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The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
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McNamara's: Personnel Management Committee

Aug. - Nov. 1979

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Personnel Management Committee Meetings - Minutes 01

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Personnel Management Committee

Meeting of September 11, 1979 - 2:00 p.m.

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Agenda

I. Compensation Matters

- a) Status of Kafka follow-up Work Program (see attachment)
- b) Tax Reimbursement
 - Response of U.S. Government re exemption
 - Draft position paper on implementation of average deduction system (distributed previously under cover of Mr. Paijmans' memo of September 4)
- c) Compensation Review 1980
 - Status report on Compensation Review 1980, with particular reference to difference with IMF: attention is invited to time table of critical steps and dates (Attachment 3)

II. Personnel Management Matters

- a) Discussion of policy regarding staff contacts with the media
 - What should be the policy regarding staff exposure to media and what actions should the institution take in case of irresponsible statements? (Administrative Circular giving present arrangements is attached)

Management Appointments

- b) Candidates for Chief of Cairo Mission (see attachment)
- c) Candidates for V.P. External Relations (see attachment)

9/11/79

KAFKA RELATED WORK PROGRAM (Revised as of 9/4/79)

B. Further Studies

	Draft Report	VP Comments	Consultations IMF S/A		Recommendations to VP/PC	To Board
Education Benefits			Changes implemented			
Housing Loans			Changes implemented			
Tax Reimbursement - technical problems	Aug.31	Sept. 12	Mid Sept.-Mid Oct.		End October	Early November
Social Security <u>1</u> / (Joint study with IMF)	Nov. 30	Dec. 7	Mid-December to Mid-January		January 24	End January
Language Allowance for Support Staff	Sept.30	Oct. 10	Oct. 15 to 31		Early November	N/A
Performance Appraisal - YMR matrix	Sept.12	Sept.14	Sept.17 to 21		Sept. 25	N/A
Pensions - Intended to form Task Force with IMF, Legal, Controller and PAB	Main items of probable coverage: Pension base Accrual rate Withdrawal benefits Indexation Initial value of pensions Funding arrangements		Agreed terms of reference end September 1979. Study by consultants 3-6 months depending upon scope, say March 1980. Consultations with IMF and S/A one month. Recommendations ready for Board earliest by May 1980.			
Administrative Tribunal						
Issues Paper	Issued to Executive Directors and Legal Conference					
Discussions with EDs	Ongoing					
Supplementary Compensation						
Preliminary paper	June 15	June 19	----		June 25	
Policy paper	July 27	July 28	-----		Sept. 30	
Staff Survey	Sept.30	Oct. 8	Oct. 15-Nov.15 <u>2/</u>		Nov. 30 (Results)	

1/ Actuaries report delayed by technical problems.

2/ Conduct of Survey.

Note: (1) Review of internal relativities deferred pending 1980 comprehensive survey.
(2) Study of home leave allowance suggested by IMF Board not presently included in our Work Program.

Compensation Department
RA: rke:ean
September 4, 1979



THE UNDER SECRETARY OF THE TREASURY
FOR MONETARY AFFAIRS
WASHINGTON, D.C. 20220

August 10, 1979

Dear Bob:

Thank you for your letter of June 28, 1979, regarding the taxation of United States nationals employed by the World Bank

The United States has long taxed all nationals on all income, regardless of source or geographical location. As you note, U.S. nationals employed by the Bank are no exception. That policy, which is based on the principles of tax equity, is firmly held by the American people and the U.S. Congress. While a study of the wide range of issues involved in taxation of U.S. employees of all international organizations is currently the subject of interagency review within the Administration, I see little ground to expect that this policy would be changed.

Our interagency study is also exploring in general the ramifications of tax reimbursement to international organizations which reimburse U.S. nationals for taxes paid to the U.S. Government, both for institutions which the U.S. now reimburses, and for others, such as the IFIs, which are not reimbursed. At this point, I do not want to prejudge the results of that reimbursement policy review. Nevertheless, I will state in all candor that we will want to weigh any possible impact on the level of U.S. appropriations for the IFIs.

I am pleased that the principal recommendations of the Kafka Committee have been adopted by the Executive Board of the Bank. I would expect that implementation of the new tax reimbursement system, based on the average deduction method, which the U.S. firmly supports, will proceed as of January 1, 1980 as agreed to by the Board.

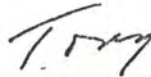
I. b)

- 2 -

I recognize the importance of the question of tax reimbursement. Fred Bergsten and I will be happy to meet with you and Jacques to discuss the implications of this issue.

Best personal regards,

Sincerely,



Anthony M. Solomon

The Honorable
Robert S. McNamara
President
The World Bank
1818 H Street, N.W.
Washington, D.C. 20431

Compensation Review 1980: Status Report

Consultations with IMF

1. We have consulted IMF on the general approach and design of the survey along the lines of the July 9 Issues paper^{1/} as amended (i.e. as to interim increase and carrying out of survey by consultants). Points of agreement and disagreement are noted under the specific items below.
2. In some areas the IMF position must be tentative since the Board has not yet considered the Managing Director's reactions to Kafka Committee recommendations regarding in particular:

- (a) the conduct of the surveys and the role of independent experts, where the Managing Director's views are:

"The role of independent experts. I believe the role of independent experts should be more limited than envisaged in paragraph 10.16(ii) of the Joint Committee's report. In particular:

- a. The responsibilities of the managements of the Fund and Bank for compensation matters should not be eroded. If independent experts carry out the whole of the comprehensive reviews and are accountable to the two Executive Boards, it is difficult to see how the managements can retain their appropriate role;*
- b. To give independent experts sole responsibility for data collection, verification of job matches and the whole review process, runs the risk of results that are based on inadequate knowledge of the two organizations and lack both continuity and credibility. Accumulated experience with a variety of independent experts and consultants in recent years suggests that their work needs careful checking and verification. Accordingly, I recommend that both the annual surveys and the comprehensive reviews should be carried out by the staffs of the Fund and Bank and that this work should be directed and controlled by the two managements as in the past. This would not rule out the possibility of employing independent experts, accountable to the Executive Boards, who would monitor both the annual and the triennial exercises. There would, of course, continue to be need for outside technical expertise in regard to such matters as the valuation of benefits and the preparation of tax tables."*

EBAP/79/110 Annex 1 paragraph E.3.

^{1/} Copy at attachment 2.

The Bank Executive Directors decided that:

"there is a role for independent experts, probably a long-term relationship with a consulting firm, in a monitoring and advisory capacity to the Executive Directors."

XM79-7/1 paragraph 2(e)(iv).

- (b) parallelism and the establishment of a Joint Committee of the Executive Boards, where the Managing Director's view are:

"Regarding the recommendation for the establishment of a Joint Committee of the Executive Boards to 'ensure the necessary cooperation between the two managements in the conduct of surveys and the formulation of recommendations for the Boards' (paragraph 10.16(v), it is the prerogative of the Boards to set up whatever bodies they believe to be helpful to them in their decision-making process. However, I question whether it is appropriate to charge a Joint Committee with the responsibility for ensuring that the two managements cooperate, particularly when it comes to formulating recommendations."

EBAP/79/110 Annex 1 paragraph E.4.

"Establishment of a joint committee to oversee collaboration and parallelism: It is, of course, for the Executive Boards of the Fund and Bank to decide on what committees they should establish. Thought would, of course, have to be given to the relationship of such a committee to the standing Committee on Administrative Policies, the terms of reference of which are 'to consider and make recommendations to the Executive Board on those matters of administrative policy requiring action by the Board that are referred to it by the Chairman, the Executive Board or an Executive Director.' More importantly, I wish to remind Executive Directors that since 1948 it has been firmly established that 'the Managing Director and the staff shall be responsible for the execution of Fund policies as determined by the Executive Board and decisions of the Executive Board' (Executive Board Decision No. 244-2, January 12, 1948). In considering the Joint Committee's recommendation to establish a Fund/Bank committee to oversee matters relating to collaboration and parallelism, careful attention would have to be given to the implications vis-a-vis the responsibilities conferred on the Managing Director by the Articles of Agreement."

