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**Joint Statement by Mr. Andrianarivelo, Mr. Binzarah, Ms. Mannathoko, Mr. Mohieldin,
Mr. Mozhin, Mr. El Qorchi, and Mr. Zhang on FY2020-FY2021 Diversity and Inclusion
Report
(Preliminary)
Executive Board Meeting
January 24, 2022**

We thank the Diversity Advisor and the team for their efforts to improve the Fund's diversity and inclusion profile. Although mandated by its Articles of Agreement, the Fund's current diversity and inclusion outcomes are not equally and geographically representative of the rich diversity of its membership. Correcting the legacy of under representation of women and certain regions across the Fund's career streams is long overdue, and in today's world, increasingly important to raise the Fund's effectiveness while also mitigating reputational risk around race and bias perceptions. To this end, ensuring a fair, equitable, and supportive environment for all Fund staff to achieve their aspirations through hard work and dedication is a moral, social, and economic imperative. Sustained efforts to improve diversity outcomes and meet targets will go a long way in rebuilding credibility in Management's efforts to promote diversity and inclusion within the Fund and help mitigate the human capital risk to the institution. In this regard, we expect to see greater progress toward diversity and inclusion at the time of the next Board meeting. The proposed roadmap is welcome, but *we would appreciate staff elaboration on the decision not to pursue the two actions on PhD requirements recommended by the 2025 Diversity Benchmarks Working Group.*

Diversity

Whilst we acknowledge the progress achieved to advance the Fund's diversity and inclusion (D&I) indicators for FY2021, more efforts and a sustained commitment are needed to meet the 2025 Benchmarks, which we understand to constitute a floor in representation. Half of the diversity indicators remain below 80 percent of their respective targets. In particular, efforts should focus on the diversity benchmarks where shares have declined, especially for women in the individual contributor level, the ASEAN+ region, and URR nationals at the B4/B5 level. We agree that further progress would require acting on all of the three factors (recruitment, promotions, and separations) contributing to the diverse makeup of Fund staff. While including secondary nationalities may help provide more granular information about

some staff, we question the purpose it serves other than to aesthetically improve the outcomes towards the 2025 Benchmarks, instead of working harder to achieve them.

Recruitment

Recruitment is an important element of enhancing diversity at the Fund. We commend staff for making efficient use of the current virtual environment and the subsequent increase in recruitment missions. We are pleased to see some progress towards recruitment targets, unfortunately, recruitment outcomes for MENA+ nationals and women still fall short of targets and require greater effort to achieve the relevant targets. In this regard, we concur with staff that priority should be given to increasing the share of women and MENA+ nationals into the individual contributor category. In addition, redoubling efforts to hire women from URRs for managerial positions is needed. The centralization of recruitment processes has proven effective in delivering better diversity results and we encourage staff to sustain their recruitment efforts through centralized recruitment programs, including the Economist Program and mid-career program, to achieve the recruitment targets.

In the Board discussions on the 2025 URR benchmarks, some chairs sought improvements in the methodology used to determine quantitative benchmarks, in order to remove perceptions of opaqueness or subjectivity. A fair and simple approach that includes core representational factors such as population size is important. From a statistical standpoint, the relative populations of the three URRs will also determine the likelihood of meeting recruitment targets. *On this basis, staff should explore the scope to add about 5 percentage points more to the 30 percent URR allocation and distributing it between URR benchmarks, so they better reflect population sizes.*

We welcome the section in the report that highlights areas of focus required to overcome the recruitment challenges. In this regard, with the Fund set to prioritize work in areas such as climate change, digital money, macro-financial surveillance, FCSs, and inclusive growth and gender, we see an opportunity to boost its recruitment efforts and improve diversity outcomes by taking full advantage of the international mix of skills and specializations in these areas. Meanwhile, we encourage the Fund to consider multi-pronged external recruitment measures to address the under-representativeness of URRs for managerial positions. In this regard, we see merit in restoring the B-level secondment program.

Promotions

External recruitment, whilst a necessary activity to enhance diversity at the Fund, will not alone be sufficient to achieve diversity targets, especially at the managerial level if URR nationals and women do not benefit from equitable career progression/promotion opportunities. We are of the view that external recruitment efforts to enhance diversity should not replace the necessary expansion of internal mobility, including addressing bottlenecks, namely grades and promotions to managerial positions amongst URR nationals and women. Preparing staff adequately for managerial positions allows the Fund to develop its existing talent and help staff achieve their aspirations through career development. Unfortunately for URRs, URR women, and nationals from Other Western Hemisphere, promotion rates are low and continue to fall short of the targets. In this regard, greater departmental accountability should be strengthened and sanctioned.

Economist Career Stream:

Though the A14-A15 bottleneck is a challenge facing all Fund staff, it disproportionately affects URR nationals (specifically staff from ASEAN+ and MENA+), URR women, and staff from Other Western Hemisphere from making it into the pipeline of managerial positions. Although the average rate of promotion for URR women from A14-A15 has risen, it still remains well below the promotion rates for women from other regions. The average rate of promotion from A14-A15 for economists from the MENA+ region is the second lowest compared to the Fund average (slide 20 and Figure 14.1 in the report); *yet, on slide 24, when discussing the areas of focus, staff only mention SSA and East Asia as the two regions to focus on for increasing the rate of promotion and omit MENA+. That same omission is also reflected in the report (paragraph 47). Staff comments are welcome.* The A14 bulge/bottleneck and time-in-grade indicators need a more granular and dedicated analysis. This is crucial to enable the equitable promotions of URR staff to the A15 level, in preparation for a managerial career path.

