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EBAP/86/284

November 17, 1986

To: Members of the Executive Board

From: The Secretary

Subject: Staff Association Committee - Implementation of
1986 Compensation Review

There is attached a paper prepared by the Staff Association Committee concerning the implementation of the 1986 compensation review.

The Staff Association Committee has requested that this material be circulated for the information of the Executive Directors prior to the Executive Board meeting scheduled for Wednesday, November 19, 1986.

Att: (1)

Other Distribution:
Department Heads



International Monetary Fund Staff Association

Implementation of 1986 Staff Compensation Review

Prepared by the Staff Association Committee

November 14, 1986

It is essential that the Executive Board accept the Managing Director's recommendation for immediate implementation of the general salary increases mandated by the results of the 1986 Compensation Review (EBAP/86/266 of October 31, 1986). The recommended adjustments were derived on the basis of compensation principles approved by the Executive Board and accepted by the staff, and are already more than half a year overdue. Any further delay will call into serious question the Fund's reputation as a responsible employer dedicated to dealing fairly and forthrightly with its employees.

The decision by the Executive Board to postpone the salary adjustment that was recommended by the Managing Director for implementation on May 1, 1986 has already had a serious adverse impact on staff morale and commitment to the institution. Although a similar postponement was applied in the World Bank, this was followed shortly thereafter by the granting of an across-the-board salary increase--ostensibly to catch up with previous Fund set-asides--that added to Fund staff morale problems. Combined with the ever-increasing work load and the personal sacrifices that this often entails for staff members, the erosion of salaries and benefits has convinced many staff that their efforts to respond well to a rapidly growing set of work demands may be both unrewarded and unappreciated. The accompanying deterioration in staff morale can only be deleterious to the effectiveness of the Fund. The increasing difficulty of recruiting and retaining high-quality international staff is the most obvious initial sign of emerging problems. A negative response by the Board to the Managing Director's recommendation would be seen by the staff as a sign that any agreed compensation system may be treated in an arbitrary manner, further damaging the relationship between the Fund and its employees.

The Staff Association Committee would urge in the strongest terms that the existing compensation procedures be applied fully and consistently until such time as they have been formally amended. Looking beyond the present decision, we would urge that the 1987 Compensation Review must proceed smoothly, in accordance with the existing compensation system and free of undue political pressures. While we recognize the importance of the work of the Joint Committee on Staff Compensation, we would emphasize

that this should not result in any further delays in regular salary reviews. We trust that the Joint Committee's review will be both fair and objective, that it will be carried out in a spirit of cooperation and openness with representatives of the staff, and that its recommendations will result in a set of salary procedures that will minimize the potential for disruptive political pressures that have begun to plague the system. Whatever the updated comparator system that may emerge from the work of the Committee, we would hope that the divisive practice of differential increases for A1-A8 and A9-B5 staff will be avoided.

In sum, the Staff Association Committee emphasizes that it has consistently supported the application of the existing compensation system, despite its flaws. We believe that it is important for all parties to adhere to the existing procedures which were endorsed by both Management and the Executive Board, until such time as any proposed revisions have been formally adopted. The postponement of the May 1986 salary increase was an unwarranted departure from these procedures that must now be rectified; failure to do so would be a breach of faith with the staff that could only have further serious adverse consequences for staff morale and for the effectiveness of the Fund as an institution. The Staff Association Committee trusts that, by accepting the Managing Director's recommendation, the Board will restore the integrity of the existing compensation system and will reaffirm to the staff its commitment to the principle of maintaining the highest-qualified international staff, as mandated under the Articles of Agreement.