

**FOR
AGENDA**

EBAP/10/25

March 30, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Staff Recruitment and Retention Experience in CY 2009—Selected Indicators**

The attached paper on staff recruitment and retention experience in CY 2009—selected indicators provides background information for the 2010 review of staff compensation (EBAP/10/24, 3/30/10), which is tentatively scheduled for discussion on **Monday, April 12, 2010**.

Questions may be referred to Ms. Mendis (ext. 38333) and Mr. Chua (ext. 36381) in HRD.

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

Staff Recruitment and Retention Experience in CY 2009—Selected Indicators

Prepared by the Human Resources Department

Approved by Shirley Siegel

March 30, 2010

Contents	Page
Executive Summary	2
I. Introduction	3
II. Recruitment Experience in 2009	3
III. Recruitment by Selected Staff Groups.....	5
A. B-level Recruitment	5
B. Mid-Career Economists and Other Staff (Grades A9–A15)	5
C. Economist Program (EP).....	7
D. Staff at Grades A1–A8 (Support Staff).....	9
E. Contractual Employees.....	9
IV. Retention.....	9
V. Issues and Challenges	10
Figures	
1. Recruitment and Separations: CY 1991–2009.....	4
2. Mid-Career Economist Mobility and Recruitment: CY 2009.....	6
Attachments	
I. Tables: Supporting Data on CY 2009 Recruitment and Retention	14
1. Main Indicators of Recruitment and Retention, CY 2004–2009	14
2. Diversity of Externally-Recruited Staff (Grades A9–B5): CY 2004–2009.....	15
3. B-level Staff Recruitment, CY 2004–2009	16
4. Mid-Career Economist Appointments: Grades A9–A15, CY 2004–2009	17
5. Rejections of Mid-Career Economist Offers, CY 2006–2009	18
6. Economist Program: Appointments, CY 2004–2009	19
7. Economist Program: Offers and Rejections, CY 2008–2009	20
8. Fund Internship Program (FIP): CY 2004–2009	21
9. Recruitment of Support Staff: Grades A1–A08, CY 2004–2009	22
10. Contractual Employee Appointments by Career Stream, CY 2004–2009	23
II. Diversity Benchmarks for Staff (Grades A9–B5) in 2014.....	24
III. Fund Employment Framework	25

EXECUTIVE SUMMARY

The recruitment and retention experience in CY 2009 was shaped by two main factors: the global financial and economic crisis which gave rise to the need for additional staff; and the effects of the large voluntary staff separation scheme introduced in late 2007.

External recruitment needs rose sharply in 2009: first, the larger-than-expected voluntary separations under the restructuring exercise initiated in late 2007 created a gap of about 110 unfilled positions; second, more than 80 limited-term positions were created for a period of two years in view of the growing need for crisis work; and, third, existing vacancies and separations outside the one-time voluntary scheme added to the need for new staff. The large size of the gap to be filled and the urgency of meeting the demands of crisis work called for a major recruitment drive in 2009.

Recruitment reached an all-time high in 2009, as 281 new staff members were brought on board. Even so, the total number of staff at the end of 2009, at 2,352, was slightly lower than at end-2008, owing to a record number of separations (close to 300). Thus, 2009 was the fifth consecutive year of declining overall staff numbers. However, with a steady-state staff level of 2,521 and normal separations picking up again after the expiration of the voluntary scheme, recruitment is expected to continue at a brisk pace in 2010.

A total of 156 economists (at Grades A11–B5) joined the Fund in 2009, equivalent to about 13 percent of the stock of economists at the end of 2008, while some 130 economists left the institution. The new economists brought on board have a wide range of up-to-date skills in macroeconomics with many of them having specialized in the financial sector. Other career streams also experienced high turnover.

The Fund continued to make progress with respect to most of its gender and geographic diversity benchmarks in its recruitment in 2009. The share of women in total staff hired at Grades A9–B5 was 34 percent, significantly higher than the average in the preceding five years. Recruitment of staff from Africa, East Asia, and transition countries exceeded the benchmarks established for the stock of nationals from these regions in 2014. However, new recruits from the Middle East continued to fall short of the benchmark and accounted for a smaller share than in the preceding five years.

There is strong evidence that the perception that the Fund's work had again become highly relevant was key to the successful recruitment in 2009. The salaries and benefits the Fund offered to potential candidates in 2009 were broadly competitive, but starting grades and salaries in selected areas were an issue. In this context, the recession-induced weakness of demand for economists and persons with other skills sought by the Fund made it easier to attract strong candidates. A stronger test for Fund recruitment and retention will come when the external demand for the skills and expertise needed by the Fund recovers (especially financial sector experience).

I. INTRODUCTION

1. **This paper discusses the staff recruitment and retention experience in CY 2009.** Recruitment and retention in 2009 were shaped by two main factors: the global financial and economic crisis which gave rise to the need for additional staff; and the effects of the large voluntary staff separation scheme introduced in late 2007. The demands on the Fund, which had risen sharply in the latter part of 2008, remained high in 2009. The Fund was called upon to quickly step up its financial support, policy advice, and technical assistance to a sizable number of member countries. This situation required not only internal reprioritization and reallocation of resources, but also a substantial increase in recruitment to fill the vacancies resulting from separations and newly created temporary positions. While the global crisis gave rise to new demands on the Fund, it also made it easier to secure the requisite staff because of the weakness in labor markets—in which the Fund recruits.
2. Section II provides an overview of the recruitment outcome in 2009, while Section III presents a more detailed picture of recruitment by grade groups. Section IV gives a summary of staff separations in 2009. The paper concludes with a section on issues and challenges.

