



Office Memorandum

To: Members of the Executive Board

February 3, 1999

From: The Secretary *AM Parker*

Subject: **Concluding Remarks on Categories of Employment—Revision**

The second line of the third paragraph on page 1 of the concluding remarks on Categories of Employment has been changed from:

“Those factors included the emphasis on limiting increases in the staff ceiling despite rapidly growing demands on the Fund; deficiencies in the previous employment guidelines; and the fact that a number of new activities and staff requirements that had initially been viewed as short term had turned out to be needed for the longer term.”

To:

“Those factors included limits under the staff ceiling; deficiencies in the previous employment guidelines; and the fact that a number of new activities and staff requirements that had initially been viewed as short term had turned out to be needed for the longer term.”

The revised concluding remarks are attached.

Att: (1)

BUFF/99/10
Revised: 2/3/99

January 20, 1999

Concluding Remarks by the Acting Chairman
Categories of Employment—Facts, Issues and Proposed New Framework
Executive Board Meeting 99/7
January 14, 1999

We have had a very constructive discussion on a key issue in the Fund's human resources policy. Executive Directors welcomed the opportunity to review issues of employment policy currently facing the Fund. They endorsed the adoption of a revised employment framework, and agreed with the proposed two-stage implementation to deal with the current inconsistencies in employment practices. With regard to the present employment situation, Directors regretted that, over time, some labor practices had increasingly deviated from the policy established in 1989. They expressed concern that a large number of contractual employees and some vendor personnel were performing the same functions as staff on an ongoing basis but under different conditions of service, and that some vendor personnel had a relationship with the Fund that, in some ways, was akin to Fund employment. They also observed that benefits for contractual employees were not consistent across similar employment situations. Some Directors referred in this context to the recent annual report of the Ombudsperson.

Directors expressed concern about the lack of fairness resulting from the employment practices noted above. They observed that these practices had an adverse impact on diversity, weakening the international character of the Fund, and had not been cost effective. Furthermore, Directors noted with concern the risk that some of the present employment practices could become the subject of a legal challenge. All these factors argued for comprehensive and timely action to bring employment practices back in line with the Fund's key human resources objectives.

Directors reviewed the factors that contributed to the present employment situation, notably the much increased use of contractual and vendor arrangements since the mid-1980s. Those factors

* included limits under the staff ceiling; deficiencies in the previous employment guidelines; and the fact that a number of new activities and staff requirements that had initially been viewed as short term had turned out to be needed for the longer term. Furthermore, there was no mechanism in place to review the classification of positions and related budgetary allocations. A few Directors called for more frequent reviews, including by the relevant Board committees, of the implementation of Fund employment policies.

* revised sentence

Directors agreed on the key objectives that should govern employment policy. Those included the need to attract and retain a diverse and international staff that meets the highest standards of efficiency and technical competence; the need for flexibility in order to adapt to changes in skill and work requirements; the need for fairness in employment practices; and the need to be cost effective.

Directors reaffirmed that regular - that is, open-ended - appointments should remain the principal form of Fund employment. The Fund needed a career staff to ensure continuity and independence of its work as well as to maintain a high level of staff motivation and commitment. Directors stressed the importance of strong performance and career management, training programs, and effective separation policies.

Directors agreed with the need to design a clear outsourcing policy, which should seek to avoid any situation of co-employment, under which vendor personnel would de facto work as Fund employees.

Directors endorsed the following main features of the proposed employment framework. Functions needed for two or more years should be performed by employees on staff appointments. Staff on open-ended appointments would continue to be hired initially on a fixed-term appointment to test their suitability for career employment. Limited-term appointments would be used for appointments not meant to last more than a few years; such appointments would carry no expectation of long-term or career employment. Limited-term appointments would be used for secondments; in cases in which the Fund did not wish to build expertise in the function; in cases in which the skills needed for the function were likely to change significantly over a few years; or in cases in which the long-term need for the position was not certain. Contractual appointments would be used only for short-term assignments, that is, assignments expected to last less than two years. Extensions beyond two years should be exceptional. No contractual employee hired in the future should remain on a contractual appointment for a cumulative period of more than four years.

Directors also expressed support for the two-stage process proposed by the staff to deal with the issues identified in the current review of the employment situation. The first stage would start with the design of an outsourcing policy, and would include a review of functions and positions that are not consistent with the outsourcing policy and the employment framework endorsed by the Board. In the course of this review, the staff would establish the number of positions warranting reclassification and would estimate the budgetary impact. The results of that review would be presented to the Board in time for consideration in the context of, or before, the FY 2001 administrative budget. The second stage of the process, the implementation of reclassification, would start only after the Board concludes its review of the first stage. This second stage would deal with filling the reclassified positions and, as needed, implementing new vendor arrangements. Some Directors considered that the Fund could benefit more from the experience of other institutions in several areas of employment policy. Directors discussed the potential impact on the Fund's diversity profile of the measures envisaged, and stressed the importance of maintaining the international character of the staff.