

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Personnel Management Committee Meetings - Minutes 03

Folder ID: 1770857

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-3955S

Series: Personnel Management Committee files

Sub-Fonds: Records of President Robert S. McNamara

Fonds: Records of the Office of the President

Digitized: October 07, 2013

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK
Washington, D.C.

© 2012 International Bank for Reconstruction and Development / International Development Association or
The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org


PUBLIC DISCLOSURE AUTHORIZED

McNamara's: Personnel Management Committee

Jan - June 1980

Vol. 3

The Wayss Bank Group
Archives



1770857

A1995-269 Other #: 1 209358B

Personnel Management Committee Meetings - Minutes 03

DECLASSIFIED
WBG Archives

Record of Eleventh Meeting of
PERSONNEL MANAGEMENT COMMITTEE

1. Mr. McNamara convened a meeting on January 10, 1980. Present were:

Messrs. Stern
Qureshi
Paijmans
Sommers
Pollan
Chaufournier
Koch-Weser

DECLASSIFIED
SEP 18 2013
WBG ARCHIVES

Messrs. Cargill and Damry could not attend.

I. Compensation Matters

a) Status of Kafka Follow-up Program

2. The study by Hewitt was just about to start and the contract with Hay is expected to be signed next week.
3. The Hewitt survey will merely update the information gathered last year as to movements in U.S. pay levels. The effort involved in this study is not substantial and it should be possible to have the results available in February. This may make possible the presentation to the Board some time in March. There was some debate whether this state could be reached and some of the participants were not quite clear about the intensity of the effort needed.
4. On the other hand the study to be undertaken by Hay would aim at providing an entirely fresh view (job matches, compensation levels) on the actual compensation levels of employees in up to 15 private sector and 5 public sector organizations in each of France, Germany and the U.S. The data gathered and analyzed by Hay would be available much later than the Hewitt study.
5. McNamara was emphatic that the Bank needed a good basis for the upcoming March 1 adjustment. That decision also needed to take account of the recent American price/wage guidelines (7 1/2 - 9 1/2%) and COL movements in the Washington area. Movements concerning the condition of support staff in Washington (secretaries and assistants) were a factor that might complicate the formulation of a simple uniform March adjustment for all staff.
6. The subsequent discussion centered essentially on the implications of:
 - a) the availability of the Hewitt data in February; and

- b) the non-usability of the survey data gathered by Hay for the upcoming March 1 adjustment because the new Hay data would only become available about August 1980 and be presentable to the Board about November 1980.

7. Paijmans stressed in this context that the non-availability of the Hay Survey for the March adjustment had already been flagged last summer and for that very reason a Kafka type survey had been projected for March. He also stressed that this was the first time that the possibility was being mooted that the Hay data may NOT be used retroactively for the upcoming March 1 adjustment. In fact, the staff had so been advised (see Circular of October 1979) and any change in the Management's position would be very detrimental to staff relations indeed.

8. The discussion on this point was not conclusive but led to the exhortation by McNamara that as much data as possible (including recent movements in price indices and the Hewitt data) should be put together so as to have support for the March 1 adjustment position. Stern also suggested that we may now have to sensitize staff that the Hay study results may not be the basis for the March 1 adjustment. Indeed if this were so we would have a dilemma.

9. McNamara stressed that the March 1 adjustment decision will be tough; it may have to range in the 7 1/2 - 9 1/2% band.

10. Basically the situation can be summarized as follows:

- a) Hay data will not be available before the summer and the findings may be controversial;
- b) The decision for the March 1 adjustment will be likely to be arrived at through an imperfect data base maybe in the 7 1/2 - 9 1/2% range.
- c) No decision had been taken with respect to the non-retroactivity of the Hay Survey.

11. There were some references to the possibility of the IMF going ahead on a different basis for March 1, particularly since there seemed to be some earlier confusion in Board meetings on terminology: "interim adjustment" apparently referring to the possibility broached in the IMF of having a temporary adjustment going into effect last November. McNamara recommended that the term "interim adjustment" no longer be used.

b) Tax Reimbursement (not an agenda item)

12. McNamara reported on the decision of the IMF Board on January 8, 1980. -IMF's Board

- (i) agreed to accept the Bank's safeguard (i.e. applicable at all levels);
- (ii) wished to include spouse income in safeguard at least for lower paid staff.

13. As a "price to the IMF" the Bank needs to cover spouse income in the proposed safeguard. We, in the Bank, hope however that the IMF would eventually align itself with us and extend the treatment of spouse income in the safeguard calculation to all of its staff. We would recommend this to the Bank's Executive Directors - on a "non-objection" basis.