EBAP/79/110 Annex 1 paragraph F. 5(d).

The record of the Bank Executive Directors meeting on this point reads:

"The Chairman supported by several Executive Directors stated that he strongly supported the recommendation of the Joint Committee on Staff Compensation Issues that a Joint Committee of the Bank and Fund Boards be established to keep the possibility of even closer collaboration and uniformity of personnel practices under continuing review. In the event that the recommendation for a Joint Committee were not adopted, he would urge the Executive Directors of the Bank to establish a Compensation Committee of their own."

XM79-7/1 paragraph 6.

The Managing Director intends to schedule these items for Board discussion on October 15 along with his proposal to broaden the salary ranges corresponding to Bank levels L-Q as already agreed for the Bank.

Action: Senior Management to ascertain whether any change in IMF attitude towards Joint Committee.

Standing Board Committee on Compensation Issues

3. Subject to the above, further consideration of draft Board memorandum of July 30 (attachment 1), discussion of which was deferred to September 11 meeting.

Action: Decision and, if appropriate, sounding of Executive Directors desirable in advance of October 16 Board meeting.

Nature and Scope of Review

4. (a) Basis of Survey

Bank position - total compensation (i.e. direct pay and benefits) as matter of principle long endorsed by Executive Directors, reaffirmed by Kafka: "the value of the benefits provided by the Bank and Fund should be in the same broad relationship to benefits in the comparator organizations (other than consulting firms) as direct remuneration" - Kafka report paragraph 3.33(vii). Furthermore, the value of benefits is considerably greater in France and Germany than in the US thereby impacting on the general competitiveness of US compensation levels.

IMF position - direct remuneration only, keeping Kafka 1978 survey benefit values in mind when drawing conclusions. This approach is inadequate since Kafka survey in France and Germany limited to five private sector firms in each country and three

public sector organizations in Germany - none in France.

Action: Senior management to attempt to persuade IMF to adopt total compensation approach. If not successful, maintain our position which need not prejudice survey although resulting data for Bank will be more comprehensive.

(b) Choice of Market

US market 50/50 private/public sector with pitch and/or expatriation allowance to be determined in light of survey data - agreed with IMF.

(c) Choice of Countries

US, France and Germany only - agreed with IMF.

(d) Choice of comparators - professional

Up to 15 private sector and 5 public sector per country - agreed with IMF.

For US private sector, preferably high quality East Coast financial, manufacturing and consulting firms - IMF would exclude consulting firms as unsuitable as a basis of comparison for a career-oriented organization, a point of view apparently upheld by the IMF Board. Bank must include them in survey as employing staff of similar qualifications to our own.

It may be desirable to have a secondary list of firms located elsewhere in US should EDs not agree to confine the survey to East Coast firms.

Both COM and IMF are reviewing lists of comparators suggested by Operating Staff (S/A input expected by September 7) with view to agreed list by September 19.

Action: Senior management to attempt to resolve difference with IMF regarding consulting firms, failing which comparators and resulting data base would be different between Bank and IMF making parallelism at decision stage even more difficult.

PMC to decide whether to propose only East Coast comparators for US private sector.

COM - complete review of comparator lists and consolidate with IMF by September 19.

NOTE: IMF Managing Director feels no approach should be made to proposed comparators to ascertain their readiness to participate prior to October 15 Board decision. We believe it highly desirable to do so, albeit on tentative basis.

(e) Choice of Comparators - A-I

Bank position: 5 public sector, 3-4 private sector, 2 embassies, all local - agreed with IMF. IMF may also survey three international organizations (IDB, OAS, PAHO) as a check on the effectiveness of the market in producing competitive pay levels.

Both COM and IMF are reviewing lists of comparators (S/A input awaited) with view to agreed list by September 19.

Action: COM - complete review of comparator lists by September 19.

(f) Purchasing Power Parity

COM believes review of purchasing power parity methodology warranted.

IMF are disenchanted with ICP (Kravis) purchasing power parities and are contemplating alternatives, including the use of German and French national indices. Thus both agree on the need for further study, possibly seeking the advice of a consulting firm (ORC?) although Managing Director feels that the two staffs have greater expertise than any outside body. This study, which will be put in hand in October, will not cause any delay since decisions are not needed until January 1980 when the overseas data are collected.

Conduct of Survey

5. (a) Staff or Consultants

The options for the conduct of the survey for both J-Q and A-I staff are:

- (i) by staff (Operational and COM) strongly favored by both Staff Associations on the grounds that experience has shown consultants have insufficient knowledge of the two institutions and the need to build up in-house in-depth knowledge of the practices of comparators. External credibility could be provided by independent experts in a monitoring capacity; or
- (ii) by consultants as providing greater external credibility throughout.

- (b) IMF intends to use staff supplemented by two staff on secondment from a consulting firm. There would thus in their view be no need for independent experts since the consulting firm concerned could also advise EDs. This approach appears to COM to combine the worst features of both options.
- (c) PMC has decided that the survey be undertaken by consultants under close guidance by staff in which case it would be difficult to contemplate monitoring by additional independent experts. Two issues remain for decision.
 - (i) the role of the consultants:
 - should it be limited to the collection and analysis of data (and, possibly, advice to the EDs on the reasonableness of management's eventual recommendations), or
 - should it extend also to making formal recommendations.
 - COM strongly favors the former since the formulation of recommendations is very much a management responsibility;
 - (ii) the choice of consultants, which will be very controversial. Possibilities are:
 - Hewitt whom IMF Administration state to be totally unacceptable although they have a tried methodology for benefit valuation and who alone could undertake any updating of the Kafka data if that were needed for an interim adjustment and who have indicated their willingness to do so;
 - TPFC strongly favored by IMF;
 - Cooper Lybrand (UK) - one of the firms retained by the five major governments to advise on the principles of staff compensation;
 - P.A. (International).

It would seem preferable to invite proposals from several firms in order to assess their suitability. The IMF Managing Director, however, feels that no such approach should be made until after the Board decision on October 15 - this would almost certainly lead to delay in the mounting of field visits.

- Action:
1. PMC to decide on the role of consultants and the method and timing of their selection;
 2. Senior management to attempt to agree with IMF on a common approach to the conduct of the surveys, failing which data collection and analysis would be more complicated but not impossible. However, combined with differences on total compensation and consulting firms as comparators, this would strengthen the IMF predisposition for separate surveys, a move which could signal the end of parallelism as presently understood.

(b) Process of Job Matching

Both COM and IMF envisage carrying out the job matching in two stages:

- visits by consultants accompanied by Operating Staff to line managers of comparators to establish job matches - completed by December in US, January overseas;
- subsequent visits by consultants accompanied by COM staff to personnel departments of comparators to obtain data relating to the established job matches - completed by December in US, February overseas.

Action: PMC to note that it will be necessary to second to the survey senior Operating Staff (two in October and December and two fluent in French and German in January as a minimum) plus one staff member familiar with A-I staff in October and December.

Other Issues

6. Net - gross conversion

As in the past, both Bank and IMF intend to use Arthur Andersen to provide after tax tables. In the case of US gross paying comparators, the methodology (i.e. which deductions to assume) should be consistent with the basis of the average deductions tax reimbursement system to ensure symmetry between the netting down and grossing up processes. This may prove controversial with IMF who may not accept symmetry argument. Resolution, which cannot be made until basis of tax reimbursement system agreed, not needed before December 1979 when US data collected.

7. Depth of data to be collected

Bank position is to collect more than routine pay and benefit data (see attachment 2 to July 9 Issues paper) in order to obtain in-depth knowledge of comparators' practices, needed both to decide whether comparisons meaningful and as basis for possible review of internal relativities in FY81 - (are our internal relationships between jobs consistent with comparators' perceptions of those relationships?) Should there be disagreement with IMF this will surface in the "preparation of survey materials" stage (Sept. 17 - Oct. 26).