II. RECRUITMENT EXPERIENCE IN 2009¹

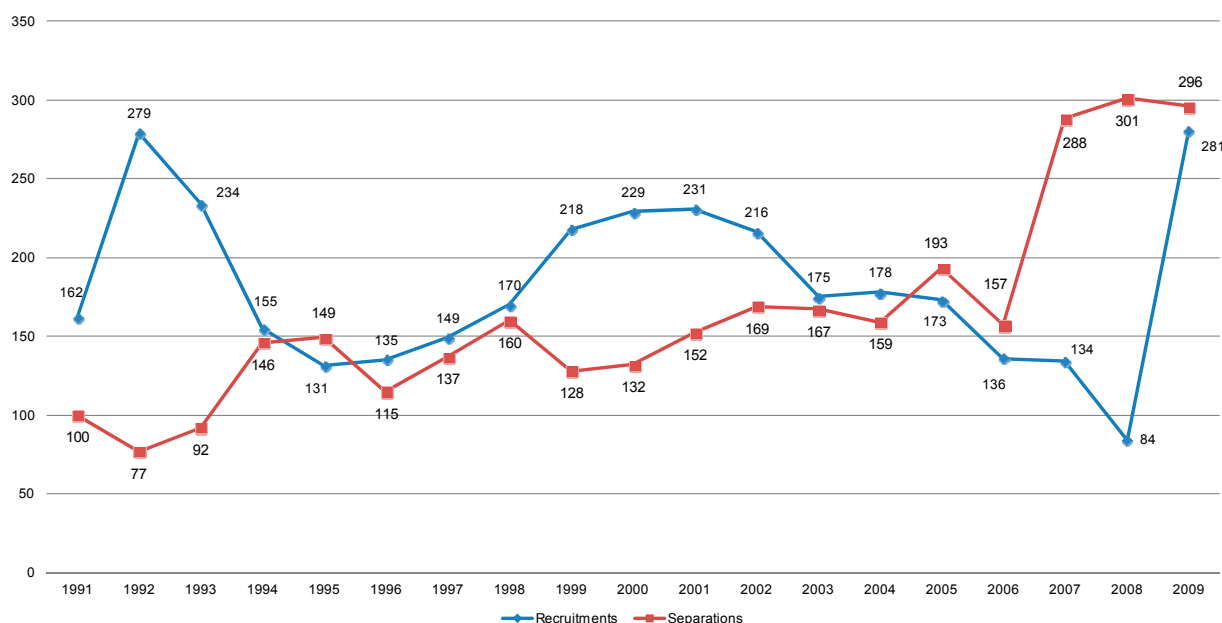
3. **The Fund's external recruitment needs rose sharply in 2009.** First, the larger-than-expected voluntary separations under the restructuring exercise initiated in late 2007 created a gap of about 110 unfilled positions at the beginning of the year, as more separations had been accepted (490) than positions reduced (380). Second, more than 80 limited-term positions were created for a period of two years in view of the growing needs for crisis work, with the European Department (EUR) receiving the largest allocation (33 positions). And, third, existing vacancies and separations outside the one-time voluntary scheme added to the need for new staff. The large size of the gap to be filled and the urgency of meeting the demands of crisis work called for a major recruitment drive in 2009.
4. **Against this backdrop, external recruitment reached an all-time high in 2009.** A total of 281 new staff members were brought on board in 2009, a level that exceeded annual inflows during the two previous peak periods in recruitment, namely, those following the accession of new member countries from eastern Europe and the former Soviet Union in the early 1990s and the Asian financial crisis in the late 1990s (Attachment I, Table 1 and Figure 1). Even so, the total number of staff at the end of 2009, at 2,352,² was slightly lower

¹The Fund's recruitment is guided by the core principle laid out in the Articles of Agreement and the N-Rules, and General Administrative Orders: to secure the highest standards of efficiency and technical competence, while paying due regard to the importance of recruiting personnel on as wide a geographical basis as possible.

²The numbers referring to staff in this report exclude staff in the Offices of the Executive Directors (OED) and the Independent Evaluation Office (IEO), which amounted to 137 and 34, respectively, at the end of 2009.

than at end-2008, owing to a record number of separations. Thus, 2009 was the fifth consecutive year of declining overall staff numbers. However, with a steady-state staff level of 2,521 and normal separations picking up again after the expiration of the voluntary scheme, recruitment is expected to continue at a brisk pace in 2010.

Figure 1. Recruitment and Separations: CY 1991–2009



- A total of 156 economists (at Grades A11–B5) joined the Fund in 2009, equivalent to about 13 percent of the stock of economists at the end of 2008, while some 130 economists left the institution.*** This high turnover implied a temporary loss of experience and institutional memory, but also brought about a substantial renewal and updating of the Fund’s skill base. The new economists brought on board have a wide range of up-to-date skills in macroeconomics with many of them having specialized in the financial sector. Many of the mid-career recruits also had significant policy-making experience in their home countries at all levels. This retooling of the institution will continue in 2010, as the turnover of economists is expected to remain high.
- Other career streams also experienced high turnover.*** The inflow of new staff at Grades A9–B5 in specialized career streams (SCS) was well in excess of recruitment levels in preceding years, but it was just sufficient to match the relatively high separation rate. With regard to support staff at Grades A1–A8, separations were almost twice as high as new recruitment. To a large extent, this reduction in A1–A8 staff reflected one of the objectives of the restructuring exercise.

5. **The Fund continued to make progress with respect to most of its gender and geographic diversity benchmarks in its recruitment in 2009 (Table 2).** In April 2009, the existing guidelines were supplemented with additional benchmarks for staff representation from East Asia and for the representation of senior staff from all underrepresented regions (the Fund's diversity benchmarks are set out in Attachment II). The improvement in diversity was achieved despite the urgency to bring on board a large number of staff, as well as significant supply constraints with regard to diverse candidates. The share of women in total staff hired at Grades A9–B5 was 34 percent, significantly higher than the average in the preceding five years. Women accounted for 32 percent of incoming economists and the share of women in SCS recruitment was 40 percent. In 2009, recruitment of staff from Africa, East Asia, and transition countries exceeded the benchmarks established for the stock of nationals from these regions in 2014. However, new recruits from the Middle East continued to fall short of the benchmark and accounted for a smaller share than in the preceding five years.

III. RECRUITMENT BY SELECTED STAFF GROUPS

A. B-level Recruitment

6. **Recruitment of B-level staff is normally carried out to fill specific vacancies.** The principal methods are print and web-based advertisements, referrals, and the use of executive search firms. During the often lengthy recruitment process, a number of candidates withdraw from consideration for career, compensation, or family reasons before a formal offer is made by the Fund. In some cases, more than a dozen candidates are approached for positions and informal rejections occur before they can be filled. Since in most cases formal offers of employment are made only after discussions have virtually been concluded, rejections at this stage are rare and not a reliable indicator of the attractiveness of the Fund as an employer of high-quality candidates.

