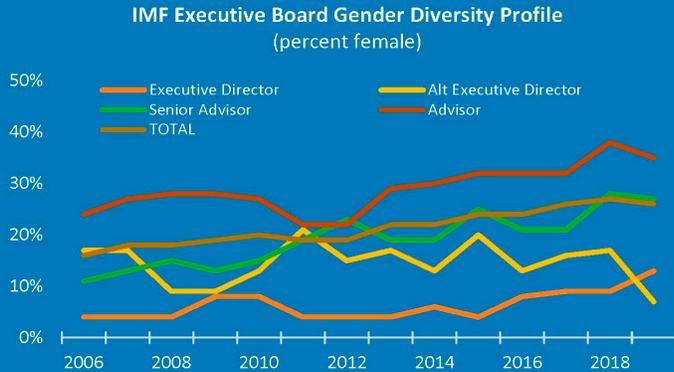
# Annex I. Factsheet

## GENDER DIVERSITY AT THE IMF EXECUTIVE BOARD

SEPTEMBER 2019

The International Monetary and Financial Committee (IMFC) has consistently drawn attention in its communiqués to the importance of enhancing the gender diversity of the Executive Board.

The IMF Executive Board is, by its membership and structure, diverse in national and geographic representation. However, women are under-represented at the Executive Director and Alternate Executive Director level.

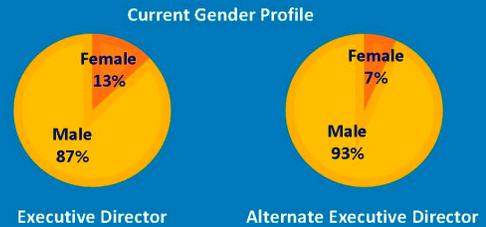


**Gender Diversity at the Board—Key Trends (Average Figures 2014–2019)**

- 2 of 24** Executive Directors
- 4 of 31** Alternate Executive Directors
- 24%** Share of female Senior Advisors
- 33%** Share of female Advisors
- 1** Constituency with a female Executive Director and Alternate Executive Director

**LOOKING AHEAD:**

The Executive Board encourages Governors to recognize the importance of gender diversity during the selection process for the position of Executive Director and Alternate Executive Director.



There are 24 Offices of Executive Directors. Data as of July 2019.

## WHY GENDER DIVERSITY MATTERS

*Gender in finance has macroeconomic, moral and ethical implications extending across national borders, cultural chasms, and class divides. It affects women all over the world—from executives in boardrooms to women who seek education, access to financial services, and employment opportunities.* David Lipton, Acting Managing Director, April 2019.

### THE CASE FOR WOMEN ON BOARDS

Increasing gender diversity results in gains from:

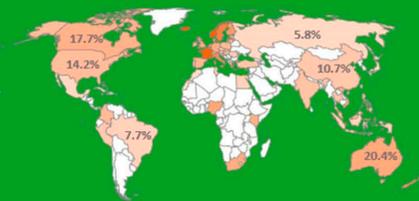
**Better Performance**

- Broadening the range of perspectives and improving the quality of decision making and discussion leads to better outcomes
- A higher proportion of women directors is linked to board effectiveness as it can decrease the level of conflict and increase the quality of board development activities (Catalyst, 2013)
- Banks with a higher share of female board members are associated with higher capital buffers, a lower proportion of non-performing loans and greater resilience to stress. (Sahay, Cihak and others, 2018)

**Diversified Skills**

- New, complementary skills and ideas to the workplace to the benefit of both men and women (Ostry and others, 2018)

Corporate Board Seats Held by Women 2.1% 44.0%



Gender Diversity of International Financial Institution Member Country Boards

