

**IMMEDIATE
ATTENTION**

SM/09/236

September 2, 2009

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Supplemental Pay for Employees Deemed “Essential” During a Crisis**

Attached for consideration by the Executive Directors is a paper on the supplemental pay for employees deemed “essential” during a crisis.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by **noon on Wednesday, September 9, 2009**. In the absence of such a request, the draft decision that appears on page 4 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

It is not intended to publish this paper on the Fund’s external website.

Questions may be referred to Ms. Shannon, HRD (ext. 37258).

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

Supplemental Pay for Employees Deemed “Essential” During a Crisis

Prepared by the Human Resources Department
In Consultation with the Legal Department, Technology and General Services Department,
and the Office of Budget and Planning

Approved by Shirley Siegel

September 2, 2009

- *It is proposed that the Fund adopt a supplemental pay policy for essential employees required to come to work during a crisis event. Supplemental pay is an incentive to come to work when there is a health/safety risk to oneself. Many comparator organizations, including the World Bank and the U.S. Federal Government, provide supplemental pay in these circumstances.*
- *The recommended supplemental pay premium is the daily rate equivalent to 50 percent of the mid-point of Grade A11, or U.S. dollar 197 per day based upon the 2009 salary scale. This recommendation is in line with what the World Bank provides, as well as other comparable organizations.*
- *The cost of providing a supplement pay premium for a 6-week closure at headquarters is estimated at about U.S. dollar 325,500.*

1. In late April 2009, the Fund activated its crisis management plan to address the risks posed by the H1N1 virus, in light of a potential declaration by the World Health Organization of a pandemic event¹. While the H1N1 threat turned out to have minimal impact on Fund work, it was an excellent test of the Fund’s crisis management plan. During this exercise, a number of pay and benefit policies were examined to determine what would and would not occur if the Fund buildings were closed and only employees deemed “essential” could enter the buildings.

2. During a pandemic event, it is expected that “social distancing,” i.e. avoiding close contact with others, will be critical in curbing the spread of a highly contagious and potentially deadly disease. However, it is also recognized that certain functions will need to

¹A pandemic event is defined as a medical situation that is contagious that would require the Fund to close one or more work sites to protect the health of its employees. It is one type of crisis for which the Fund’s Crisis Management Team is preparing.

be performed even if the Fund closes its buildings temporarily. Therefore, the pandemic crisis management plan classifies Fund employees into three groups:

Essential employees: Approximately 50 employees are deemed as essential employees and will be required to come to the office in the event of a pandemic event. These employees are mostly in the Technology and General Services Department (TGS) and are responsible for keeping the building and IT systems running. There are also several employees in the Finance Department (FIN) deemed as essential who may need to come to the office to ensure that certain financial transactions, critical to the Fund, continue.

Critical employees: These employees are responsible for keeping the Fund business running but are not required to be present in the building. They will be expected to perform their functions from home. This is expected to represent the bulk of the remaining employees but activities may need to be staggered so that remote access to IT systems is not overwhelmed.

Non-critical employees: These employees may work from home if sufficient remote access is available.

3. “Essential” employees have been pre-identified and have agreed, in principle, to report to duty. However, facts and circumstances at the time of the event may change the individual’s ability or willingness to come to work.² If all employees, working or not working, continue to be paid, there may be little incentive for an employee who is deemed “essential” to come to work, particularly if this would expose him/her to a higher level of infection risk by commuting and by working with others.

4. The Crisis Management Team recommends that supplemental pay be provided to “essential” employees because it would help reduce the risk that critical systems and infrastructure might be damaged if not attended properly. Maintenance of IT systems, in particular, is critical to allow many other employees to work remotely during the crisis.