7. **A total of nine new staff members joined the Fund at the B levels in 2009, which was slightly less than in the three preceding years (Table 3).** This number included two department directors (Monetary and Capital Markets [MCM] and Human Resources [HRD] Departments). The share of women in new B-level staff was 22 percent, above the 20 percent benchmark. Despite extensive efforts to attract candidates from underrepresented regions, the geographic distribution of the B-level staff hired in 2009 was disappointing, as only one of the new staff came from a developing country and none was from any of the four underrepresented regions.

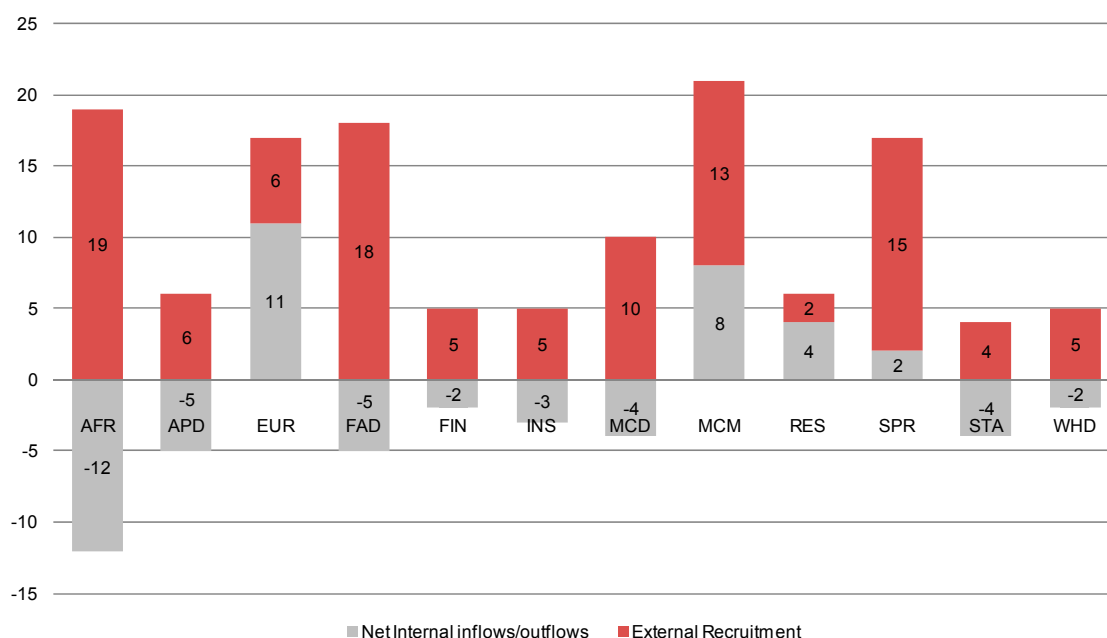
B. Mid-Career Economists and Other Staff (Grades A9–A15)

8. **A total of 108 mid-career economists were recruited in 2009, more than twice the average level in the preceding five years (Table 4).** The Fund relies primarily on economists with a substantial number of years of experience in analytical and policy-making work to replenish the ranks of economists in area and functional departments. Mid-career recruitment is of particular importance in years of large need because of the relatively elastic

supply of economists from national public sector institutions, research institutes, and universities. The group of mid-career economists typically includes staff with highly specialized skills in financial sector work, public finance, and other areas of the Fund's responsibilities. In 2009, MCM and a few other departments brought 13 financial sector economists into their staff. Another 16 financial sector experts were hired on long-term contracts, almost all of them by MCM.

9. **The 108 new mid-career economists joined a broad range of departments (Figure 2).** Slightly less than one half of the new economists were hired by area departments. The Fiscal Affairs (FAD), MCM, and Strategy, Policy and Review (SPR) Departments were also actively recruiting externally. However, the departmental distribution of the new recruits is not indicative of the change in work requirements or the allocation of new positions to departments, because many of the vacancies that initially arose were first filled through internal mobility, as departments with a concentration of crisis countries sought experienced staff (e.g., EUR).

Figure 2. Mid-Career Economist Mobility and Recruitment: CY 2009



10. **Most of the mid-career economists were recruited from a pipeline of candidates established and replenished through recruitment missions, referrals, and applications to generic advertisements.** In addition, functional departments needing specialized skills (e.g., FAD and MCM) frequently do their own sourcing of candidates. The existence of this mid-career pipeline enabled the Fund to respond quickly to the rising demand for economists. In 2009, the rejection was 13.6 percent, in line with 2008, but above the experience in the two preceding years (Table 5). The main reasons for the rejections were expectations of

salary, grade, and title that could not be met despite offers that were frequently stretched to the limit. Preference to work in academia or the United States (U.S.) Federal Reserve was also a factor in a number of cases. There were no significant differences in the rejection of offers by gender or geographic area, with the exception of candidates from the U.S. who turned down offers twice as often as persons from other areas. Reflecting the temporary allocation of positions for crisis work, 27 of the 108 new mid-career economists received limited-term (two-year) appointments, a much higher share than in the past. The rest joined the Fund on fixed-term appointments. A summary of the Fund's employment framework is in Attachment III.

11. **The diversity of the mid-career economists hired in 2009 was broadly in line with existing benchmarks and improved compared to the recent past.** Women accounted for 25 percent of the total, well above the average share in the preceding five years. Slightly more than half of the new mid-career economists came from developing countries. Within this group, the benchmarks for nationals from Africa, East Asia, and transition countries were met or exceeded, while that for staff from the Middle East was not fully achieved.

12. **The Special Appointee Program (SAP)** serves mainly as a capacity-building program for economists from Africa, European transition economies, the Middle East, and other highly underrepresented countries. The central SAP budget typically provides resources for about 12 entry-level economists on one-year contracts. The usage of the SAP, on average, is around 90 percent. HRD is stepping up its efforts to encourage departments to make full use of the program.

13. **The recruitment of staff at Grades A9–A15 in SCS doubled from a medium-term average of 27 to 54 in 2009.** The Technology and General Services Department (TGS) accounted for the largest number of SCS hires (18) mainly to replace a relatively large number of separating Information Technology (IT) experts. In 2009, TGS mounted a worldwide search for IT specialists with excellent results, as 40 percent of the new hires came from developing countries. The Finance Department (FIN) hired 9 financial officers and accountants from outside the Fund to compensate for separations, and the Legal (LEG) and External Relations (EXR) Departments each recruited 8 new staff members. TGS also has an internship program mainly for students enrolled in a graduate program in an area relevant to TGS' work, with assignments from three to six months. The recruits in 2009 were very diverse, with a large number coming from underrepresented countries.