8. Jobs to be matched

Consultation on jobs to be matched scheduled for week of September 17 - tentative Bank list (probably too extensive) at Attachment 2 to July 9 Issues paper. IMF will almost certainly press for extensive coverage at Division Chief level which they intend to use as the base for determining differentials at higher levels - Bank Executive Directors have already decided upon differentials above level M as base (XM79-7/1 of June 13, 1979). This need not offset the survey but will provide scope for controversy at the decision making stage.

9. Timing of Review

See schedule at Attachment 3.

10. This time-table, which pre-supposes, inter alia, that we need not await Board decision on October 16 to invite consultants to submit proposals, coincides broadly with that of the IMF through March 15, 1980. Thereafter, the IMF does not presently envisage seeking the guidance of Executive Directors - the proposed options stage to form a basis for subsequent consultations with the Staff Association - but plans to go forward with formal recommendations to the Board one month after the data paper has been distributed leading to a Board decision at the latest by the first week of May to be effective as from March 1, 1980.

11. Quite apart from the options stage, we believe the IMF grossly under-estimate the complexity of the issues which will have to be addressed, including the necessity for an expatriation allowance, the future of the Home Currency Option Scheme, Termination Grant, etc., all of which will require extensive consultations both with the Staff Association and inevitably with the sister institution. This time-table is indeed very tight and will almost certainly be impossible to meet if consultants cannot be appointed by mid-October at the latest. The MD appears to recognize this and has indicated that he would not necessarily be opposed to an interim adjustment should one prove necessary.

12. It would be possible to complete action by March 31 or even earlier for A-I staff:

- Data distribution (local comparators only)	January 15
- Consultations with Fund and Staff Association on Survey findings	January 30
- Board consideration of options	February 19
- Consultations with IMF and Staff Association on recommendations	March 10
- Board decision	March 31

13. This would obviously involve separating J-Q and A-I staff for salary administration purposes. There would be technical advantages to doing so, particularly since they have different "markets" which could well point to very different conclusions both for this and, particularly, for subsequent updating reviews. However, the Staff Association would be bound to resist strongly using the argument "divide and rule", etc., and there could be problems in a total compensation context since it is agreed on all sides that A-I staff should enjoy the same benefits as J-Q staff.

Action:

PMC to consider:

- feasibility of separating J-Q and A-I reviews
- desirability of options stage in review process.

Data for Possible Interim Adjustment

14. PMC has decided that necessary data should be collected against the possibility of an interim adjustment based on the Kafka approach - pay movements in comparator organizations. If this approach is followed it should be confined to pay movements in the US comparators only since any such adjustment would be interim pending the outcome of the major review. Thus:

- to the extent that the survey comparators are the same as those used by Kafka, the data to be collected in December 1979 will include pay movements over the previous twelve months. Since Hewitt alone have the detailed (1978 survey) base data the relevant data will be provided to them unless, of course, they carry out the survey;
- Hewitt will be asked to obtain the same data from any Kafka comparators who are not included in the current survey.

Consultations with the Staff Association

15. Due in part to the absence on leave or mission of most of their Officers, only preliminary consultations have been held with the Staff Association pending decisions of PMC on outstanding issues and reconciliation of differences with IMF. The Association will undoubtedly press hard for the survey to be undertaken by staff, monitored if necessary by independent experts, and for comparisons with expatriates employed by private sector comparators and public sector employees working overseas.

16. If the necessary decisions are taken by PMC on September 11 and outstanding differences with IMF resolved shortly thereafter, I presently anticipate little difficulty in completing the consultations on the nature and scope of the review and the conduct of the survey in time for the distribution of a Board paper on September 25 for consideration on October 16, a timetable agreed with IMF. However, I have scheduled extensive consultations with the Association for September 7 and will advise PMC of any significant developments.

Compensation Department
RAClarke:can
September 6, 1979

MEMORANDUM FOR THE EXECUTIVE DIRECTORS

Subject: Establishment of a Standing Committee on ^{Compensation Policy} ~~Personnel Policy~~ Issues

1. The experience of recent months provides ample evidence of the increasing complexity, sensitivity and controversial nature of ^{compensation} ~~personnel~~ policy issues calling for decisions of the Executive Directors. Moreover, the number and variety of such issues is increasing. In the coming months, for example, the Executive Directors will be faced with difficult decisions on such matters as:

- ~~proposals for the establishment of an Administrative Tribunal;~~
- the conduct of the comprehensive review of staff compensation which Executive Directors have agreed should be undertaken on the basis of an in-depth survey to establish a soundly based pay structure consistent with the principles recommended by the Joint Committee on Staff Compensation Issues - X779-7/1 of June 13, 1979 para. 2(a)(iv);
- the outcome of the further studies which Executive Directors have agreed should be undertaken on the technical problems associated with an average deductions approach to tax reimbursement, a comprehensive review of the pension plan, and the possible integration of social security coverage with the pension plan - Ibid para. 2(f)

2. Several Executive Directors have recently suggested a Standing Committee to provide a vehicle for the involvement of Executive

Directors in the development of such issues on a continuing basis and to facilitate the handling of such issues by the Board. We very much agree. As Executive Directors will recall, in connection with the recent consideration of Staff Compensation Policy we recommended that:

"a Joint Committee of the Executive Boards should be established to ensure the necessary cooperation between the two institutions in the formulation of compensation policy and the necessary studies to carry it out"

R79-79 of April 18, 1979 paragraph 11.9(f).

We feel strongly that we should continue to explore with the IMF the possibility of establishing such a Joint Committee. Meanwhile, however, we urge the establishment of a Bank Committee in such a manner that it could be expanded to a Joint Committee in the future.

3. We suggest terms of reference as follows:

- to keep under continuing review and, where appropriate, to consider and make recommendations to the Executive Directors on ^{compensation}~~personnel~~ policy issues which will require action by the Executive Directors;
- to maintain close liaison on all such matters with the ^{appropriate} IMF Committee ~~on Administrative Policies~~ until such time as it is feasible to establish a Joint Committee of the two Boards.

4. As to the membership of the Committee we would suggest:

Chairman - an Executive Director (preferably a joint Bank/IMF Director)

Members - Five Executive Directors

* Vice President, AOP

* Director, Compensation Department.

* Non-voting members

5. It would be for the Committee to establish its own rules of procedure.

However, we suggest that:

- attendance at meetings of the Committee should be open to any Executive Director, Alternate or Adviser who would receive copies of all Committee documents;
- given the nature of the issues, meetings of the Committee should be held as it were in Executive Session, attendance by staff being limited to those needed to present papers and the necessary staff of the Secretary's Department. Other staff, including Executive Director's Assistants, should be excluded.

6. The present Committee would differ from the former Committee on Staff Compensation in that its primary role would be to make recommendations to the full Board rather than "to advise the President and at appropriate time the Executive Directors." R74-12 of January 18, 1974.

7. We believe that the establishment of a Standing Committee along the lines outlined in this memorandum will make a major contribution to the satisfactory resolution of the difficult issues of personnel policies with which Executive Directors and management alike are faced.

Compensation Department
RAClarke:ean
July 30, 1979

Standing Committee on Bank Policy Issues

Suggested membership:

Chairman	:	W.S. Ryrie
Members	:	E.R. Fried (member of JAC) E. Kurth (member of CODAM) A. Razafindrabe (member of CODAM) A. Sola (member of JAC) A. Zain (member of CODAM)
Non-voting Members	:	VP, AOP (Paijmans) Director Compensation (Clarke)

Possible alternatives among EDs:

S. El-Naggar	(no Committee membership)
A.I.J.A. Looijen	(member of JAC and Pension Finance Committee)
P. Mentre de Loye	(no Committee membership)
H. Lundstrom	(no Committee membership) newly appointed ED
S. Morioka	(no Committee membership) newly appointed ED

The actual appointments must be made in accordance with rules approved by the Executive Directors (see M73-675) which call, inter alia, for prior informal consultations among EDs.

