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To: Members of the Executive Board

From: The Secretary

Subject: Early Retirement Assistance Scheme for Staff in Downgraded Positions - Supplementary Information

In the course of the Executive Board discussion at Meeting 86/166 (10/8/86) on the early retirement assistance scheme for staff in downgraded positions, several Executive Directors requested additional information on measures that might be adopted in the future to assist staff members remaining in downgraded positions who were not eligible for the Early Retirement Assistance Scheme, as well as those who were eligible but do not opt for the scheme. The attached paper, issued for the information of Executive Directors, provides information in response to these requests.

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Department Heads



International Monetary Fund

Early Retirement Assistance Scheme for Staff
in Downgraded Positions--Supplementary Information

Prepared by the Administration Department

April 2, 1987

I. Introduction

At EBM/86/166 (10/8/86), the Executive Directors approved an early retirement assistance scheme for staff in downgraded positions (EBAP/86/207; 8/26/86 and EBAP/86/207, Supplement 1; 10/9/86). In the course of the Board discussion, several Executive Directors requested additional information on measures that might be adopted in the future to assist staff members remaining in downgraded positions who were not eligible for the early retirement assistance scheme, as well as those who were eligible but do not opt for the scheme. Information was also requested on comparable measures being adopted to assist World Bank staff in downgraded positions.

Not all of these staff members whose positions were initially downgraded will remain in downgraded positions at the end of the grandfathering period. Some will have been reclassified either on appeal of the original grading decision or through later changes in job content; others will have been transferred to another position at a higher grade, resigned, or taken early retirement under the scheme recently approved by the Board. Some staff members will, nevertheless, remain in downgraded positions beyond December 31, 1987 when the adverse financial implications of the job grading exercise will first be felt. It is primarily these staff who will require additional assistance.

Section II of this paper provides for the information of Executive Directors a rough estimate of the number of staff who are likely to remain in downgraded positions beyond the expiration of the grandfathering period. Several different initiatives being taken or considered for members of this group are described in Section III. Section IV provides information on measures adopted at the World Bank to assist staff in downgraded positions.

II. Staff in Downgraded Positions

Of the 280 staff members whose positions were downgraded effective January 1, 1986, it is expected that approximately 120 (40 percent) will no longer remain in downgraded positions by December 31, 1987. This latter group includes approximately 45 individuals who are expected to take early

retirement under the recently adopted early retirement assistance scheme, 1/ and five who have resigned or are likely to do so by the end of 1987. It also includes three other categories of staff: (i) some who will be transferred to other positions at grades equivalent to or higher than their former grades, or be promoted to their former grades through a reclassification of their current position; (ii) Economist Program participants who, upon successful completion of the Program, will be promoted to a position at a higher grade; and (iii) staff members who, although their positions were initially downgraded, subsequently regain their original or higher grade through the appeals process.

It is, therefore, provisionally estimated that approximately 160 staff members will remain in downgraded positions as of December 31, 1987. Assuming that the work of the Job Grading Appeals Committee does not significantly alter the distribution of staff in downgraded positions, it is estimated that *one fourth of these will occupy senior positions, one half will occupy positions at Grades A9-A14, and one fourth will hold positions at the support staff level.*

A number of these 160 staff members should have quite strong prospects for promotion to at least their former grade during a period of approximately two years following the expiration of the grandfathering period. These include staff members within job ladders where upward progression can be obtained by greater job experience and where there are opportunities to fill more senior vacancies or to add to the job content of the current position. These promotions would largely occur through the normal procedures and guidelines, without need for recourse to any special programs or policies.

If about one fourth of these 160 staff members do qualify for promotion within the next few years, on the basis outlined in the preceding paragraph, there would remain approximately 120 staff members (7 percent of the total Fund staff) in downgraded positions. For these individuals, the reattainment of a position at their original or higher grade, where feasible at all, is likely to require special assistance in the form of retraining and other measures. It must be recognized, moreover, that many of these staff members, and very possibly the majority, will not reattain their former salary grades during the remainder of their Fund careers.

1/ At the time of the Board discussion last October, it was estimated that 38-40 out of the 86 eligible staff members would opt to take early retirement under the early retirement assistance scheme. Although eligible staff members do not have to provide a firm indication of their intention until the end of June 1987, it is now estimated that approximately 45 staff members will opt for the scheme. The somewhat higher than expected figure is attributable, in part, to passage of the new U.S. Immigration Law liberalizing the conditions under which G(iv) visa holders may obtain U.S. permanent resident visas.

III. Measures to Assist Staff in Downgraded Positions

A. General Considerations

The need to address the special situation of staff who remain in downgraded positions arises at a time when the Fund is beginning to consider the implications of more general changes in the career patterns available to the staff. Several trends have emerged in recent years that for some time to come are likely to reduce the promotion opportunities for staff from the levels attained in previous years. These include limited expansion in the size of the Fund's staff, low rates of staff turnover, and the adoption of a more controlled approach to promotion through the new job grading system. They also include the delayed effects of the more rapid expansion which the Fund experienced in the 1960s and early 1970s. This growth has now produced a demographic structure which will not yield a significant number of promotion opportunities for another seven to ten years.