C. Economist Program (EP)

14. **The EP has been the Fund's main channel to recruit entry-level economists who have just completed their graduate studies.** The annual intake under the EP was temporarily increased from 20 in 2007–2008 to 45 in 2009 to help meet the larger need for economists. Given the continuing high level of economist vacancies, EP recruitment will remain at an elevated level (35 targeted in 2010). A total of 44 new participants in the EP were appointed externally in 2009 (Table 6).

15. **The EP has traditionally provided the Fund with highly-trained and fungible macroeconomists.** Increased efforts were made in recent years to include economists with specialized training and/or experience, in particular, in banking and finance. Close to one-half of the class of 2009 had special training or research interest in the area of the financial sector.

16. **The EP continued to be the recruitment program with the greatest diversity.** In 2009 more than one-half of the new participants were women and two-thirds came from emerging market or developing countries. All geographic regions were represented in the 2009 intake—Africa (9 percent), transition countries (18 percent), and East Asia (20 percent)—and exceeded the respective diversity benchmarks, while only 5 percent of new EPs are nationals from the Middle East. The 2009 EP class was recruited from a broad range of universities in Australia, Canada, the Czech Republic, France, Germany, Italy, the Netherlands, Sweden, United Kingdom, and the U.S. with the total share of non-U.S. universities rising to 55 percent in 2009 from less than one-half in preceding years.

17. **The Fund has generally been able to attract high-caliber candidates from excellent academic programs, despite strong competition from academia, other public sector institutions, and the private financial sector.** Relatively weak demand by many of the traditional competitors and the return of the Fund to the center of crisis management made it easier in 2009 to attract high-quality candidates. Nevertheless, the rate of rejection of offers (27 percent) was close to the medium-term average (31 percent) (Table 7). Men turned down offers more frequently than women and so did candidates from industrial countries compared to nationals from emerging market and developing countries. As in past years, EPs who rejected the offer from the Fund took up academic positions in the U.S. or Europe, joined the U.S. Federal Reserve or other central banks, or the World Bank. By contrast, the private sector was not a significant competitor in 2009.

18. **The starting salary offered to EPs by the Fund remains relatively competitive.** The *Survey of the Labor Market for New Ph.D. Hires in Economics, 2010–2011*, compiled annually by the University of Arkansas, estimates an average of offers by top 30 academic institutions at \$114,409 (gross) in 2010, broadly equivalent to \$98,560, net of income tax. According to the report, this amount is 4 percent above the 2009 average. The Federal Reserve Board in Washington³ offers a salary of about \$135,720 (gross) to new PhDs in 2010, which translates to a net compensation of \$110,400. In 2009, the salary range for incoming Fund EPs was \$97,710 to \$106,500 (net).

19. **The Fund Internship Program (FIP) has been important for graduate students to get to know the work of the Fund and to acquire work experience, as well as for the**

³Assumption for Washington, D.C. is based on Tier 3 of the salary scale of the Federal Reserve Boards. The offer salary of Tier 2 (Boston and Philadelphia) is \$118,700 net.

Fund to identify a pool of potential EP candidates of high-caliber and diverse backgrounds. About half of the new EPs in 2009 previously participated in the FIP. In 2009, the FIP had 44 participants, similar to previous years. Participants in the FIP are selected from a list of applicants and are matched against projects identified by departments. Traditionally, the share of women in the FIP is about 40 percent and underrepresented regions account for about half of the participants. In 2009, applications from nationals of East Asian countries, in particular, China were especially numerous, while there were relatively few applications from nationals of other underrepresented regions. As a result, an unusually large number of East Asian nationals were in the FIP in 2009 (Table 8).

D. Staff at Grades A1–A8 (Support Staff)

20. **The turnover in support staff at Grades A1–A8 was unusually large in 2009 due to the downsizing.** A total of 114 staff separated while close to 70 new staff were hired. More than 80 percent of the new appointees were previously on contract with the Fund. All the new A1–A8 staff were hired from the local Washington, D.C. market, where most of them had previously been employed in the private sector (Table 9). The Fund has traditionally not had difficulty in attracting highly competent and diverse staff with the desired skill mix and language abilities in the local market. However, the staff hired in 2009 was less diverse than in previous years, with a sharply larger share coming from industrial countries, notably the U.S.

E. Contractual Employees

21. **The Fund hires annually a large number of employees on contracts ranging from a few days to up to two years (renewable for a total of four years).** In 2009, the number of such contracts exceeded 500, significantly above the medium-term average of 400 (Table 10). The vast majority of these contracts (56 percent) were for periods of less than one year. The large number of staff separations and the growing demand for Fund services created the need for greater contractual services in 2009. The contractual employees include specialized economists and Technical Assistance Advisors in FAD and MCM, who provide critical technical expertise. The number of these experts rose significantly in 2009, reflecting, in particular, the increase in the Fund's crisis work. MCM alone brought on board 14 new experts, compared with 3 in the previous year, while hiring by FAD went up from 5 in 2008 to 11 in 2009. The long-term contractual employees also include visiting scholars, research officers and assistants, and assistants providing support services, the numbers of all of which went up in 2009.

IV. RETENTION

22. **Separations of staff remained at a record level in 2009 owing to the effects of the downsizing exercise.** Thus, the annual turnover rate reached 12 percent in 2008–2009, or about twice the medium-term average. In 2008, a record number of 300 staff members, mainly volunteers under the restructuring, had left the Fund. Separations remained at that

level in 2009, with more than two-thirds (216) of the departures of staff being voluntary separations.⁴ Other retirements and resignations were lower in 2008 and 2009 than in previous years. Overall, separations with support from the SBF were the largest share of separations in two successive years (2008–2009). Looking ahead, in 2010 less than 100 staff members will leave the institution under the 2008 voluntary separation program, but other retirements will resume at a higher level in the next few years.