Compensation Review 1980

1. This paper outlines the basic approach and the procedures proposed for the forthcoming major review of staff compensation. It is intended, after review by senior management, to form the basis for consultations with the Executive Directors (initially as to their involvement in the process and the role of independent experts and subsequently as to the nature and scope of the underlying surveys) and with the IMF and the Staff Association.

General Considerations

2. It is imperative that all aspects of the forthcoming review, including particularly the design and conduct of the underlying surveys, be accepted by all parties with legitimate interests at stake given:

- past ad hoc decisions as to the nature and scope of reviews;
- the criticism regarding the quality of the Kafka sponsored surveys;
- the need to establish a detailed consensus on the way in which staff compensation is determined both in the major cycle years and so that consistent trend data are available in the intervening years - this is a prerequisite for a system to operate with a degree of automaticity with less scope for controversy.

Thus, it would be totally counterproductive to attempt to squeeze the review process in order to meet a predetermined deadline. Rather it is essential to ensure to the satisfaction of all parties - member governments and Executive Directors, management, Staff Association and the staff at large - that, whatever the ultimate decisions may be, the foundation for decision making is impeccable. This will inevitably call for extensive (and very time consuming) consultations with the Staff Association, particularly on the design and conduct of the surveys.

Stages in the Review Process

3. We envisage four main stages in the review process. In order to illustrate the various stages we have necessarily had to make certain assumptions (e.g. as to involvement of EDs, conduct of survey by Bank staff and coverage of jobs to be matched).

Stage 1 - Determination of Basic Approach and Procedures which involves:

- management decisions on the broad approach and procedures as a basis for subsequent consultations. The issues involved are listed without commentary at Attachment 1;
- Board decisions on the roles of Executive Directors and independent experts;

- appointment of independent experts who would monitor subsequent stages of the process.

Stage 2 - Design of surveys which involves:

- extensive consultations with the IMF and Staff Association within framework developed from Stage 1. The outlines of a possible design are shown, for illustrative purposes only at this stage, at Attachment 2. The scope envisaged is far greater in depth than that of recent surveys which have largely been confined to straightforward job/grade matching;
- Board decision on the design (nature and scope) of the surveys.

Stage 3 - Preparation and conduct of surveys which involves:

- appointment of consultants (probably confined to tax tables and benefit values);
- securing agreement of comparators to participate;
- selection of survey teams;
- preparation of survey materials;
- field visits;
- collation and analysis of resulting data.

Stage 4 - Decision making which we envisage to involve:

- consultations with IMF and Staff Association on survey findings (not at this point on action);
- agreement of management and Executive Directors (Board or Committee?) on broad framework for action on basis of option papers;
- consultations with IMF and Staff Association within agreed framework;
- Board decision.

Timetable for Review

4. The timetable envisaged for each of the stages in the review process is shown in bar chart form at Attachment 3. The critical dates are:

Stage 1

Management review of the broad approach and procedures - August 6
This should not slip by more than a few days in order to permit time for informal consultations with EDs before the summer recess;

Board decisions on EDs role and that of independent experts - September 21
This should not be allowed to slip in view of the imminence of the Annual Meetings in order to give time to appoint independent experts to monitor the following stages of the review process.

Stage 2

Management consideration of detailed design of survey - October 15
Board decision on nature and scope of the surveys - November 6

Stage 3

Completion of preparation of survey material - October 31
Completion of field visits - January 31, 1980
Issue of survey data report - March 15, 1980

Stage 4

Management consideration of options for action - April 18, 1980
EDs consideration of options for action as basis for consultation - May 6, 1980
Management consideration of formal recommendations - June 20, 1980
Final Board decision - July 17, 1980

So far as can presently be foreseen the timetable is feasible even allowing for extensive consultations with the Staff Association on the design of the survey and the preparation of survey materials and, subsequently, on an iterative basis with the IMF and the Staff Association on the survey findings and action needed.

5. The timetable is heavily influenced by the comprehensive nature of the review which must call for protracted consultations at the decision making stages after the data are available which can hardly be before mid-March. If in the two following years the review is confined to an updating of comparators' pay movements the data in respect of Germany at least cannot be expected before March since pay decisions are normally taken in late February but applied retroactively as from January 1. This suggests that the effective date for the review should be changed from March 1 (which was adopted in 1975 to coincide with February-February cost of living movements in the Washington area and, as such, no longer relevant) to a later date. The main possibilities appear to be:

- May 1 which should be just feasible in the years between major reviews without the need for substantial retroactivity;
- July which is the earliest feasible date in a major review year and coincides with the Bank's fiscal year.

6. We suggest, therefore, that:
- the effective date for the review of staff compensation be moved as from 1980 to July 1 of each year;
 - in order to smooth the transition at a time of high inflation, an interim adjustment in salaries to be effective January 1, 1980 on some formula to be determined be agreed upon in advance.

If it is felt that such an interim adjustment might prejudice the outcome of the major review, we would argue that, even if the review indicated present salaries were too high, the necessary adjustment would anyway be phased over a number of years.

Organization of the Survey

7. We envisage the organization to carry out the survey in outline to be as follows:

Director/coordinator: John Trott

Survey teams: Two teams for J-Q staff, One for A-I staff.
Each team to consist of a compensation officer and a staff member from the body of the Bank assigned to the review full time from September 1979 through February 1980.

Use of consultants: Preparation of tax tables
Valuation of benefits.

Compensation Department
RAC/Clarke/JRWTrott:ean
July 9, 1979

Compensation Review 1980

Stage 1 - Basic Approach and Procedures

Decisions needed on:

A Policy

- (a) the market - ? as envisaged by Kafka US 50/50 private/public sector with pitch and/or expatriation allowance to be determined in light of survey data?
- (b) the basis of comparison:
 - total compensation and, if so, the treatment of benefits (value or cost);
 - criteria for selection of countries;
 - criteria for selection of comparator organizations including as specifics:
 - (i) inclusion or exclusion of consulting firms
 - (ii) US comparators: East Coast only?
 - (iii) overseas comparators: is geographic location a factor?
 - criteria for selection of jobs to be matched including minimum number of matches to be acceptable;
 - depth of survey coverage: job comparisons in terms of responsibilities? profiles of incumbents? salary administration practices (promotions, grade distribution, etc);
- (c) the concept (as opposed to the methodology) of purchasing power parity adjustments;
- (d) possible limitations on eventual freedom of action (which has a bearing on data collected and its analysis). Some possibilities:
 - the continued use of a uniform salary structure as opposed to different structures for different occupational groups;
 - is an expatriation allowance, general or selective, on the cards?
 - uniform benefits for professional and support staff;
 - the extent to which parallelism with IMF is the paramount consideration.

Most of the above issues must be addressed separately for J-Q and A-I level staff.

B Procedures

- (a) vehicle for EDs (member governments?) involvement:
 - Joint Committee, full Bank Board, Committee of the Whole, Ad Hoc Committee, liaison with governments directly?
- (b) role of independent experts and their selection;
- (c) vehicle for coordination with IMF:
 - staff level
 - management level
 - resolution of differences;
- (d) nature of Staff Association involvement;
- (e) conduct of the survey:
 - exclusively by consultants?
 - by COM staff supplemented by consultants for technical aspects? e.g. tax tables, benefit values
 - by COM staff accompanied by operational staff with detailed knowledge of job requirements and supplemented by consultants for technical aspects as above?
- (f) overall timing.

Compensation Review 1980Stage 2 - Outline of Design of Survey

1. Proposed coverage:

Countries: 3 (probably US, France and Germany)
 Comparators: Up to 15 private sector and 5 public sector per country.

