

INTERNATIONAL MONETARY FUND

Minutes of Executive Board Meeting 86/16

3:00 p.m., January 30, 1986

J. de Larosière, Chairman
R. D. Erb, Deputy Managing Director

Executive Directors

Alternate Executive Directors

J. de Groote

L. K. Doe, Temporary
M. K. Bush
S. Kolb, Temporary
S. de Forges
G. Nguyen, Temporary

H. Fujino

T. Alhaimus
M. Sugita
B. Goos
Jiang H.
Jaafar A.

A. Kafka
T. P. Lankester
H. Lundstrom

M. Foot
S. Simonsen, Temporary
G. W. K. Pickering, Temporary
A. Abdallah
W. K. Parmena, Temporary
M. A. Weitz, Temporary

F. L. Nebbia
Y. A. Nimatallah
P. Pérez

J. de Beaufort Wijnholds
A. V. Romuáldez

G. Salehkhov

A. S. Jayawardena
A. Vasudevan, Temporary
N. Coumbis

S. Zecchini

L. Van Houtven, Secretary
K. S. Friedman, Assistant

1. Job Grading Exercise - Treatment of Staff in Downgraded Positions Page 3
2. Job Grading Exercise - Use of Amounts Set Aside in Connection with 1984 and 1985 Compensation Reviews Page 4
3. Extension of Sick Leave for Staff Member Page 6

Also Present

Administration Department: H. J. O. Struckmeyer, Deputy Director;
D. A. Anderson, T. Cole, D. S. Cutler, A. D. Goltz, P. D. Swain. Legal
Department: J. G. Evans, Jr., Deputy General Counsel. Treasurer's
Department: D. R. Hutton. Personal Assistant to the Managing Director:
R. M. G. Brown. Advisors to Executive Directors: A. A. Agah,
J. Hospedales. Assistants to Executive Directors: A. Bertuch-Samuels,
S. Geadah, J. M. Jones, S. King, H. Kobayashi, K. Murakami, J. E. Rodríguez,
L. Tornetta, A. J. Tregilgas, E. L. Walker, B. D. White.

1. JOB GRADING EXERCISE - TREATMENT OF STAFF IN DOWNGRADED POSITIONS

The Executive Directors, meeting in restricted session, continued from the previous meeting (EBM/86/15, 1/30/86) their consideration of a staff paper on the treatment of staff in downgraded positions following the completion of the job grading exercise (EBAP/85/307, 12/13/85; and Sup. 1, 1/15/86).

The Chairman made the following summing up:

Executive Directors have agreed that the treatment of staff whose positions have been downgraded should have the following basic features.

The staff members will be given a grace period of two years from January 1, 1986 during which they will continue to be administered in their present salary ranges and will be eligible for general and merit increases under the same conditions as other staff members.

Downgraded staff whose salaries are above their new salary ceilings after this two-year period of protection will only be eligible to receive pensionable merit increases on the basis of performance. The modalities for calculating these merit increases, which will be given on a carefully selected basis, will be the same as those applicable to staff who are in the fourth quartile of a salary range, but the maximum amount of a merit increase will not exceed the amount of the general salary increase granted to the staff at large during the period.

If the arrangements outlined in paragraph 2 were to result in particular hardship for downgraded staff members due to an acceleration in the rate of inflation, management will ask the Executive Board to consider ways of reducing the hardship that would be compatible with the normal management of such problems in an institution like the Fund.

In the coming weeks, management and staff will propose possible features of an appeals mechanism after discussing the matter with the SAC representatives. I have noted the stress that Executive Directors have placed on this issue, and we will ensure that the appeals mechanism is fair, objective, and credible, and is seen to be so by the staff. The appeals mechanism will need to respect the methodology developed during the job grading exercise.