V. ISSUES AND CHALLENGES

23. **The significant recruitment output in 2009 was made possible in part by organizational and technological improvements in HRD’s central recruitment function and a streamlining of the recruitment process.** These measures included the introduction of an automated Application Tracking System (*JobLink*) that makes processes faster and more efficient, as well as cost-effective; a formalized mechanism for the referral of candidates by employees; and the employment of a sourcing specialist. After a transition period, the new system greatly facilitated recruitment as it shifted into high gear. Overall, the Recruitment and Staffing Division handled 30,100 applications in 2009. Recruitment in 2010 is expected to remain high by historical standards, given the relatively high level of Grade A9–B5 vacancies (over 100) in early 2010. One of the forthcoming projects is to better monitor the “time-to-hire” of candidates and, if possible, shorten it. However, it needs to be recognized that the international recruitment of diverse candidates will always be a time-consuming process because of the need for careful search and quality control, existing work commitments of candidates, the need for notice periods, and the time needed to relocate for mid-career employees with families. Tighter U.S. visa regulations, especially for candidates from the Middle East countries, have also complicated and lengthened the recruitment process.

24. **There is strong evidence that the perception that the Fund’s work had again become highly relevant was key to the successful recruitment in 2009.** The resurgence in the range and intensity of the Fund’s activities beginning from 2008 and the attention it received in the media and elsewhere was instrumental in attracting candidates across the whole spectrum, from new PhDs at top universities and mid-career candidates in public sector institutions to financial sector and other specialists. Thus, the importance of the role and mission of the Fund will remain a crucial factor for recruitment as well as retention.

25. **The salaries and benefits the Fund offered to potential candidates in 2009 were broadly competitive, but starting grades and salaries were an issue in selected skill areas.** Starting salaries for EPs are broadly competitive, but the margin over academia is small. In this context, the recession-induced weakness of demand for economists and persons

⁴There are five types of separations, namely: retirement, resignation, voluntary separation under the Separation Benefits Fund (SBF), other SBF, and other (including deaths, expirations of appointment).

with other skills sought by the Fund made it easier to attract strong candidates. Nevertheless, to be successful the Fund had to stretch some of the offers to the limit of accepted recruitment practice in terms of grade and salary. In some cases, this has led to problems of equity with existing staff. More generally, the method of setting starting salaries and grades needs to be reviewed and new approaches, such as the provision of one-time recruitment bonuses and possibly other incentives, considered.

26. **In view of the unusually weak market conditions in 2009, a stronger test for Fund recruitment and retention will come when the external demand for the skills and expertise needed by the Fund recovers.** There are few signs of such a recovery at the moment, although some investment banks have resumed hiring economists and have approached Fund staff, with a few having left the institution. Moreover, as the Fund shifts further toward hiring financial sector skills, it will broaden the Fund's search for talent into this highly competitive area. Thus, salaries and benefits provided by the Fund could become more of an issue for recruitment and retention in the period ahead.

27. **In addition to the substance of the work and compensation, two other factors are important to the decision of high-quality candidates to stay at the Fund for part or all of their career: a smooth entry into the institution and career progression.** The adjustment to the Fund's culture, work environment, and work pressures has often been challenging for new staff, and more so for mid-career recruits than for EPs. Many of the former have had careers in a different cultural and language environment, frequently with some supervisory responsibilities, and typically join the institution as individual contributors and relatively junior members of a team, often with little time to adjust. The problems and issues that can arise at an early stage sometimes remain unaddressed and affect performance and morale in the longer run. To help address these issues, the Fund has introduced new onboarding and mentoring programs.

28. **Similarly, career progression, which is typically slower in the Fund than in national institutions, is sometimes an issue.** Thus, lateral movements that enhance experience and enrich the career are of importance, an area to which increasing attention is being given. In addition to a new performance appraisal system, efforts are also under way to improve career development, provide departments the flexibility to fast track exceptionally strong performers, and encourage the selection for promotion through more systematic Fund-wide talent reviews and better succession planning. Another concern is that specialized economists (e.g., financial sector experts) have fewer opportunities for career advancement because of the managerial requirements of most B-level positions.

29. **Given the temporary allocation of positions for crisis work in 2009, greater use was made of limited-term appointments (for a period of two years), but some recruitment issues arose.** Although a significant number of staff were brought on board in this employment category in 2009, the experience has shown that it is generally harder to recruit internationally high-quality candidates for strictly limited periods of time. The main

issues are the interruption of careers and the disruption caused by temporary relocation. It was clear from discussions that many recruits accepted the appointment in the expectation—though no promises were made—that extensions would be given at the expiration of the term or vacant longer-term positions would be available at that time. So, the jury on the viability of limited-term appointments for core skills (e.g., crisis work), especially for relatively short periods of up to two years, is still out. Consideration is being given to extending this ceiling to allow longer, albeit still limited, periods.

30. Large recruitment drives could create the potential for separation needs down the road. Despite all efforts to ensure high quality of recruits and their suitability for Fund work, some of the new staff are likely to develop performance problems and may have to separate at the end of the initial fixed-term appointment. It is important that performance issues and problems are recorded and addressed early on, either to be remedied in time or to build the case for separation. The effectiveness of the extension of the initial fixed-term appointment from two to three years introduced in 2006 will also be tested.

31. The efforts at improving the diversity of Fund staff will remain central to recruitment and retention. As a further measure, a diversity scorecard has been launched to better track diversity, inclusiveness and access to opportunities, as well as to enhance transparency and accountability. In addition, efforts at outreach through resident representatives and in-house search resources will be intensified to support recruitment. As in previous years, the efforts in 2009 to strengthen diversity have been more successful in some respects than others. The diversity of EP recruitments has been better than that of mid-career hiring, and finding high-quality candidates with diverse backgrounds for B-level positions remains a particularly difficult challenge. Similarly, uneven progress has been made in improving regional representation. The main issues impeding faster progress are the fierce competition for diverse candidates and supply constraints. These problems are certainly not new, but overcoming them has proved difficult.

- ***Competition is particularly strong in East Asia and Europe.*** Most East Asian countries have experienced less of an economic downturn and continue to offer attractive salaries and promising careers to economists and other staff with the skills sought by the Fund. In Europe, the institutions of the European Union (EU), other international organizations, and multinational corporations offer appealing options for international careers with competitive compensation and a large labor market without employment restrictions and visa problems for spouses and partners (at least for EU nationals).
- ***More broadly, however, competition for candidates with skills required by the Fund is also strong in many developing countries, given the smaller number of suitable candidates.*** Well-trained economists can typically obtain positions with much greater responsibilities more quickly in those countries, including in Africa and the Middle East, than they could expect at the Fund. Also, the Fund has to balance meeting its

requirements for economists and other highly-trained professionals with the often pressing needs of authorities of developing countries.

