

EBAP/11/12
Supplement 2

March 2, 2011

To: Members of the Executive Board

From: The Secretary

Subject: **Salary Adjustments and the Budget—A Reform Proposal—Decision**

Attached for the records of Executive Directors is the Secretary's understanding of the decision relating to the implementation of the salary adjustments and the budget adopted at Executive Board Meeting 11/22 (3/2/11). Final as well as tracked versions of the decision are attached.

Att: (2)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

**SALARY ADJUSTMENTS AND THE BUDGET
MARCH 2, 2011**

1. The Executive Board approves the proposal regarding the method for determining and distributing the merit pay envelope, including the transition steps for implementing the new system in FY2012, as set forth in paragraphs 11 to 22 and paragraphs 29 to 30 of EBAP/11/12, provided, however, that the size of the merit pay envelope in any financial year shall not be greater than 1.9 percent of the actual salaries of eligible staff at the end of the previous financial year. Under the methodology for determining the merit envelope, any amount greater than the 1.9 percent ceiling will be carried over into the next financial year.

2. The Executive Board authorizes the Managing Director to implement this system with effect from May 1, 2011.

3. The experience with the application of the method for determining the merit pay envelope and the budgeted allocation for skill upgrading will be reviewed in three years.

INTERNATIONAL MONETARY FUND

SALARY ADJUSTMENTS AND THE BUDGET

MARCH 2, 2011

REVISED DRAFT DECISIONS

The following draft decisions are proposed for approval by the Executive Board:

—The Executive Board approves the proposal regarding the method for determining and distributing the merit pay envelope, including the transition steps for implementing the new system in FY2012, as set forth in paragraphs 11 to 22 and paragraphs 29 to 30 of EBAP/11/12, provided, however, that the size of the merit pay envelope in any financial year shall not be greater than 1.9 percent of the actual salaries of eligible staff at the end of the previous financial year. Under the methodology for determining the merit envelope, any amount greater than the 1.9 percent ceiling will be carried over into the next financial year.

1. ~~The experience with the application of the budgeted allocation for skill upgrading and the ceiling of 1.9 percent will be reviewed in three years.~~

2. The Executive Board authorizes the Managing Director to implement this system with effect from May 1, 2011.

~~2.3. The experience with the application of the method for determining the merit pay envelope and the budgeted allocation for skill upgrading and the ceiling of 1.9 percent will be reviewed in three years.~~