III. Personnel Management Matters

a) Nationality and Sex Profile of J-Q Bank Staff

18. McNamara invited the discussion to focus on the 1990 horizon, exclusive of the female element. He requested Paijmans to prepare specific programs for FY81 and for the intervening period to FY85.

19. The January 2 paper was considered a thought-provoking initiative which would indeed engender follow-up work but it was considered premature to distribute it at this stage.

20. As a first step, McNamara asked that very broad guidelines be aimed at for 1990 ... without any particular rationale or precision as long as the general direction was maintained:

- (i) a division of roughly 50:50 between Part I and Part II staff;
- (ii) within Part I staff, population of countries (with margins of + or - 25%) should be points of reference; and
- (iii) within Part II there should be a rough allocation, keeping in mind population figures, between Asia, Africa, Latin America and the Arab areas.

The foregoing should not take member countries' voting powers or Bank borrowings into account. If the People's Republic of China were to become a member of the Bank, new guidelines would need to be worked out.

21. As a further step, the build-up of women professional staff should be focussed over a 10 year horizon. Keeping in mind skill and functional distributions among the staff, there should, as a broad guideline, not be more than 50% women in any particular staff function.

N. Fikunder PNC

International Bank for Reconstruction and Development

International Finance Corporation

International Development Association

ADMINISTRATIVE CIRCULAR

AC/7/80
January 24, 1980

1980 COMPENSATION REVIEW

1. This Circular is to bring staff up-to-date with the arrangements made for the conduct of the 1980 Compensation Review.

Compensation Surveys

2. As staff are already aware, following the work of the Joint Committee, Executive Directors, Management and Staff Association alike were all agreed that a firm factual basis needed to be established for decisions on compensation policies and levels. To this end, it was decided to consider 1980 as the first and base year in the three-year cycle envisaged by the Joint Committee and approved by Executive Directors, whereby there would be a comprehensive review every three years and, in the intervening years, adjustments would normally be related to pay changes in the chosen comparator organizations.

3. Since 1980 is the base year, the Bank and IMF are jointly undertaking comprehensive surveys of selected comparator organizations in order to provide the foundation for the review. The organizations to be surveyed will be chosen from the lists at Annexes 1 and 2. In addition, we will ascertain current compensation levels in a number of international organizations as a broad check.

4. It is the firm intention of Executive Directors, Management and Staff Association alike that the surveys be conducted so as to ensure, both in substance and in perception, the highest possible quality of the data base for ultimate decision making. They represent a major undertaking, will clearly take some months to complete and, whilst time is not without significance, the primary objective will be to ensure data which all interested parties -- member governments, Executive Directors, management and staff -- can accept as a valid framework for policy-making at least for the next three years.

5. In order to meet the quality standards intended, the Bank and IMF have jointly selected a well-known firm of compensation specialists to undertake the surveys and, equally important, will have sizeable teams of both operating and compensation staff working with the consultants at each stage of the survey process. These teams are listed at Annex 3 and include a Staff Association Compensation Advisory Committee (COMPAC) member.

The Consultants

6. The Bank and the IMF invited five firms of consultants to prepare detailed proposals for the conduct of the surveys. The consultants met with Bank and IMF managements and Staff Associations prior to preparing their proposals. In the Bank, an evaluation team, consisting of the Consultant Services Officer, a member of the Staff Association's Compensation Advisory Committee (COMPAC) and a representative of the Compensation Department, evaluated severally and jointly each of the proposals in accordance with the Bank's standard procedures for the evaluation of consultants' proposals. The evaluation team were all agreed that the firm selected, Hay Associates, was well qualified for the project on grounds of their approach, standing, resources, staff and international coverage.

7. Hay Associates is probably the largest consulting firm in the world specializing in the compensation field. Their US practice includes 40% of the 500 largest industrial corporations and 22 of the 50 largest commercial banks. Equally important, they have extensive public sector experience, including some with international organizations. Their directly owned activities outside the US also are extensive: they are the largest firm of its kind in France and have a sizeable practice in Germany, both staffed by nationals of the countries concerned. Their staff resources cover both direct and indirect compensation and they employ a large staff of actuaries. Their clients include the majority of the comparator organizations selected for the survey as listed at Annexes 1 and 2.

The Survey Process

8. The main steps in the process will be as follows:

(a) Consultants and Bank Operating Staff

- (i) interview selected incumbents of a sample of Bank positions and prepare job descriptions (65 jobs and some 130 interviews in the Bank);
- (ii) evaluate Bank jobs in committee;
- (iii) visit comparator organizations to match Bank and comparator jobs;
- (iv) evaluate comparator jobs in committee.

It is expected that this evaluation process will allow a greater degree of certainty in job matching as well as a wider spread than the methods employed in previous surveys and thus result in more extensive and more accurately based compensation data.