2. Jobs to be matched from:

<u>J - Q</u>		<u>A- I</u>	
Economist	4 (K,L,M,N)	Research Assistant	(2 levels)
Financial Analyst	3 (L,M,N)	Statistical Assistant	(2 levels)
Technical Specialist	6 (L,M,N - different disciplines)	Accounting Assistant	
		Admin. Expense Assistant	
IFC Investment Officer	3 (L,M,N)	Computer Assistant	
IFC Engineer	3 (L,M,N)	Budget/Admin. Assistant	
Legal	4 (K,L,M,N)	Senior Staff Assistant	H
Treasurer	3 (K,L,M)	Staff Assistant	G
Accounting	4 (J,K,L,N)	Administrative Secretary	E
Computer	4 (J,K,L,N)	Secretary	D
Personnel	3 (K,L,N)	Secretary (entry level)	B
		Documentation Assistant	
		(Records Clerk)	(D and E)
		Word Processor	(C and E)
		Keypunch Operator	
		Messenger	
Total			19

3. Methodology of adjustments to common base:

- Exchange rate
- Gross to net
- Purchasing power parities.

4. Data to be collected (ideal)

(a) nature of organization:

- type of business, market position, "sales" volume, profitability;
- most important functions in organization - job descriptions;
- organization chart with grade/age distribution;
- growth/stability - recruitment and turnover statistics.

(b) compensation policy:

- total compensation? if so, how benefits treated;
- salary setting policy:
 - market related? if so, frequency of studies, comparators and desired relationship to market;
 - cost of living/real income?
 - current salary structure for all grades;
 - salary increase trends in recent years, frequency, etc.
 - impact of unions/staff associations.
- policy and practice of salary adjustments:
 - general
 - merit - performance policy, firing rate
 - promotion.
- description of all cash payments.
- benefits package:
 - complete literature on employers' pension and insurance coverages, vacations, working hours (official and "normal") and perquisites (cars, housing, clubs, fees, etc.);
 - details of state provided benefits (family allowances, etc.) and official holidays;

(c) matched jobs:

- number of incumbents, average age, average service, typical qualifications;
- actual minimum, maximum and average salaries;
- career and salary progression for below average, average and above average performer;
- for organizations with salary structure, number in grade, average age and service, actual minimum, maximum and average salaries;
- for organizations without salary structure, numbers by income bracket, average age and service, median, lower and upper quartile salaries.

Compensation Review 1980: Timetable

Action	Proposals after consultation with IMF	Review	Senior Management		Board Paper Distributed	Board Decision
			Resolution of Difference with IMF	Approval		
<u>Stage 1</u>						
<u>Design & Conduct of review:</u>						
Basis of comparison - total compensation	Sept. 5	Sept. 11	Sept. 14	} Sept. 21	Sept. 25	October 16
Choice of market	Sept. 5	Sept. 11	-			
Choice of countries	Sept. 5	Sept. 11	-			
Choice of comparators - policy	Sept. 5	Sept. 11	Sept. 14			
- individual organizations	Sept. 19	-	-			
Conduct of review: staff or consultants and role of independent experts	Sept. 5	Sept. 11	Sept. 14			
Choice of jobs to be matched	Sept. 21	Sept. 25	-	-	-	-
<u>Stage 2</u>						
<u>Preparation for survey</u>						
Appointment of consultants: Procedure Selection	Sept. 5	Sept. 11	Sept. 14	-	-	-
	Oct. 11	-	-	Oct. 15	-	-
Preparation of survey materials questionnaire, job descriptions, etc.	Oct. 25	Oct. 30	-	-	-	-
Translation of survey materials into French and German	Nov. 15 (LSD)	-	-	-	-	-
Net gross conversion methodology	Nov. 1	Nov. 6	-	-	-	-
Purchasing power parity methodology	Nov. 22	Nov. 27	-	-	-	-
<u>Stage 3</u>						
<u>Data Collection and Analysis</u>						
Field visits: US comparators J-Q & A-I	[Dec. 1979]					
Overseas comparators J-Q: first stage	[Jan. 1980]					
second stage	[Feb. 1980]					
Data paper distributed to EDs and Staff Association	[March 15]					
<u>Stage 4</u>						
Options paper intended as framework for consultations	March 31	←As necessary→		April 15	April 17	May 8
Formal recommendations paper	June 9	←As necessary→		June 20	June 23	July 15

The World Bank Manual Circular

Date: February 6, 1978

Circular No.: Admin./1/78

Subject Conversations with Represent-
atives of the News Media;
Requests by Media to Visit
Projects; Submission of Letters
to the Editor

Manual: Administrative

Filing Instructions: Org. Units Only - with AMS
1.02. Replaces Admin./1/77
dated 3/18/77

The Bank welcomes opportunities to explain its work to the rest of the world and, accordingly, seeks to ensure that staff members are sufficiently informed to be effective disseminators of information. The nature of the Bank's work as an intergovernmental institution, however, requires that care be taken in providing information to the general public, particularly to the information media, so that the interests of our members countries are fully taken into account. As a general rule, staff should not discuss Bank policies, procedures, and other activities with media representatives, or submit articles or provide data for publication, without first seeking the advice of the Information and Public Affairs Department or, in matters relating to IFC, of IFC's Office of Information.

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Media visits to projects

In addition, journalists who approach field offices to visit Bank-financed projects should be referred to the appropriate government authorities. The field office should advise the Information Department (Chief of Public Affairs) or IFC's Office of Information by telex of the request. Field office staff are urged not to support such requests with a formal recommendation to the Government without first consulting the appropriate information staff.

Letters to the Editor

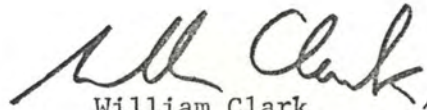
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(2) Staff Members Holding Manuals (Circular is punched for filing in Manual) ☐
(3) All Staff Members ☒ Executive Directors ☒ (Circular is for information only -- not punched for filing in Manuals)

It is also hoped that proper co-ordination will ensure that the most effective and comprehensive letters are submitted to the Press.

* * * * *

In recent years headquarters and field office staff have worked effectively with the Information staff within the guidelines described in this circular in informing the media on development issue. Most difficulties have arisen when consultation has been lacking.

A handwritten signature in dark ink, appearing to read 'W. Clark', is positioned above the printed name.

William Clark
Vice President
External Relations



Record Removal Notice

The World Bank Group
Archives
& Records Management

File Title Personnel Management Committee Meetings - Minutes 01 President's papers - Robert S. McNamara		Barcode No. 209358B		
Document Date Sep 11, 1979	Document Type Minutes			
Correspondents / Participants Personnel Management Committee				
Subject / Title Management Appointments II (b) and II (c)				
Exception No(s). <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
Reason for Removal Personal Information				
Additional Comments		The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information. This Policy can be found on the World Bank Access to Information website.		
		<table border="1"><tr><td>Withdrawn by Chandra Kumar</td><td>Date Sep 20, 2013</td></tr></table>	Withdrawn by Chandra Kumar	Date Sep 20, 2013
Withdrawn by Chandra Kumar	Date Sep 20, 2013			

STRICTLY CONFIDENTIAL

August 14, 1979

CKW

Record of Meeting of
PERSONNEL MANAGEMENT COMMITTEE

1. Mr. McNamara convened a meeting on August 7. Present were

Messrs. Cargill
Stern
Paijmans
Qureshi
Damry
Sommers
Pollan

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WBG ARCHIVES

Mr. Chaufournier attended for the first time having been nominated by Mr. Stern as the rotating member of the Operational Complex for FY80.