- ***Economist candidates from countries in Africa, East Asia (with the exception of new PhDs with Chinese nationality), and the Middle East continue to be in short supply.*** For example, in a typical year, applicants from Africa and the Middle East do not account for more than 4 to 5 percent each of the total of all EP applications. University programs in many of these countries do not produce substantial numbers of macroeconomists. To some extent, the shortage of candidates from many of these countries, especially in Africa, is also due to lack of access to funding and scholarships to attend universities overseas.

32. **Developing the career of diverse staff is important for retention.** The measures mentioned above, including mentoring, development-oriented performance monitoring, Fund-wide talent reviews with follow-up action to develop skills and close gaps, and the introduction of a diversity scorecard, are all designed to create a level playing field and equal opportunities for all staff.

ATTACHMENT I: SUPPORTING DATA ON CY 2009 RECRUITMENT AND RETENTION EXPERIENCE

Table 1. Main Indicators of Recruitment and Retention, CY 2004–2009
(In numbers of staff, unless otherwise indicated)

	2004	2005	2006	2007	2008	2009
Total Fund staff (end of year) 1/	2,712	2,693	2,678	2,605	2,384	2,352
Economists	1,299	1,317	1,311	1,298	1,219	1,249
Other career streams	1,413	1,376	1,367	1,307	1,165	1,103
External Recruitment 1/	178	173	136	139	84	281
Grade B1–B5	7	3	11	10	11	9
Economists	6	3	3	8	9	5
Other career streams	1	0	8	2	2	4
Grades A9–A15	125	122	95	93	52	205
Economists	91	89	67	66	40	151
Economist Program (EPs)	35	36	26	21	20	43
Mid-career	56	53	41	45	20	108
Other career streams	34	33	28	27	12	54
Grades A1–A8	46	48	30	36	21	67
Economist Program						
Participants (end of year)	70	70	62	47	40	82
Rejection rate (percent of offers)	(33)	(29)	(37)	(28)	(39)	(27)
Separation of staff 1/	159	193	157	288	301	296
Retirements	48	52	35	43	8	22
Resignations	44	63	54	71	60	34
Other 2/	22	25	34	98	17	18
Voluntary Separations 3/	0	0	0	0	178	216
Other SBF 4/	45	53	34	76	38	6
By grade:						
Grades A9–B5	153	171	140	216	210	182
Voluntary Separations 4/	0	0	0	0	105	117
Grades A1–A8	44	57	40	47	82	114
Voluntary Separations 4/	0	0	0	0	73	99
By career stream (Grades A9–B5):						
Economists	98	98	91	111	128	129
SCS	55	73	49	115	82	53
Turnover rate (in percent)						
Grades A1–B5	(6)	(7)	(6)	(11)	(12)	(12)
Grades A9–B5	(6)	(9)	(7)	(11)	(11)	(10)
Grades A1–A8	(6)	(8)	(6)	(7)	(13)	(21)

Source: Recruitment and Staffing Division, HRD.

1/ Excludes the Offices of the Executive Directors (OED) and the Independent Evaluation Office (IEO).

2/ Includes deaths, expirations of appointment, and separations to IEO and OED staff.

3/ Voluntary separations under 2008 restructuring exercise.

4/ Separations with support from the Separation Benefits Fund (SBF).

Table 2. Diversity of Externally-Recruited Staff (Grades A9–B5): CY 2004–2009
(In numbers of staff and percent)

	Annual Average CY 2004–2008				CY 2009			
	A9–A15	B1–B5	Total	Percent of Total (all grades)	A9–A15	B1–B5	Total	Percent of Total (all grades)
Total	97	9	106	100	205	9	214	100
Gender								
Male	70	7	77	73	134	7	141	66
Female	27	2	29	27	71	2	73	34
<i>of which</i>								
Economist	16	1	17	22 ^{1/}	49	1	50	32 ^{1/}
SCS	11	1	12	41 ^{2/}	22	1	23	40 ^{2/}
Underrepresented Regions	35	3	38	36	83	2	85	40
Africa	6	0	6	6	21	0	21	10
East Asia	14	2	16	15	28	2	30	14
Middle East	6	0	6	6	9	0	9	4
Transition Countries	9	0	9	9	25	0	25	12
Industrial Countries	52	7	59	55	100	8	108	50
Emerging Markets and developing countries	45	2	47	45	105	1	106	50

Source: Recruitment and Staffing Division, HRD.

1/ Female economist hires as a share of all economist hires.

2/ Female SCS hires as a share of all A9–B5 SCS hires.

Table 3. B-level Staff Recruitment, CY 2004–2009 1/
(By region and gender)

Region	2004		2005		2006		2007		2008		2009		2004–2009	
	Country	Total	Country	Total	Country	Total	Country	Total	Country	Total	Country	Total	Total	Percentage
Africa		0		0		0		0	Liberia Uganda	2		0	2	3.9
Asia and the Pacific	Australia Japan (2) Sri Lanka	4	Japan	1	Australia	2	Japan	3	Japan Singapore	3	Japan	2	15	29.4
Europe		0	Sweden Turkey	2	Austria Germany Netherlands Spain (3) U.K.	7	Netherlands U.K.	2	France Netherlands Poland Switzerland	4	Belgium France Spain U.K.	4	19	37.3
Middle East		0		0		0		0		0		0	0	0.0
Western Hemisphere	USA (3)	3		0	USA (2)	2	Brazil Chile USA (3)	5	Chile USA	2	Canada Chile USA	3	15	29.4
Total		7		3		11		10		11		9	51	100.0
Of which:														
Women		1		1		2		1		3		2	10	19.6
Men		6		2		9		9		8		7	41	80.4
Developing countries		1		1		0		2		5		1	10	19.6

Source: Recruitment and Staffing Division, HRD.

1/ Includes transfers from OED and IEO into staff; excludes staff from OED and IEO.