(b) Consultants and Bank Compensation Staff

- (i) develop and agree questionnaires;
- (ii) develop and agree the methodology of compensation comparisons;

- (iii) visit comparators to collect direct compensation and benefits data for the matched jobs as determined by the above evaluation process;
- (iv) agree on the treatment of data and the methods of presentation.

9. The process will include an exhaustive review of the methods of approach to quantify each element of the total compensation packages of the Bank, the comparator organizations and, in the case of benefits, of State provided benefits. The Bank and IMF will, as before, employ the international accounting firm of Arthur Andersen to provide tax tables for netting down comparators' gross pay in the U.S., France and Germany. Additionally, a joint Bank/IMF committee, on which the Staff Association is represented, has been established to review and advise upon the methods of converting compensation data to a Washington price level basis.

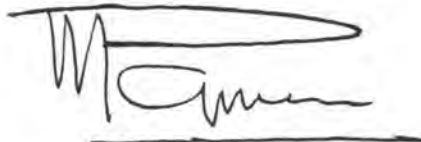
The Timetable

10. The results of these exhaustive studies are not expected to be available until September 1980. Once the data paper is available, moreover, there will need to be extensive consultations between Executive Directors and managements, managements and Staff Associations and between the Bank and IMF, before specific proposals can be presented to Executive Directors for decision.

March 1, 1980

11. In planning the survey with Hay Associates our primary concern, one shared fully by the Staff Association, has been to ensure that, whilst it will be completed as quickly as possible, nothing should prejudice the quality and thoroughness which are essential to ensure its credibility to all parties concerned. This means that the data will not be available in time for the normal review date of March 1, 1980.

12. Accordingly, we are assembling data to provide the basis for a salary adjustment effective March 1, 1980, and will present specific recommendations in this regard for the consideration of the Executive Directors after full consultation with the Staff Association.



Martijn J.W.M. Paijmans
Vice President
Administration, Organization, Personnel Management

US Comparator Organizations (J-Q Staff)

*Included in Hewitt Survey for Joint Committee

Public Sector

- * Treasury Department
- Department of Commerce
- Agency for International Development
- * Federal Reserve Bank of New York
- Federal Reserve Board

Financial Institutions

- * Chase Manhattan
- * Morgan Guaranty Trust Co.
- Citicorp
- Manufacturers Hanover
- First National Bank of Boston
- * Goldman, Sachs & Co.
- * Lehman Brothers Kuhn Loeb
- Salomon Brothers
- Morgan Stanley & Co.
- Merrill Lynch, Pierce, Fenner & Smith
- * Bank of America
- * Continental Illinois

Industrial Organizations

- * International Telephone & Telegraph
- * E.I. Dupont de Nemours & Co.
- * General Electric
- * Mobil or Exxon
- Eastman Kodak
- Xerox
- Gulf & Western Industries
- Sperry Rand
- Johnson & Johnson
- General Foods

Consulting Firms

- * Fluor Corporation
- * Parsons, Brinckerhoff, Qude & Douglas
- * Arthur D. Little
- * Louis Berger International, Inc.

French and German Comparator Organizations (J-Q Staff)

Public Sector

Banque de France	* Bundesbank
Caisse Centrale de Cooperation Economique	Kreditanstalt für Wiederaufbau
Ministry of Finance	* Ministry of Finance
Institut de Developpement Industriel	Deutsche Entwicklungsgesellschaft
Commissariat General du Plan	Gesellschaft für Technische Zusammenarbeit

Financial Institutions

* Banque de l'Indochine et Suez	* Deutsche Bank
Compagnie Financiere de Paris et des Pays Bas	* Dresdner Bank
Lazard Freres	Commerzbank
Credit Commercial de France	Berliner Handels-Gesellschaft-
Credit Industriel et Commercial	Frankfurter Bank
* Credit Lyonnais	Deutsche Genossenschaftsbank
Banque Nationale de Paris	Bayerische Vereinsbank
	Trinkaus and Burkhardt

Industrial Organizations

* Compagnie Francaise des Petroles	* BASF
Compagnie Generale d'Electricité	Hoechst
Pechiney Ugine Kuhlman	Siemens
Compagnie Generale des Etablissements Michelin	Degussa
P.S.A. Peugeot Citroën	Metallgesellschaft
Rhône-Poulenc	Esso
Charbonnages de France	Thyssen Industrie AG
Schlumberger	Daimler Benz

Consulting Firms

* Groupe Cegos	* Agrar und Hydrotechnik
Sema/Metra	* Lahmeyer International
Bureau Central d'etudes pour les equipements d'outre mer	Lurgi
Societe d'etudes pour le developpement economique et social	Dorsch Consult