Compensation-Related Matters

2. Mr. McNamara expressed again disquiet about the Kafka-related survey of comparator organizations, both as to delays incurred and as to coverage, especially since support staff was not specifically identified in the time schedule.
3. There was considerable discussion about the inter-relationship between the Kafka related survey and the preparatory steps needed for the March 1, 1980 salary adjustment. The situation with respect to Board involvement, ability to adhere to time schedule and the IMF ability to timely address all issues is too uncertain to decide at this point whether an interim adjustment will be needed and if so, which of the proposed alternatives (a proportion of cost of living or a straight joint committee approach) will be the most acceptable. Therefore, we must design the (international) comparator survey exercise in such a manner that we can --if we wish--extract from this undertaking all necessary data and action to implement a March 1, 1980 adjustment following the joint committee's approach and in anticipation of a later global adjustment (if any would be warranted following the survey). We will have to buy this insurance to protect ourselves against developments that we cannot see at this point.
4. Hewitt is already being set up to undertake the US comparison in the survey. Hope was expressed that by April 1980 it should be clear whether the study could yield a sufficient base so that the Bank Group could go ahead with the adjustment. It was felt that it did not really matter when exactly the March 1 adjustment was actually announced as long as it was effective as of that date and the announcement did not trail excessively.
5. Further discussion centered on whether we, the Bank, should, following last year's Hewitt study do the job itself or whether consultants would be needed. The argument for doing it ourselves was primarily the building up and maintenance of in-house experience. The argument for having consultants doing the job

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- 2 -

now and in future years was the credibility of the exercise...avoiding the internal cuisine syndrome. The decision was that the procedures as proposed be changed and to have consultants do the job. However, in-house capacity needs to be built up to provide guidance to consultants. For the job immediately ahead consultants still need to be chosen. Hewitt was mentioned as the most likely candidate because of its recently acquired knowledge of the Bank but it was observed that an association with solid European firms would be necessary for the international part of the comparator exercise.

6. There was considerable uncertainty about the needed interface with the IMF, whose management is not properly motivated at this time to apply itself to the endeavor connected with the study. Contacts will need to be established at highest Bank level with the Fund's Management (de Larosière and Dale) to stimulate it into action. This needs to be done soon because a consultant contract is to be negotiated. It is an open question whether the contract ought to be sponsored jointly by the Bank and Fund.

7. Given the current uncertainties, and although a number of Board members have expressed a vivid interest in the establishment of some committee, there will be no contact with the Board concerning the suggested Standing Board Committee on Compensation Issues. The next Personnel Management Committee meeting in September will focus on this aspect—it needs to be put on the agenda. (Deferral until September of this item should not delay other Kafka-related steps.) Account needs to be taken that Board members principally concerned are not around at present.

8. As to dealing with the tax reimbursement for US staff, we are moving towards obtaining reactions on a first draft that has been prepared. As to substance, we may have a problem with the IMF which is leaning in the design towards the UN system.

Senior Positions

9. Essentially "to clear the ledger" Mr. McNamara decided to grant the seven positions recommended in Paijmans' August 1 memorandum. (It was part of the agenda of the August 7 meeting.) Mr. McNamara also expressed great dissatisfaction with numbers of positions sought heretofore and encouraged that the overhaul of the whole review process be undertaken as had been recommended by Paijmans. The system needs to be cleared up—in particular we need to focus on the Bank's overall grade profile and to watch the impact of our actions on comparable situations in other international organizations. Furthermore, the question of whether there should be specialized treatment of certain staff in the Treasurer's Department, needs to be explored. On a point of detail, Mr. McNamara approved reluctantly the Deputy Director title for IPA—a move not involving a great change.

- 3 -

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AOP Resources

10. Mr. McNamara still wanted to review a presentation of PAB and would come back to this matter.

Polak

11. Surprise was expressed about the fact that the family exclusion rule, had in practice, also applied to consultants. Mr. McNamara decided to make an exception from the policy, although not ruling at this time on the question whether consultants and staff should be differently treated, in such cases where the Bank needed help to overcome a major vacuum in its intellectual capacity or whenever it wished to attract an outstanding capacity. He took note of the fact that PMD was reviewing the policy and would come back with a suggested position in November. As to remuneration, Polak should not get more pay in retirement than on active duty. Pajmans to pursue contacts with Polak.



Record Removal Notice

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OFFICE MEMORANDUM

TO: Mr. Martijn J.W.M. *Paijmans*
 FROM: Raymond J. Goodman, Acting Director, OPD
 SUBJECT: EMENA Country Programs Department II: New Division

DATE: October 1, 1979

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1. Mr. Bart, with Mr. Benjenk's support, wishes to create a fourth division in his Department, EMENA CPII. The change would not call for additional positions, but would require the upgrading of one position to level N in order to accommodate the fourth division chief. The Personnel Management Department supports the proposal, and I recommend your approval.
2. Each of the CPII's three divisions handles sizeable programs in two or three active countries, some of which present more than average difficulties in managing their programs. The divisions are also large--with 10, 10 and 12 higher-level positions respectively--compared to the average size of Programs divisions Bank wide, which is 8.33 positions, and the median, which is 8. Attachment 1 is a display of the CPII divisions' work loads and staffing.
3. These large divisions have offered some economies of scale and versatility of assignments, but they have required division chiefs with above-average abilities. The problem of multiple country assignments and complexity of management is expected to grow as a result of the expanded Bank program planned in the next five years. Impending vacancies in division chief and departmental senior economist positions makes this an appropriate time to consider a reorganization of the department.^{1/} The creation of a fourth division should alleviate the difficulty of finding suitable replacements, and allow consideration of candidates within the department, which has not been possible in the past.
4. Mr. Bart proposes to establish a structure allowing full divisional attention to the more complex countries, and to balance the complexity and work load of the divisional assignments to the extent possible. Each of the four divisions would be assigned one of the four most demanding countries, in terms of justifiable lending volume, difficulty of building up an adequate pipeline, and volatile economic and political circumstances. The main "problem" countries are Algeria, Morocco, Syria and Turkey. (Oman and Lebanon are also problems, albeit less serious from the point of view of work load than the larger countries.) One division would handle chiefly Turkey; each of the other three problem countries would be combined in a multiple country division with countries having smaller lending programs and/or fewer difficulties. Consideration would also be given to (i) countries that can be handled efficiently by the same staff, such as Syria and Jordan; (ii) the need

^{1/} Mr. Siebeck, Chief of Division 2C, becomes Chief of the Resident Mission in Pakistan on December 1, 1979, and at least one other division chief position may become vacant soon. The two departmental senior economists will have to be replaced between now and December 1979.

to maintain staff fluent in French on the three Mahgreb countries; (iii) the need to retain as much country continuity as possible at the loan officer/country economist level, considering the changes expected among division chiefs and departmental senior economists; and (iv) the particular work load caused by general problems of implementation of past loans in countries such as Turkey, Greece, Syria and Algeria. A tentative display of country assignments is at Attachment 2; the final organization would be worked out following approval of the fourth division, selection of division chiefs and redeployment of staff to maintain teams thoroughly familiar with the new country groupings. Resulting divisions would have 7 to 9 higher-level positions, with an average size of 8, which would be in line with the Bank-wide average.