Table 4. Mid-Career Economist Appointments: Grades A9–A15, CY 2004–2009
(In numbers of staff and percent)

	2004–2008 (annual average)		2004	2005	2006	2007	2008	2009	
	number	percent						number	percent
Appointments	43	100	56	53	41	45	20	108	100
Gender									
Men	36	85	49	46	32	41	14	81	75
Women	7	15	7	7	9	4	6	27	25
Nationality									
Industrial Countries	26	60	37	34	22	24	12	53	49
Emerging market and developing countries	17	40	19	19	19	21	8	55	51
Of which:									
Africa	2	6	5	2	2	3	0	9	8
Asia and the Pacific	2	6	4	2	2	3	1	11	10 ^{1/}
Middle East	3	6	2	4	4	2	1	6	6
Europe 2/	4	9	3	3	5	6	3	14	13
Western Hemisphere	6	13	5	8	6	7	3	15	14

Source: Recruitment and Staffing Division, HRD.

1/ The percentage share of appointments from East Asia in 2009 was 12 percent.

2/ Transition countries plus Cyprus, Israel, Malta, and Turkey.

Table 5. Rejections of Mid-Career Economist Offers, CY 2006–2009
(In numbers of people and percent)

	2006			2007			2008			2009		
	Offers	Rejections	Rejection Rate (in percent of offers)	Offers	Rejections	Rejection Rate (in percent of offers)	Offers	Rejections	Rejection Rate (in percent of offers)	Offers	Rejections	Rejection Rate (in percent of offers)
By Gender												
Women	9	0	0.0	5	1	20.0	7	1	14.3	31	4	12.9
Men	35	3	8.6	43	2	4.7	16	2	12.5	94	13	13.8
Total	44	3	6.8	48	3	6.3	23	3	13.0	125	17	13.6
By Geographical Area												
Africa	3	1	33.3	3	0	0.0	0	0	0.0	9	0	0.0
Asia and the Pacific	8	0	0.0	9	1	11.1	5	1	20.0	20	2	10.0
Europe	12	0	0.0	20	1	5.0	10	2	20.0	57	9	15.8
Middle East	6	1	16.7	2	0	0.0	1	0	0.0	6	0	0.0
Western Hemisphere	7	0	0.0	7	0	0.0	3	0	0.0	22	3	13.6
United States	8	1	12.5	7	1	14.3	4	0	0.0	11	3	27.3
Industrial countries	20	1	5.0	23	2	8.7	15	3	20.0	62	9	14.5
Emerging market and developing countries	24	2	8.3	25	1	4.0	8	0	0.0	63	8	12.7
Total	44	3	6.8	48	3	6.3	23	3	13.0	125	17	13.6

Source: Recruitment and Staffing Division, HRD.

Table 6. Economist Program: Appointments, CY 2004–2009
(In numbers of staff)

	2004–2008 (annual average)	2004	2005	2006	2007	2008	2009
Participants (end of year)	58	70	70	62	47	40	82^{1/}
Appointments	28	35	36	26	21	20	44
Gender							
Men	18	22	25	16	13	15	21
Women	9	13	11	10	8	5	23
<i>Percentage of women</i>	<i>34</i>	<i>37</i>	<i>31</i>	<i>38</i>	<i>38</i>	<i>25</i>	<i>52</i>
Nationality							
Industrial countries	10	14	18	6	8	5	16
<i>Percentage from industrial countries</i>	<i>37</i>	<i>40</i>	<i>50</i>	<i>23</i>	<i>38</i>	<i>25</i>	<i>36</i>
Emerging market and developing countries	17	21	18	20	13	15	28
<i>Of which:</i>							
Africa	2	2	2	1	2	1	4
Asia and the Pacific	4	3	3	6	5	5	7 ^{2/}
Middle East	3	3	2	5	1	4	2
Europe 3/	6	9	6	4	5	4	10
Western Hemisphere	3	4	5	4	0	1	5
<i>Percentage from emerging market and developing countries</i>	<i>63</i>	<i>60</i>	<i>50</i>	<i>77</i>	<i>62</i>	<i>75</i>	<i>64</i>

Source: Recruitment and Staffing Division, HRD.

1/ Eighty-five program slots in 2009, 3 EPs withdrew between 2007 and 2009.

2/ All 7 were from East Asia.

3/ Transition countries plus Cyprus, Israel, Malta, and Turkey.

Table 7. Economist Program: Offers and Rejections, CY 2008–2009
(In numbers of people and percent)

	2000–2008			2008			2009		
	Offers	Rejections	Rejection rate (in percent of offers)	Offers	Rejections	Rejection rate (in percent of offers)	Offers	Rejections	Rejection rate (in percent of offers)
By Gender									
Women	139	36	26	10	5	50	29	6	21
Men	309	104	34	23	8	35	31	10	32
Total	448	140	31	33	13	39	60	16	27
By Geographical Area									
Africa	15	2	13	1	0	0	5	1	20
Asia and the Pacific	86	29	34	10	5	50	11	1	9
Europe	225	68	30	15	6	40	30	8	27
Middle East	26	2	8	5	1	20	3	1	33
Western Hemisphere	73	29	40	2	1	50	6	1	17
United States	23	10	43	0	0	0	5	4	0
Industrial countries	208	78	38	13	8	62	26	10	38
Emerging market and developing countries	240	62	26	20	5	25	34	6	18
Total	448	140	31	33	13	39	60	16	27

Source: Recruitment and Staffing Division, HRD.

Table 8. Fund Internship Program (FIP): CY 2004–2009
(In numbers of people)

	2004–2008 (annual average)	2004	2005	2006	2007	2008	2009
Appointments	47	37	48	53	49	48	44
Gender							
Men	28	23	27	32	26	33	25
Women	19	14	21	21	23	15	19
<i>Percentage of Women</i>	<i>40</i>	<i>38</i>	<i>44</i>	<i>40</i>	<i>47</i>	<i>31</i>	<i>43</i>
Underrepresented Regions	20	17	19	18	25	21	24
Africa	4	2	2	3	5	6	2
East Asia	6	1	6	7	9	5	19
Middle East	5	7	4	5	5	6	2
Transition Countries	5	7	7	3	6	4	1
<i>Percentage from underrepresented regions</i>	<i>43</i>	<i>46</i>	<i>40</i>	<i>34</i>	<i>51</i>	<i>44</i>	<i>55</i>
Other Regions	27	20	29	35	24	27	20
Special Summer Interns							
Japan/IMF Scholars	12	15	12	14	10	9	11
Columbia University Scholars	5	8	5	4	5	1	5

Source: Recruitment and Staffing Division, HRD.

