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EBAP/86/239

October 7, 1986

To: Members of the Executive Board

From: The Secretary

Subject: Staff Association Committee - Job Grading - Early Retirement
Assistance Scheme for Staff in Downgraded Positions

There is attached a paper prepared by the Staff Association Committee concerning an early retirement assistance scheme for staff in downgraded positions.

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 tomorrow, Wednesday, October 8, 1986.

Att: (1)

Other Distribution:
Department Heads



International Monetary Fund Staff Association

Early Retirement Assistance Scheme for Staff in Downgraded Positions

Prepared by the Staff Association Committee

October 7, 1986

The Staff Association Committee (SAC) welcomes the proposal for an early retirement scheme for eligible downgraded staff as the first step in the effort to help those who have been adversely affected by the Job Grading Exercise. If all those who could take advantage of the scheme participate, it will assist 30 percent of all those downgraded, substantially mitigating the burden which has been imposed on staff in downgraded positions.

However, the proposal is narrowly focused from two perspectives: it addresses only those in downgraded positions who are at the age of early retirement; and the only solution it proposes is separation. We would like to take this opportunity to emphasize that the staff attaches great importance to the further measures which the Fund could use to assist staff members who occupy downgraded positions not covered by the Early Retirement Scheme. Apart from this initiative, we believe that the most important ideas accepted by the Board on January 30 this year were (i) the redeployment, through internal transfers, of those who have potential to perform in higher graded positions; and (ii) the use of the Fund's training facilities and policies to enhance the prospects of individuals in the downgraded positions to compete for higher grades within the Fund, or to seek more suitable employment outside the Fund.

It can be argued that it is premature to address these issues until the grading reviews are finished, but we would stress that further delays serve no useful purpose. Since over 9 of the 22 months of the grandfathering period have now passed, there is a need to put proposals to the Board which could help restore the career prospects of the 184 individuals not targeted by the proposals in the paper before you. Many of these individuals have not requested a review of the grade assigned to their position; without effective mobility and training programs they must eventually assume the burden of downgrading. The intent of the Grading Exercise, as the SAC understands it and as reiterated time after time by those who actually undertook the grading, was to grade positions rather than individuals, but in the absence of complementary policies the effect of the Job Grading Exercise is to downgrade people.

We would, therefore, support the active policy implied by the Board's discussion of January 30, and would urge that early consideration be given to other measures in addition to the one contained in EBAP/86/207. One would be to give priority to "hiring from within" staff whose positions have been downgraded when positions are available. More active use of existing programs might also be encouraged. The current Termination Benefits Fund (TBF) program, for example, allows for faster turnover of Fund staff than would otherwise be possible. This policy promotes staff reassignments, and if any individual (not necessarily those specifically targeted by the proposals before you) takes the opportunity to retire early, someone in a downgraded position can replace them. Such a "voluntary redundancy" scheme is fairly common in some companies, and we were disappointed, both on equity grounds and as a solution to the downgrading issue, to learn that individuals who are not in downgraded positions will find access to the existing TBF program restricted. We would also suggest extending financial incentives to leave the Fund to younger individuals; we are aware of a number of these staff members who have expressed an interest in such an approach. If soundly managed, such a scheme could be flexibly targeted and need not be expensive, since the net financial effect would be to replace a better-paid staff member with a less well-paid new recruit.

What is needed, therefore, is a sound general policy that will apply to all staff adversely affected by the Job Grading Exercise, regardless of their personal circumstances. Under this type of policy initiative, the staff member would determine whether or not the financial inducements offered as compensation for the disruption of their career development presented by the Job Grading Exercise were satisfactory or not. In this way, the Fund would discharge its obligations to the staff's welfare and act to restore the high measure of trust which had formerly been the hallmark of Fund-employee relations. Thus the SAC would advocate that all staff members who were in positions downgraded by the Job Grading Exercise and who leave the active staff before December 1987 be eligible to receive a stipend equivalent to one and one-quarter months' pay (up to a maximum of 22 1/2 months) for each year worked at the Fund, regardless of the staff member's age.

In general, the SAC recognizes the continuing need to formulate a policy to promote staff rotation and would support the institution of a more permanent early retirement incentives scheme going beyond the existing resources available under the Termination Benefits Fund. The Pension Augmentation Scheme as adopted in 1981 did not adequately address these problems; a program of benefits is needed to ensure that staff are not encouraged to stay at the Fund beyond their most creative years, and the existing TBF could be augmented to provide these incentives. Other developments to support these policies could be a possible reorientation of the Pension Plan so as to discourage people leaving the Fund after relatively few years, and consideration of a "rule of 85" to supplant the current "rule of 90" which governs Fund retirement practices.

The SAC would, therefore, strongly encourage a systematic review of the Fund's policies toward downgraded staff, including policies for retraining and mobility and staff nearing the end of their careers. The early retirement scheme is welcome, but insufficient on its own. Finally, the SAC believes that the costs of the proposals identified here would be modest, as staff in downgraded positions who left would be replaced by staff members earning less.