Directors also stressed certain responsibilities of management during the two-year interim period and beyond. In particular: (a) we will expect to use, perhaps to a greater extent than in the past, the termination benefit procedures in order to assist downgraded staff members to leave the Fund; (b) every effort will be

made to reduce the number of downgraded staff members through internal transfers of individuals who have the potential to perform in higher graded positions; (c) we will need to devote more attention and resources to training and will assist downgraded persons who cannot be fitted into the Fund's current employment structure in their search for employment opportunities outside the Fund. I hope that those efforts will go a long way toward reducing the number of downgraded staff with salaries in excess of their new ceilings at the end of the two-year interim period.

Executive Directors have also agreed that the Board will conduct a review two years after the completion of the job grading exercise.

I think that the Executive Board's decision in agreeing today to allow merit increases for staff members whose salaries are above their ceilings at the end of the two-year period will help provide incentives to good performers who have not been able to move into higher graded positions. I can assure the Board that we will be selective in providing merit increases to the staff members concerned; by definition, those who are not good performers should not benefit from merit increases, and they will accordingly experience erosion of their salaries stemming from inflation.

2. JOB GRADING EXERCISE - USE OF AMOUNTS SET ASIDE IN CONNECTION WITH 1984 AND 1985 STAFF COMPENSATION REVIEWS

The Executive Directors, meeting in restricted session, considered a staff paper on the use of the amounts set aside in connection with the 1984 and 1985 staff compensation reviews (EBAP/85/312, 12/17/85; and Sup. 1, 1/27/86).

The Executive Board then took the following decision: 1/

The following provisions apply to the distribution of the amounts set aside on the occasions of the 1984 and 1985 Compensation Reviews and are applicable to persons on the staff as of the date of this decision. For the purposes of salary increases under this decision, the maxima and minima of the salary ranges to be applied from May 1, 1985 shall be those of the interim salary structure adopted effective January 1, 1986; for the period prior to May 1, 1985, the applicable maxima and minima shall be those of the interim salary structure reduced by 2.6 percent.

1/ The text of the decision was circulated in EBAP/85/312, Supplement 2 (2/4/86).

- (i) Staff members whose positions are allocated to grades in the new grade structure carrying a minimum salary higher than the staff member's present salary will have their salaries increased to the minimum of their salary ranges with effect from May 1, 1984 or from the date they were first appointed to such a position, whichever is later.
- (ii) Staff members, including those in (i) above, whose positions are allocated to Grades A9 to B5 in the new grade structure and whose salaries are below the maxima of their new salary ranges will have their salaries increased by 1.6 percent with effect from May 1, 1984 or from the date they were first appointed to such a position, whichever is later. Staff members, including those in (i) above, whose positions are allocated to Grades A1 to A8 and whose salaries are below the maxima of their new ranges will have their salaries increased by 0.5 percent with effect from May 1, 1984 or from the date they were first appointed to such a position, whichever is later.
- (iii) Staff members specified in (ii) above will have their salaries further increased by 0.5 percent, with effect from May 1, 1985, or from the date they were first appointed to their position, whichever is later.
- (iv) The salary increases under (ii) and (iii) above will be limited by the applicable range maxima. However, if a staff member other than one whose position has been downgraded cannot be given the full increases in salary specified in (ii) and (iii) because of this limitation, the staff member will receive a lump-sum nonpensionable payment in an amount equivalent to the additional salary he would have received for the Fund's fiscal year in respect of which the increase would first have been given had the limitation not been applied.

Adopted January 30, 1986

DECISION TAKEN SINCE PREVIOUS BOARD MEETING

The following decision was adopted by the Executive Board without meeting in the period between EBM/86/15 (1/30/86) and EBM/86/16 (1/30/86).

3. EXTENSION OF SICK LEAVE FOR STAFF MEMBER

The Executive Board approves the Managing Director's proposal set forth in EBAP/86/23 (1/24/86) requesting additional extended sick leave for a staff member.

Adopted January 30, 1986

APPROVED: September 19, 1986

LEO VAN HOUTVEN
Secretary