Table 9. Recruitment of Support Staff: Grades A1–A08, CY 2004–2009
(In numbers of staff)

	2004–2008 (annual average)	2004	2005	2006	2007	2008	2009
Appointments	36	46	48	30	36	21	67
Gender							
Men	12	33	8	6	9	6	17
Women	24	13	40	24	27	15	50
<i>Percentage of women</i>	66	28	83	80	75	71	75
Nationality							
Industrial countries	14	19	21	10	14	5	41
<i>Percentage from industrial countries</i>	38	41	44	33	39	24	61
Emerging market and developing countries	22	27	27	19	22	16	26
Africa	5	9	1	5	6	5	1
Asia and the Pacific	7	6	13	3	10	4	9
Middle East	1	0	2	1	2	1	1
Europe	2	3	1	2	2	2	5
Western Hemisphere	7	9	10	8	2	4	10
<i>Percentage from emerging market and developing countries</i>	61	59	56	63	61	76	39
Recruitment Source ^{1/}							
Academia (recent graduates)	2	3	1	1	4	1	2
Temporary agency	5	10	3	4	4	3	4
Private sector	15	22	20	7	16	10	43
Embassy	4	1	10	7	3	0	9
International organization	8	6	13	11	9	3	6
Public sector	2	4	1	0	0	4	3
Appointments that were previous IMF contractuels	29	34	41	19	30	21	55
<i>Percentage</i>	80	74	85	63	83	100	82

Source: Recruitment and Staffing Division, HRD.

1/ Source at time of contractual appointment.

Table 10. Contractual Employee Appointments by Career Stream, CY 2004–2009
(All contracts regardless of duration)

Career Stream	Appointment Type	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009
All Contractuals 1/	Assistants	118	122	94	111	102	186
	Professionals	266	327	320	309	279	320
	Total	384	449	414	420	381	506
Contractual Appointees excluding those in IEO, OED, Japan/IMF scholars, and Columbia University Scholars							
Economist	Visiting scholars 2/	119	139	134	122	100	112
	Economists 3/	9	33	33	13	18	25
	Fund Internship Program	35	48	50	48	47	44
	Technical Assistance advisors	29	27	17	16	11	26
	Special appointees	4	7	6	7	6	6
	Total	196	254	240	206	182	213
Specialized	Translators	19	32	17	18	17	18
	Other professionals (IT and General Services)	47	33	52	77	72	66
	Research Officers	4	8	11	8	8	23
	Research Assistants	41	53	42	41	52	63
	Other support	77	69	52	70	50	123
	Total	188	195	174	214	199	293
Contractual Appointees in IEO and OED, and Japan/IMF and Columbia University Scholars							
IEO	Professional	17	10	20	16	15	16
	Support	4	2	1	3	3	3
OED	Professional	0	0	0	0	0	0
	Support	3	3	2	5	0	0
Special Summer Interns	Japan/IMF scholars	15	12	14	10	9	11
	Columbia University scholars	8	5	4	5	1	5
	Summer Scholars (non-FIP)	0	0	0	1	1	0
Total		47	32	41	40	29	35
GRAND TOTAL		431	481	455	460	410	541

Source: Recruitment and Staffing Division, HRD.

1/ Excludes extensions of appointment while including multiple appointments of same individual.

2/ Includes Resident Scholars in CY 2007–2009.

3/ Includes (Senior) Financial Sector Experts in CY 2007–2009.

ATTACHMENT II: DIVERSITY BENCHMARKS FOR STAFF (GRADES A9–B5) IN 2014 1/
(In percent)

	Diversity Benchmarks for 2014
Underrepresented Regions	
Africa	8.0
East Asia 2/	12.0
Middle East	8.0
Transition Countries	8.0
B-level Benchmarks	
Underrepresented Regions (in percent of all B-level) 2/	
Africa	6.0
East Asia	7.0
Middle East	5.0
Transition Countries	4.0
Women (in percent of all B-level)	
All B-level	20.0
B-level Economist	15.0–20.0
B-level SCS	35.0–40.0

Source: PeopleSoft HRMS; Report DAR_007.

1/ The Enhanced Diversity Action Plan (2003) established indicators for gender diversity and three underrepresented regions (Africa, the Middle East, and transition economies). The benchmark for recruitment from developing and transition economies was 40 percent. Recruitment benchmarks for women were 30 percent (economists) and 50 percent (SCS).

2/ The Benchmark Working Group (2008) established indicators for East Asia (Grades A9–B5) and B-level indicators for Africa, East Asia, the Middle East, and transition economies.

ATTACHMENT III: FUND EMPLOYMENT FRAMEWORK

The Fund's staffing strategy is to retain a **mix of employees that can be altered** to meet its changing needs. This mix comprises **career staff** directly supporting core activities (to ensure their independent judgment, to develop in-house expertise, and to preserve institutional memory), **limited-term staff**, and **contractual employees** (to provide flexibility to adapt to changing work demands). The current employment framework was approved by the Executive Board in January 1999.¹

- Functions that are needed for two years or more are to be performed by employees on *staff appointments*.
- Functions that are expected to be performed for less than two years are to be performed by *contractual employees*. Contractual appointments are used only for short-term employment, and can be extended if needed to a maximum cumulative period of four years.²

Staff are hired on either open-ended (career) or limited-term appointments.

- **Open-ended appointments apply to employees hired to perform functions which carry out the mission of the Fund**, or for areas where the Fund intends to build expertise over a long period of time. Staff on open-ended appointments are initially hired on a three-year, fixed-term appointment to test their suitability for career employment.
- **Staff hired on limited-term appointments perform functions that support the mission of the Fund**, but in cases where the Fund does not wish to build expertise in a particular function for an indefinite period, when the skills required for the function are likely to change significantly over a period of a few years, or when the long-term need for the position is not certain or considered appropriate (e.g., seconded employees from other institutions). Limited-term appointments are made for a period of 2–3 years, and may be extended once up to a cumulative period of 5 years. Limited-term appointments do not carry any expectation of conversion to open-ended appointments.

¹*Categories of Employment—Facts, Issues, and Proposed New Framework*, EBAP/98/137 (12/4/1998).

²The four-year rule does not apply to TA experts in the field, locally hired employees in the Fund's overseas offices, and employees appointed in special offices such as the Ethics Office, the Ombudsperson's Office, the Grievance Committee, and the Administrative Tribunal.