These developments (which parallel those occurring in many organizations in industrial countries) have brought a greater recognition that, irrespective of the outcome of the job grading exercise, there is a point in the careers of all staff when they reach a plateau or career ceiling. In the past, the Fund has tended to avoid explicitly addressing the issue of career ceilings. Attention has instead been directed to the formulation of staff development policies which have emphasized the importance of advancement. Both the Fund and its staff, however, need to acknowledge the reality of career ceilings and to develop a greater appreciation of the fact that the value of staff members' contributions to the Fund and the opportunity to be engaged in interesting and meaningful work are not to be measured solely or even predominantly in terms of upward movement through the grade structure.

The Fund will also need to do more to help its career staff at large deal with the issues of career ceilings. Responses to this situation should include: (i) greater emphasis on mobility and job enrichment at each grade level as a means of providing individuals with new challenges; (ii) new measures, other than salary increases and promotions, to reward staff members' contributions and achievements; (iii) more open dissemination of information about the structure of staff, progression, turnover rates, and the limits on, as well as the possibilities for, promotion; and (iv) counseling services to assist individual staff in accepting their career ceilings in a positive manner and in planning rewarding careers within those ceilings.

The situation of the staff in downgraded positions gives a specific focus to these issues. For these staff, the difficulty of accepting that they may be at their career ceiling is particularly acute because their regrading has reduced the career level they had already reached prior to the job grading exercise. Inevitably, even those staff who had come to accept their previous grade as their probable career ceiling will now feel dissatisfied because of the reduction in their earlier ceilings, and its possible implications for the real level of remuneration.

B. Specific Measures

The starting point for a program of practical measures to assist staff members in downgraded positions is the preparation and analysis of detailed profiles of the individual backgrounds, aptitudes, and interests of the staff. On the basis of such profiles, it should prove possible to determine where there are realistic possibilities of a promotion or transfer to another position and, alternatively, to identify other career moves which could be in the staff members' interest. For such staff members, a plan of action might then be formulated outlining the best means of assisting them to enhance their prospects for further advancement in the Fund. In some cases, however, the assistance may involve helping the individual understand that there are no prospects for further advancement within the Fund, or to identify and prepare for alternative employment outside the Fund.

In order to conduct these in-depth assessments, which will involve consultations with the individual staff members, their supervisors, and representatives of the Administration Department, it is proposed to recruit a contractual employee with expertise in counseling and career development for a period of approximately one year. The contractual employee would have independent status similar to that of the Ombudsman to permit him to provide objective advice to individual staff, their supervisors, and the Administration Department. He would be involved both in identifying the various alternative courses of action open to individuals and in recommending global measures that might be of assistance to staff in downgraded positions as a group. Individual departments would be asked to follow up periodically on the suggestions and recommendations that emerge from the counseling sessions, perhaps in the context of the annual performance discussions. For those staff members whose best prospects may lie with alternative employment outside the Fund, the consultant would also act as a liaison to the external job search process. The cost of the consultant's services will be included in the FY 1988 Administrative Budget.

Specific proposals for assisting individual staff members will be identified by the consultant and can only be definitively formulated after the consultant has completed his work. However, within the broad framework of programs and policies currently in place, or expected to be initiated shortly, four forms of action seem likely to prove most appropriate:

1. Redeployment

Under the Fund's current vacancy list procedures, all noneconomist vacancies in Grades A1-A15 must be advertised on a bimonthly vacancy list that circulates throughout the institution. Beginning in April 1986, staff members in downgraded positions have been given priority (other things being equal) in the selection process. Advertising departments are informed of applicants who remain in downgraded positions, and among applicants otherwise equally qualified for the vacant positions, departments are asked to give priority to those in downgraded positions. This policy will be maintained. In addition, in occupational areas not covered by the vacancy list (economist positions as well as all senior positions at Grades B1 and above),

the Administration Department will continue to maintain an active roster of staff in downgraded positions to ensure that those who are qualified are considered for vacant positions by individual departments and by the appropriate review committees.

2. Training Activities

Redeployment efforts alone are not likely to result in more than a limited number of promotions for staff remaining in downgraded positions; in most cases, training support will also be required. Staff members in downgraded positions who aspire to promotions within their own or other job streams are likely to require further training as well as additional on-the-job experience. Because the job grading exercise has broadly equated skill requirements at each grade level across different job streams, transfers to a new job stream are not likely to result in a promotion unless the transfer were preceded by a significant period of training.

Training activities aimed at assisting staff in downgraded positions can be divided into two principal categories. Training courses in the area of a staff member's current job stream that may enhance his prospects for advancement within this job stream are already fully supported by the Fund's existing training programs and policies. Staff members in downgraded positions have access to such training programs on the same basis as all other staff, and there is no need for the establishment of any new programs or policies in this area to assist staff in downgraded positions. Special efforts will be made, however, to ensure that such staff are informed of, and given access to, these programs.