Attachments

Cleared with and cc; Messrs. Jennings
Benjenk

cc: Messrs. Bart
Finzi
Fones
Vergin

RJGoodman/TNRuth:cfa

EMENA COUNTRY PROGRAMS DEPARTMENT IIWORK LOADS AND STAFFING

<u>Div.</u>	<u>Assigned Countries</u>	<u>Borrowing Countries</u>	<u>Operations: FY80-81</u>		<u>Higher Level Positions</u>
			<u>Average</u>		
			<u>No.</u>	<u>\$Mil.</u>	
2A	Cyprus, Greece Israel, Turkey	Cyprus	1	12	10
		Turkey	7	498	
		Subtotal	8	510	
2B	Algeria, Libya, Malta, Oman, Tunisia	Algeria	4.5	219	10
		Oman	1	18	
		Tunisia	4.5	110	
		Subtotal	10	347	
2C	Iraq, Jordan Lebanon, Morocco Syria	Jordan	2	33	12
		Morocco	4	226	
		Syria	2.5	64	
		Subtotal	8.5	323	
TOTALS			26.5	1180	32

EMENA COUNTRY PROGRAMS DEPARTMENT IITentative Divisional Country Assignments and Lending Programs

<u>Div.</u>	<u>Countries</u>	<u>Operations: FY 80-81 Average</u>	
		<u>No.</u>	<u>\$ Mil.</u>
2A	Turkey	7	498
	Greece*		
	Israel*		
<hr/>			
2B	Algeria	4.5	219
	Tunisia	4.5	110
	Malta*		
	Subtotal	9.0	329
<hr/>			
2C	Syria	2.5	64
	Jordan	2.0	33
	Lebanon	(PROGRAMS SUSPENDED)	
	Iraq*		
	Subtotal	4.5	97
<hr/>			
2D	Morocco	4.0	226
	Oman	1.0	18
	Libya	(TECHNICAL ASSISTANCE)	
	Subtotal	5.0	244
<hr/>			
To be decided			
	Cyprus	1	12
<hr/>			
	TOTAL	26.5	1180

* Project Supervision only

OFFICE MEMORANDUM

TO: Personnel Management Committee
(through Mr. Martijn J.W.M. Paijmans)
FROM: Hans Pollan
SUBJECT: Meeting on Tuesday, November 6, 1979

DATE: November 2, 1979

Enclosed please find the proposed agenda for the
above meeting.

STRICTLY CONFIDENTIAL

To be distributed only to
permanent members of
Personnel Management Committee

Personnel Management Committee

Meeting of November 6, 1979 - 2.00 p.m.

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WBG ARCHIVES

I. Compensation Matters

- a) Status of Kafka follow-up Work Program (see attachment).
- b) Tax Reimbursement Issues: Due to the need for continued consultations with the IMF, the proposed December announcement to U.S. staff might have to slip because U.S. staff may not have enough time to arrange their own personal financial situations.

II. Personnel Management Matters

General Topics

- a) Discussion of policy regarding staff contacts with media
 - What should be the policy regarding staff exposure to media and what actions should the institution take in case of irresponsible statements? (Administrative Circular giving present arrangements is attached.)
- NOTE: This item was postponed from September 11 meeting.
- b) FY80 Sabbatical leave program - participation of VPs and Directors. (Mr. Pollan's memorandum of November 1, 1979 refers.)
- c) Leave without pay. (Mr. Pollan's memorandum of November 1, 1979 refers.)

Special Topics

- d) Appointment of Japanese candidates to senior Bank Group positions (Mr. Cargill's memorandum of October 18, 1979 refers.)
 - It is suggested that this item be discussed with reference to other work currently under way in the Personnel Management Department concerning Arab and African candidates for senior positions. An oral report will be given.
- e) Proposal for the creation of a new division in EMENA Country Programs II (the attached memorandum from Mr. Goodman dated October 1 refers).

KAFKA RELATED WORK PROGRAM (Revised as of 10/31/79)

Further Studies

I.a)

	Draft Report	VP Comments	Consultations IMF S/A		Recommendations to VP/PC	To Board
Education Benefits			Changes implemented			
Housing Loans			Changes implemented			
Tax Reimbursement - technical problems	Done	Done	Continuing	November	End November	Early December
Social Security 1/ (Joint study with IMF)	Nov. 30	Dec. 7	Mid-December to Mid-January		January 24	End January
Language Allowance for Support Staff	Nov. 9	Nov.12	Nov. 16 to 23		November 26	---
Performance Appraisal - YMR matrix	----- published -----					
Pensions - Intended to form Task Force with IMF, Legal, Controller and PAB	Main items of probable coverage:		Agreed terms of reference end October 1979.			
	Pension base		Study by consultants 3-6 months			
	Accrual rate		depending upon scope, say			
	Withdrawal benefits		March 1980.			
	Indexation		Consultations with IMF and S/A			
	Initial value of		one month.			
	pensions		Recommendations ready for Board			
	Funding arrangements		earliest by May 1980.			
Administrative Tribunal						
Issues Paper	Issued to Executive Directors and Legal Conference					
Discussions with EDs	Ongoing					
Supplementary Compensation	.					
Preliminary paper	June 15	June 19	----		June 25	
Policy paper	July 27	July 28	----		Nov. 30	
Staff Survey	December	December	January 2/		January (Results)	

1/ Actuaries report delayed by technical problems.

2/ Conduct of Survey.

Note: (1) Review of internal relativities deferred pending 1980 comprehensive survey.
(2) Study of home leave allowance suggested by IMF Board not presently included in our Work Program.

Compensation Department

RAC1 Re:ean

Revised as of October 31, 1979

The World Bank Manual Circular

Date: February 9, 1978

Circular No.: Admin./1/78

Manual: Administrative

Subject Conversations with Represent-
atives of the News Media;
Requests by Media to Visit
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II.a)

OFFICE MEMORANDUM

STRICTLY
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TO: Personnel Management Committee (through Mr. M. Rajmans) DATE: November 1, 1979
FROM: Hans Pollan
SUBJECT: FY80 Sabbatical Program

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WBG ARCHIVES

1. PMD is ready to send out the memorandum announcing the start of the FY80 selection for sabbatical programs. Following the practice established over the past years it will invite proposals for all staff at M and above. This may lead to proposals by Directors or Vice Presidents.

2. PMD is planning a thorough review of the sabbatical program but because of the pressure of other work this review will only take place as part of an overall review of all training programs scheduled for FY81. The result of the review of the sabbatical program will be available in time for consideration before the announcement of the annual selection to be issued about this time in 1980.

3. In the meantime, PMD proposes that the imminent announcement follow the existing practice, i.e., all staff M through Q who meet the stated criteria are eligible.

4. However, questions have arisen among Directors and Vice Presidents as to whether they should apply. This is one aspect which our FY81 review will address. I am putting this question however to the Personnel Management Committee at this time so as to avoid possible confusion or ideas among potential applicants at senior level that, while they might comply with the presently stated criteria, they may in fact not have the same chance as other applicants who meet the criteria.

5. One way short of waiting for the result of the planned overall review is to require Directors and Vice Presidents who wish to apply to obtain prior approval from the Personnel Management Committee. The purpose of this step would be to determine whether it would be possible to fill in for the individual during his or her absence without significant damage to the work program. If the Personnel Management Committee approval is forthcoming, the substance of the proposal for a Director or Vice President would be considered in competition with other proposals by the Sabbatical Leave Committee.

HP/akh

II.b)



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File Title Personnel Management Committee Meetings - Minutes 01 President's papers - Robert S. McNamara		Barcode No. 209358B		
Document Date Nov 6, 1979	Document Type Minutes			
Correspondents / Participants Personnel Management Committee				
Subject / Title Record of Fifth Meeting				
Exception No(s). <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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STRICTLY CONFIDENTIAL
September 24, 1979

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SEP 18 2013

WBG ARCHIVES

Record of Third Meeting of
PERSONNEL MANAGEMENT COMMITTEE

1. Mr. McNamara convened a meeting on September 11, 1979. Present were:

Messrs. Stern
Paijmans
Qureshi
Pollan

Damry ()
Clarke (Item I a-c only)
Koch-Weser ()

Messrs. Chaufournier and Sommers were unable to attend.

I. Compensation Matters

a) Kafka Related Work Program

After noting that all studies are on schedule except the review of Social Security, which had been delayed by the consultants due to technical problems, it was agreed that no action should be taken on supplementary compensation (policy paper or survey) until after the Annual Meetings.

b) Tax Reimbursement

(i) Approach to US Government

It was agreed that:

- there is no point in taking up Solomon's invitation for RSM to discuss the matter after the US Treasury had turned down our request to exempt US staff from tax on Bank income even though de Larosiere may be committed to do so - "we have done our best";

- we should not pursue the idea of the US reimbursing the Bank for the cost of tax reimbursement since this would only introduce unwarranted complications into the many other more serious issues between the Bank and the US Government.