5. Comparator organizations, such as the World Bank, the United Nations, the Federal Reserve, and the U.S. Federal Government provide incentive pay in such situations (Attachment 1). The World Bank’s plan calls for a supplement of the daily equivalent to 50 percent of the Market Reference Point (MRP) of grade GF. Grade GF is approximately the Fund’s Grade A11. Based upon the World Bank’s current salary scales (effective July 2009), this amount is \$192 per day.³ The U.N. pandemic plan calls for \$1,000 per month and \$33 per day (\$83 a day) for its international employees deemed essential. The United States Office of Personnel Management guidance on pandemic planning indicates that agencies may authorize a hazard pay differential of 25 percent of pay. It is proposed that the Fund

² If the employee refused to come to work, no disciplinary action would be taken against the employee.

³ This is calculated by dividing the MRP at GF by 2 and then dividing that by 260 days.

adopt a supplemental pay policy for essential employees similar to the amount provided by the World Bank by using the midpoint of Grade A11. This produces a supplemental pay of U.S. dollar 197.

6. Supplemental pay will be effective only in the event of a Fund closure due to a crisis as declared by the Managing Director based on a recommendation from the Fund's Crisis Management Team, taking into consideration the facts and circumstances of the crisis. For example, employees reporting to work may not be at a greater level of risk than for those working at home. In such situations, the essential employees would not be provided the supplemental pay. In no case would essential employees required to work during Fund closures for reasons such as inclement weather, holidays, or other dismissals deemed appropriate by management receive supplemental pay.

7. The cost of providing the supplemental pay is estimated to be U.S. dollar 9,850 per day or U.S. dollar 49,250 per week. Ancillary costs for "essential employees", such as food and transportation, are estimated at U.S. dollar 1,000 per day. In case of a pandemic that would require closure of the Fund for a six-week period, the resulting additional cost of "essential employees" would be around U.S. dollar 325,500.

PROPOSED DECISION

It is recommended that the Executive Board approve the following draft decision:

The Managing Director is authorized to provide supplemental pay to employees who are required to report for duty at Fund premises during a crisis involving a Fund closure and increased health/safety risk. This payment shall be equivalent to the daily rate of 50 percent of the midpoint of Grade A11 and shall be made for each day, or a prorated portion equivalent to the portion of the day, that the employee is required to report for duty.

Comparison of Pay Policies Due to Closure in the Event of a Crisis

	International Monetary Fund	World Bank	United Nations	Office of Personnel Management
<i>Attendance</i>	<p>Employees designated as “<i>essential</i>” will be expected to report to the office. Employees designated as “<i>critical</i>” will be expected to work from home. Employees designated as “<i>non-critical</i>” may work at home should systems capacity allow.</p> <p>All employees remain on the Fund’s payroll throughout the crisis.</p>	<p>Only employees designated as “<i>essential employees, required to work at Bank offices</i>” (<i>Category 1 employees</i>) will have access to the office. Employees designated as “<i>essential employees, required to work from home</i>” will be expected to work from home. Employees designated as “<i>who can work from home if needed</i>” may work at home if needed. Other employees “<i>who will be asked to remain sheltered at home without working</i>” will stay at home.</p>	<p>Only employees designated as critical shall have access to the office.</p>	<p>Telework is strongly encouraged and excused leave will be used only as a last resort.</p>
<i>Compensation</i>	<p>In a crisis, the Managing Director has the authority to approve Administrative Leave with pay for a period of up to 6 months.</p>	<p>Employees remain on Bank’s payroll throughout the crisis.</p>	<p>Make necessary arrangements to continue pay.</p>	<p>Guidance from the Office of Personnel Management will be provided regarding excused absence, if required.</p>
<i>Special Pay</i>	<p>None.</p>	<p>Employees required to report to work (Category 1) should be paid a special premium in the form of flat amount prorated to the actual period of work. Category 1 employees are expected to work no more than 56 hours weekly. The daily premium is calculated as 50% of MRP for GF divided by 260. (Currently \$192 per day)</p>	<p><u>Hazard pay:</u> a) International Employees: i) <i>monthly</i>, US\$1000; and ii) <i>daily</i>, US\$33; (equates to \$83 per day) and b) Locally-recruited employees: i) <i>monthly (not yet determined)</i> ii) <i>daily (not yet determined)</i></p>	<p>Agencies may authorize a pay differential of 25 percent. (At midpoint of A11, equates to \$99 per day)</p>