Training courses in areas outside of a staff member's job stream cannot be authorized under the Fund's current training policies. A basic philosophy that underlies the Fund's training policies is that the training activities supported financially by the Fund are limited to those areas which have direct relevance to a staff member's current position or to a position in the same job stream at the next higher level. This principle, however, could at the discretion of the Director of Administration, be relaxed in order to provide more effective assistance to staff in downgraded positions. Such assistance, when provided, should not be automatic, but rather linked to a well-defined program and a reasonable expectation that the training initiatives being undertaken will meet the objective of assisting the staff member in moving to a position in an alternative job stream with better career prospects.

3. Access to Termination Benefits Fund (TBF)

The early retirement assistance scheme ^{1/} approved last October by the Executive Board was patterned on the Fund's standing TBF policy under which

^{1/} The early retirement assistance scheme made access to financial assistance of one and one quarter months' salary per year of service up to a maximum of 22-1/2 months' salary automatic for staff who: (i) occupied a position downgraded in the job grading exercise; (ii) are within early retirement age by December 31, 1987 or within its reach through a provision of terminal leave; and (iii) separate from the Fund staff no later than December 31, 1987.

the Director of Administration has the authority on a discretionary basis to provide financial assistance not exceeding one and one quarter months' salary per year of service (up to a maximum of 22-1/2 months' salary) for staff members whose separation is deemed to be in the interest of the Fund. A number of staff who will remain in downgraded positions beyond the end of the grandfathering period will be within the 45-55 year old range and they will, therefore, become eligible for early retirement during the next decade. Depending on the results of other initiatives, it is likely that some of these staff would wish to retire early when they are able to do so. A number of these staff members who may be dissatisfied with their position and have no reasonable prospects for advancement are not likely to bring to their work the commitment that the Fund requires. It would be in the interest of the Fund to encourage and, in appropriate cases, to assist staff members to take early retirement. It is, accordingly, proposed to expand the annual TBF budget, which is currently set at 0.8 percent of wage bill to approximately 1.1 percent of wage bill, or an increase of approximately \$300,000. The supplementary resources would be earmarked, on a discretionary basis, to assist staff who remain in downgraded positions to take early retirement as they reach the minimum eligibility age of 55 years. Such assistance would also be available on a discretionary basis to younger staff members who may elect to resign prior to reaching the minimum early retirement age. The first such request for supplementary TBF resources will be included in the FY 1988 Administrative Budget.

4. Outplacement Program

Independent of the job grading exercise, active consideration is being given to the establishment of an outplacement service aimed at assisting a small number of staff each year to find alternative employment outside the Fund. The outplacement service would be designed to assist selected staff members whose separation is considered to be in the mutual interest of the individual and the Fund. The services are likely to include the use of an outplacement firm with offices in several countries around the world, the provision of financial assistance for travel to the home country for organized job search purposes, access to the Fund's contacts in member countries and at universities to assist with the placement of staff members, access to counseling services, and use of the Fund's facilities to assist with correspondence and communications related to the job search process.

A proposal along these lines is currently being formulated, and a separate paper will be submitted to the Executive Board in due course to propose the initiation of a limited outplacement program. Once such an outplacement program is in place, consideration will be given to allowing staff members remaining in downgraded positions, for whom alternative outside employment may provide better opportunities than remaining at the Fund, access to the program.

IV. Measures Adopted by the World Bank

The World Bank maintains a similar policy to the Fund's Termination Benefits Fund known as the Special Leave Budget. Under this policy, the Bank may also provide up to one and one quarter months' salary per year of service

(subject to a maximum of 22-1/2 months' salary) to staff members whose separation it wishes to encourage. As a percentage of the wage bill, the Bank's Special Leave Budget has been set in previous years at a level roughly comparable to that of the Fund. In the current fiscal year, however, the Bank has more than doubled its Special Leave Budget with the supplementary resources earmarked for a special program which the Bank initiated in 1985 to facilitate the separation of staff with low priority or redundant skills.

In considering the programs being offered by the Fund and the Bank to assist staff members in downgraded positions, it should be noted that approximately 12 percent of the Fund's staff in Grades A9 and above are projected to remain in downgraded positions at the expiration of the grandfathering period, whereas the comparable figure at the Bank is roughly 3 percent. The Bank has not introduced any financial assistance scheme directed solely to staff in downgraded positions, although a small number of staff in downgraded positions are likely to be among those who separate from the Bank with financial assistance from the Special Leave Budget over the next few years as part of their efforts to alter the present skills mix of staff. The Bank is, however, unable to project at this time the number of staff in downgraded positions who might separate under this policy. No other formal policies have been introduced by the Bank specifically to assist staff in downgraded positions. Informally, individual departments at the Bank have been asked to give priority in filling vacancies to internal applicants who remain in downgraded positions. In addition, staff in downgraded positions are being given priority as regards access to training assistance. Finally, a Career Information Center has recently been established to provide Bank staff with information on the requirements of different positions and an assessment through counseling and testing of their own skills and aptitudes for alternative jobs. While this service is open to all Bank staff, it may be of particular interest to staff in downgraded positions.