(ii) Average Deductions System

The Executive Directors having agreed upon the introduction of a system of tax reimbursement based on average deductions, it was agreed that:

- the essential feature must be symmetry between the netting down and grossing up processes except where departures from strict symmetry are implied in the Executive Directors' decision (e.g. to take account of spouse income). To this end a tax attorney should review the proposals to ensure that they satisfy the criterion of symmetry and are consistent with an average deductions approach;
- it is important to reach agreement with the IMF before consulting the Staff Association. Where differences with the IMF are de minimis (e.g. state taxes) we should be prepared to concede if necessary;
- the proposals for the implementation of the system must be fair to the Bank but should not reopen controversial issues.

On points of detail it was agreed that:

- if it is desirable to revise the tax equivalency (dependency) allowance for a spouse, this need not affect the pension base which could be protected by "grandfathering";
- since the analysis showed that the Bank's medical plan is superior, this must be taken into account in our comparisons with comparators. In general, we should not be providing any benefit whose value is not understood by the staff.

Mr. McNamara was insistent that he not be favored by the arrangements for the new system.

c) Compensation Review

Realising that there is no hope of securing agreement on a joint Bank/IMF Committee of EDs on Compensation Issues, it was decided not to pursue actively the establishment of a purely Bank Committee although the subject may well come up during discussion of a paper on the nature and scope of the review tentatively scheduled for Board consideration in mid-October.

As to the basis of the survey, it was agreed that:

- comparisons for the Bank must be made on the basis of total compensation. If the IMF persists in its intention to survey only direct remuneration, this need not prejudice a joint survey although the resulting Bank data will obviously be more comprehensive;

- for the Bank the survey should include consulting firms where a reasonable number of job matches may be expected. If the IMF decides to exclude consulting firms this again need not prejudice a joint survey but the data must be presented in such a way as to permit segregation of consulting firms' data;
- the survey of the US private sector should be confined to East Coast firms.

It was also noted that some operational staff would need to be assigned to the survey in the October/January period.

There was a general discussion of the Bank's decision to entrust the collection and analysis of data to a consulting firm, closely monitored by staff at all stages, and the IMF's intention to undertake this work with staff, supplemented by individuals borrowed from a consulting firm (TPFC). It was agreed there must be a common approach between the two institutions (the same comparators other than consulting firms, to the extent appropriate common jobs, etc.) and that the data must be channelled to the Bank and IMF through a common apex - "a single survey and single apex". It was realized that a single consulting firm might not be able to undertake the whole survey in which case the firm must indicate which other firms would be associated with the work.

Although the schedule envisages that the survey data would be presented in mid March 1980, there was real doubt that the data would be in fit shape to lead to decisions shortly thereafter. To guard against this possibility, data should therefore also be collected to permit an interim increase in March following the Kafka approach - salary movements in comparator organizations over the preceding twelve months.



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File Title Personnel Management Committee Meetings - Minutes 01 President's papers - Robert S. McNamara		Barcode No. 209358B		
Document Date Oct 25, 1979	Document Type Minutes			
Correspondents / Participants Personnel Management Committee				
Subject / Title Record of Fourth Meeting				
Exception No(s). <input checked="" type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 A-C <input type="checkbox"/> 10 D <input type="checkbox"/> Prerogative to Restrict				
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MEMORANDUM FOR THE EXECUTIVE DIRECTORS

Subject: Establishment of a Standing Committee on Personnel Policy Issues

1. The experience of recent months provides ample evidence of the increasing complexity, sensitivity and controversial nature of personnel policy issues calling for decisions of the Executive Directors. Moreover, the number and variety of such issues is increasing. In the coming months, for example, the Executive Directors will be faced with difficult decisions on such matters as:

- proposals for the establishment of an Administrative Tribunal;
- the conduct of the comprehensive review of staff compensation which Executive Directors have agreed should be undertaken on the basis of an in-depth survey to establish a soundly based pay structure consistent with the principles recommended by the Joint Committee on Staff Compensation Issues - X779-7/1 of June 13, 1979 para. 2(a)(iv);
- the outcome of the further studies which Executive Directors have agreed should be undertaken on the technical problems associated with an average deductions approach to tax reimbursement, a comprehensive review of the pension plan, and the possible integration of social security coverage with the pension plan - Ibid para. 2(f)

2. Several Executive Directors have recently voiced the need for a Standing Committee to provide a vehicle for the involvement of Executive

Directors in the development of such issues on a continuing basis and to facilitate the handling of such issues by the Board. We very much agree. As Executive Directors will recall, in connection with the recent consideration of Staff Compensation Policy we recommended that:

"a Joint Committee of the Executive Boards should be established to ensure the necessary cooperation between the two institutions in the formulation of compensation policy and the necessary studies to carry it out"

R79-79 of April 18, 1979 paragraph 11.9(f).

3. We feel strongly that we should continue to explore with the IMF the possibility of establishing such a Joint Committee. Meanwhile, however, we strongly urge the establishment without delay of a purely Bank Committee with terms of reference along the following lines:

- to keep under constant review and, where appropriate, to consider and make recommendations to the Executive Directors on all matters of personnel policy calling for action by the Executive Directors;
- to consider such other matters of personnel policy as may be referred to it ad hoc by the President;
- to maintain close liaison on all such matters with the IMF Committee on Administrative Policies until such time as it is feasible to establish a Joint Committee of the two Boards.

4. As to the membership of the Committee we would suggest:

Chairman - an Executive Director (preferably a joint Bank/IMF Director)

Members - Five Executive Directors

*Vice President, AOP

*Director, Compensation Department.

* Non-voting members

Given the role envisaged for the Committee and the nature of the issues to be addressed, we believe it essential that the views of management be fully reflected in the deliberations of the Committee. We, therefore, suggest that the substantive holders of the offices of Vice President, AOP and the Director, Compensation Department (but not any acting incumbents) be full members of the Committee. Section 4(1) of Article V of the Articles of the Bank empower the Executive Directors to appoint such Committees as they deem desirable, membership of which need not be limited to Governors or Directors or their Alternates.

5. It would be for the Committee to establish its own rules of procedure. However, we suggest that:

- attendance at meetings of the Committee should be open to any Executive Director, Alternate or Adviser who would receive copies of all Committee documents;
- given the nature of the issues, meetings of the Committee should be held as it were in Executive Session, attendance by staff being limited to members of the President's Council, those needed to present papers and the necessary staff of the Secretary's Department. Other staff, including Executive Director's Assistants, should be excluded.

6. The present Committee would differ from the former Committee on Staff Compensation in several important respects:

- its primary role would be to make recommendations to the full Board rather than "to advise the President and at appropriate times the Executive Directors": R74-12 of January 18, 1974
- the Chairman of the Committee would be an Executive Director rather than the Chairman of the Board;

- the membership would include two senior representatives of management.

7. We believe that the establishment of a Standing Committee along the lines outlined in this memorandum will make a major contribution to the satisfactory resolution of the difficult issues of personnel policies with which Executive Directors and management alike are faced with increasing frequency.

Compensation Department
RAClarke:ean
July 19, 1979

Standing Committee on Bank Policy Issues

Suggested membership:

Chairman	:	W.S. Ryrie
Members	:	E.R. Fried (member of JAC) E. Kurth (member of CODAM) A.Razafindrabe (member of CODAM) A. Sola (member of JAC) A. Zain (member of CODAM)
Non-voting Members	:	VP, AOP (Paijmans) Director Compensation (Clarke)

Possible alternatives among EDs:

S. El-Naggar	(no Committee membership)
A.I.J.A. Looijen	(member of JAC and Pension Finance Committee)
P. Mentre de Loye	(no Committee membership)
H. Lundstrom	(no Committee membership) newly appointed ED
S. Morioka	(no Committee membership) newly appointed ED

The actual appointments must be made in accordance with rules approved by the Executive Directors (see M73-675) which call, inter alia, for prior informal consultations among EDs.