Promotion into managerial positions: We welcome the progress made in promoting economists from MENA+ from A15 to B1 and the higher share of women promotions into managerial roles, including the most senior levels. However, we are disappointed that the average promotion rates for ASEAN+, Other Western Hemisphere, Transition Countries, and SSA are well below the Fund's average. We deeply regret that the ratio of managers to staff is only 1 in 22 for East Asia, and 1 in 15 for Sub-Saharan Africa, far below the ratio in other regions. Furthermore, promotions for URR women still lag behind the Fund's average. We encourage staff to redouble their efforts to enhance and sustain the achieved progress.

Specialized Career Stream (SCS):

Whilst we welcome the increased average rate of promotions from A14 & A15 to B1 for the MENA+, ASEAN+, and Asia regions, we are greatly disappointed by the shortfall, from the target, for Other Western Hemisphere, Transition Countries, U.S. & Canada and SSA. *We would appreciate staff's clarification on why promotions of SCS staff from the above-mentioned regions, across these grades, is well below the Fund's average. Of particular concern is that promotions of SSA staff are virtually nonexistent (Figure 16.1).* We look forward to staff's continued reporting on promotions across all grades for SCS.

Building a fair, structured, and transparent pathway for all staff to realize their aspirations through career progression should be at the core of the Fund's moral obligation to its hard working and dedicated staff. To that end, clearly defining career-enabling assignments for managerial positions and for grade-to-grade promotions, making these prerequisites well known to all staff concerned, and establishing robust quantitative requirements and criteria for promotion positions will be crucial. This is preferable to relying on imprecise qualitative criteria that may be ambiguously understood and communicated when considering applicants for a position. It is imperative to re-establish credibility in the Fund's promotion processes amongst URR staff and other under-represented groups and restore trust in Management's willingness to create an environment for staff that closely reflects the geographical, cultural, and gender diversity of its membership. *Ratings of staff's performance have been paused for the past 2 years due to COVID, yet promotions are ongoing. Can staff clarify, in the absence of this quantitative rating system, what criteria has been used to justify promotion of some*

staff over others and how managers ensure fairness and objectivity in their selection? We would also appreciate an update on measures being taken to reduce conscious and unconscious bias in career-enabling and promotion decisions. In earlier discussions we indicated outside (HBR) analysis on the shortcomings in the type of training approach used by the Fund, and we would appreciate if and how such analysis has been integrated by HRD and the diversity working group.

Separations

Separation is another channel influencing diversity. By virtue of its share in the population, the highest number of separations occur at the A9-A15 grades for all staff. Nonetheless, men from URRs and women from other regions resign at slightly higher rates than the average, and amongst URRs, MENA+ nationals resign at higher than the average rates. We see merit in paying more attention to this area. Conducting more detailed exit interviews as well as breaking down voluntary resignations by gender, race/region, grade, and time-in-grade would help shed light on reasons behind voluntary resignations and may help the Fund retain its talented and skilled staff.

Equity and Inclusion

By virtue of the Fund's diverse membership, its work environment should be one that fosters and nurtures greater inclusion. As staff aptly state, all employees should feel respected, with their opinions valued, and operate in a safe environment. We welcome the fact that racial equity has gained priority in the Fund's D&I agenda and strongly support Management's zero tolerance of discrimination, bullying, and harassment.

Correcting shortcomings in the Fund's diversity and inclusion profile:

It will be crucial to ***build a robust and detailed data infrastructure*** to enable a more granular and evidence-based analysis of the challenges for a prescriptive set of recommendations. The outcome of the D&I survey should be the basis for assessing the institution's current performance and the foundation for reform, as it provides a qualitative corroboration to the equity challenges facing some Fund staff on a day-to-day basis. *Considering the results of the survey, could staff elaborate on planned approaches to address the current shortcomings and fundamentally drive a more inclusive culture?*

Enhance efforts to achieve the agreed upon diversity targets and avoid aiming for lower targets. We do not support staff's suggestion to "look for synergies and the possibility of grouping together recruitments for specialized economists and specialized career stream positions". If recruitment/promotion targets for URR nationals are still lagging, then the solution would be to work harder to meet them rather than aim for lower or easier targets. Along the same vein, the same argument follows for promoting women from URRs to meet the URR and the gender promotion targets in one action. *We impress upon staff to ensure that all groups are treated equally and fairly.*

Invest in well designed, transparent programs that proactively address ways to achieve the Fund's D&I targets. The recently introduced Sponsorship Program (SP) aims to correct the low representation of URRs in key pipelines for managerial roles. Although its objective is well-intentioned, we have concerns about its design, transparency, its effectiveness in

achieving the necessary outcomes, and its monitoring and evaluation. Through our outreach to some of the participating staff, the main feedback they had was centered around the lack of structure of the program. A few also mentioned that in their interactions with their sponsors and staff, the program fell short of making commitments towards their career development. To date, the SP remains largely unknown amongst Fund staff and some of the current nominees are reluctant to share their experience with other non-nominated URR colleagues for fear of sensitivities. The lack of transparency around the program and its eligibility requirements, its lack of structure and unannounced milestones may undermine confidence in its stated goals. *Why has the program not been announced to all staff? Other issues of concern include, but are not limited to, (i) reasons why time-in-grade has not been included as one of the eligibility requirements; and (ii) the fact that, in the absence of ratings, which have been paused over the past 2 years due to COVID, nominations may seem subjective. On the program's monitoring and evaluation, what milestones are built into the program and how often will they be reassessed for effectiveness? Do the Fund's HR staff have the necessary skillset and training to monitor and evaluate the SP? Staff comments are welcome.*

Finally, strengthening accountability for management at all levels and tying it to consequences would further reinforce the underlying accountability framework.