



October 2019

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

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The following document(s) have been released and are included in this package:

- The **Progress Report** prepared by the Executive Directors of the 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, and IMF staff Elena Michaels, Emelie Mannefred, and Erica Anderson.

### **Informal Session to Brief:**

The progress report prepared by the Executive Directors of the Working Group on Gender Diversity at the Executive Board and IMF staff was presented to the Executive Board in an informal session on Friday, October 4, 2019 and transmitted to the IMF Board of Governors on October 10, 2019. The progress report was approved for publication on October 17, 2019.

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**International Monetary Fund  
Washington, D.C.**



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

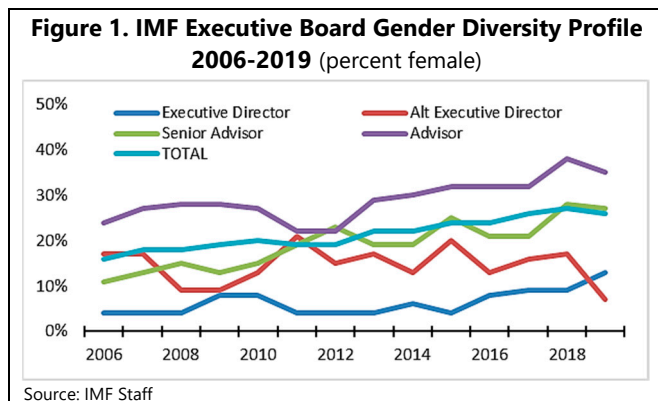
6. **The current female representation on the IMF Executive Board and Offices of Executive Directors in the Fund and the World Bank is shown in Table 1.** Three out of 24 (13 percent) Executive Director positions and two of 30<sup>1</sup> (7 percent) Alternate Executive Director positions are held by 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.

**Table 1. IMF and World Bank Offices of Executive Directors Gender Diversity<sup>1/</sup>**

	IMF as of July 2019		World Bank 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**

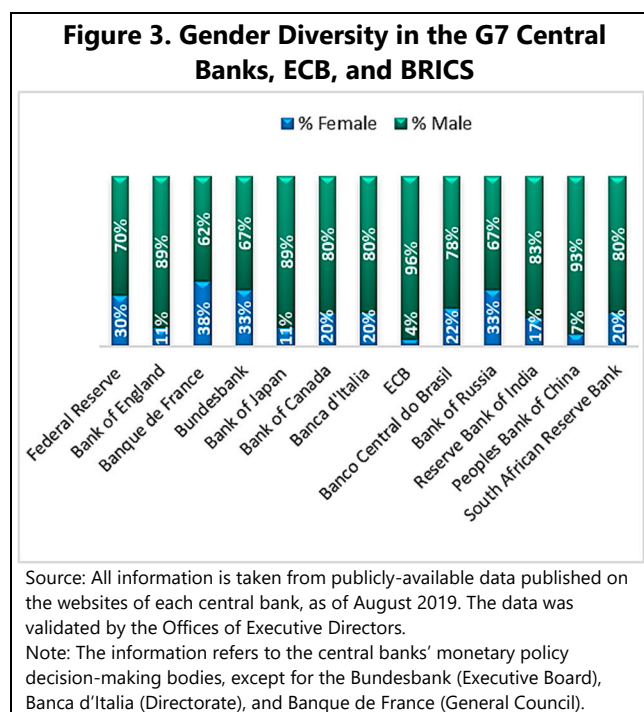
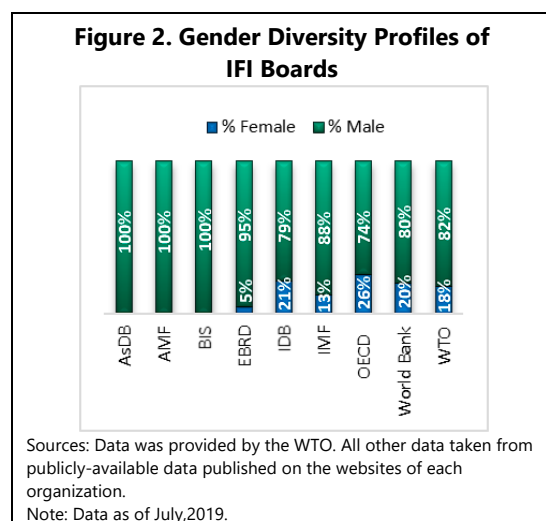


<sup>1</sup> One Alternate Executive Director position is currently vacant.

**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.



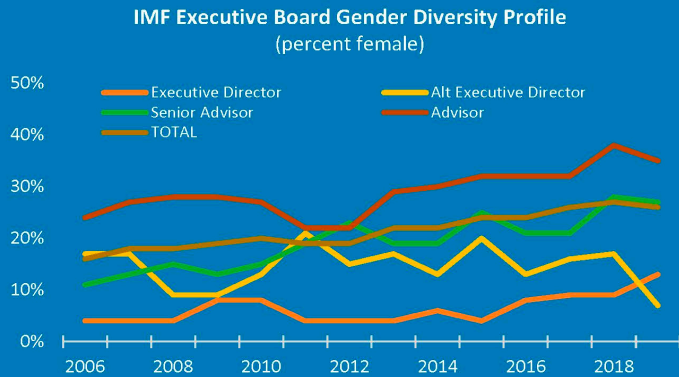
# Annex I. Factsheet

## 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.

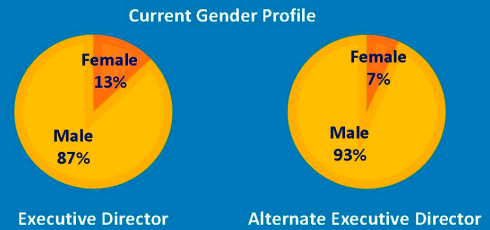


### Gender Diversity at the Board—Key Trends (Average Figures 2014–2019)

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- 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:

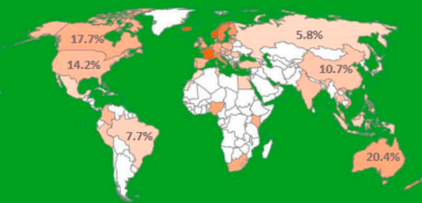
**Better Performance**

- 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

