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CONFIDENTIAL

April 27, 2021

**The Acting Chair's Summing Up
2021 Review of Staff Compensation;
Staff Recruitment and Retention Experience in CY 2020
Executive Board Meeting 21/39
April 21, 2021**

Executive Directors welcomed the staff papers on the 2021 staff compensation and the recruitment and retention experience in CY 2020. They strongly appreciated the staff's exceptional work and dedication in serving the membership during this unprecedented and difficult time. Directors acknowledged that the staff is the Fund's most valuable asset, and that ensuring a high-quality and dedicated workforce is key to the Fund delivering on its mandate. The Board approved a structural increase (to the pay line) of 1.8 percent and an average salary increase of 2.8 percent for staff in grades A1-B3, and 1.8 percent for staff in grades B4-B5. The Board also supported the proposed enhanced pay administration policies. Directors acknowledged the importance of a rules- and evidence-based compensation system, and generally noted that the increase reflected the administration of the new compensation system and is aligned with the Fund's key comparator labor markets. Directors underscored the importance of maintaining open and constructive dialogue with the staff on human resources-related issues, including through the Staff Association Committee.

On the size of the salary adjustment, a number of Directors underlined the need to be mindful of the implications of the ongoing crisis and the public sector nature of the Fund that call for wage moderation. A number of other Directors urged careful consideration of the precise calculation of the safeguard mechanism to allay concerns of potential wage erosion. As a safeguard mechanism, the comparatio is designed to measure actual salary relative to the salary range midpoint of the target market. A number of Directors cautioned that the proposed enhanced pay administration for staff above their pay grade could erode the functioning of the salary structure.

Directors noted that in light of the exceptional challenges posed by the ongoing crisis, management decided that the distribution of salary increases will only be based on the distribution of staff and position in grade. They encouraged reinstating the full performance management process, including the new ratings system, for the next fiscal year.

On recruitment, Directors noted that the Fund remains an attractive employer, and that it will be important to safeguard its competitiveness. Directors took positive note that despite the pandemic, the Fund was able to increase hiring by over 20 percent compared to CY 2019 and acknowledged the flexible onboarding of new employees. They noted the low

2021 EP rejection rate of 23 percent, driven largely by the subdued hiring in the U.S. academic sector. Directors agreed on the need to closely monitor the competitiveness metrics in the next 1-3 years to assess when the job market has fully recovered, and to gauge the medium-term implications for the Fund's international employment attractiveness.

Directors welcomed the increase in nationals of underrepresented regions (URR) in CY2020. At the same time, further work is needed to ensure achievement of the 2025 benchmarks. Directors called for concerted efforts, especially through the midcareer economist program, to improve representation of URR staff at the economist and managerial levels and welcomed the proposed development of bold actions. A few Directors also called for efforts to ensure that there is no bias in recruitment and promotion toward non-URR candidates.

Directors noted that the bulk of the crisis positions are yet to be filled, and looked forward to continued expedited efforts. They reiterated the need for a robust strategy for unwinding these crisis positions consistent with business continuity.