Proposed Comparators (A-I Staff)

- * Included in Hewitt Survey for Joint Committee

Public Sector

- * Treasury Department
Agency for International
Development
- * Office of Management and Budget
Bureau of Labor Statistics
- * Federal Reserve Board
Department of Commerce

Private Sector

- * Comsat
- * American Petroleum Institute
American Bankers Association
US Chamber of Commerce
Potomac Electric Power Co.
or Washington Gas Light
Covington & Burling

1980 COMPENSATION SURVEY

Bank Staff Participation

Operating Staff

Compensation Staff

A-I Levels

Maria Collum, Staff Assistant, EDI

Dharam Dhillon, Compensation Officer

Patricia Suarez, Management Analyst,
Office Tech. Div., OPD

Gordon Whyte, Compensation Officer

J-Q Levels US Comparators

Anthony Perram, Division Chief, Chemical
& Fertilizer Industry,
CPS - Industrial Proj. Dept.

Sandra Lawrence, Compensation Officer

John Stewart, Division Chief, Education &
Manpower Development, EMENA
Projects

Hugh Grant, Compensation Officer

J-Q Levels French Comparators

Philippe Nouvel, Division Chief - Industrial
Development and Finance,
Eastern Africa Projects

John Trott, Compensation Advisor

J-Q Levels German Comparators

Peter Ludwig, Senior Highway Engineer,
Western Africa Projects

*

COMPAC Representatives

Benefits Specialists

Eric Pogson

Roshdi Hamamo, Chief, Pension
Administration Unit

*Margaret O'Donnell (Alternate)

Lou Michaels, Chief, Benefits Division

Suresh Khosla, Benefits Officer

*Additional specialist staff member to be selected.

OFFICE MEMORANDUM

TO: Members of the PMC

FROM: Martijn J.W.M. Paijmans *S*

SUBJECT: Personnel Management Committee Meeting - February 5, 1980

DATE: January 30, 1980

The following topics are suggested for the Agenda of the February 5 meeting at 2.00 p.m.

Compensation Matters

- a) Status of Kafka follow-up program (see attachment);
- b) 1980 Compensation Review Schedule (see attachment);
- c) Compensation Review: Staff Communication (see attachment);
- d) March 1 Adjustment (see attachment)

Personnel Management Matters

- a) Nationality Profile of Bank Staff (see attachment of January 29);
- b) Directorial candidates for Sabbatical Leave in FY81 (see attachment).

KAFKA RELATED WORK PROGRAM

(Revised as of 1/31/80)

Further Studies

DECLASSIFIED

SEP 18 2013

WBG ARCHIVES

	Draft Report	VP Comments	Consultations		Recommendations to VP/PC	To Board
			IMF	S/A		
Education Benefits			Changes implemented			
Housing Loans			Changes implemented			
Tax Reimbursement - technical problems			Changes implemented			
Social Security <u>1/</u> (Joint study with IMF)	Feb. 29	March 15	Continuing	Continuing	May 1	End May
Language Allowance for Support Staff <u>2/</u>	Feb. 4	Feb. 11	Feb. 14-24		Feb. 29	---
Performance Appraisal - YMR matrix			Changes implemented			
Pensions - Intended to form Task Force with IMF Legal, Controller, PMD and PAB		Main items of probable coverage:	Agreed terms of reference late February, 1980			
		Pension base	Study by consultants 3-6 months depending upon scope, say			
		Accrual rate	June, 1980			
		Withdrawal benefits	Consultations with IMF and S/A one month.			
		Indexation	Recommendations ready for Board earliest by end July, 1980.			
		Initial value of pensions				
		Funding arrangements				
Administrative Tribunal Proposals	---	---	---	---	----	January 14 ^{3/}
Supplementary Compensation						
Preliminary paper	June 15	June 19	----		June 25	---
Policy paper revision						
Analysis of eligible staff	Apr. 25	Apr. 30	---	---	---	---

1/ Actuaries report delayed due in part to an expansion of the scope of the study at the request of the two staff associations and in part due to pressure of other work being conducted by the Actuaries for the Bank.

2/ Delay due to late receipt of comparator data

3/ For consideration March 4

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
 RAClarke/rms
 Revised as of January 31, 1980

DECLASSIFIED

SEP 18 2013

WBG ARCHIVES

PMC Paper
1980 Compensation Review Schedule

In planning the survey with Hay Associates and the IMF, our primary concern has been to ensure its thoroughness and quality to which all parties (Executive Directors, Management and Staff Association alike) are fully committed. Our objective is thus to ensure that, whatever the ultimate decisions may be, the foundation for decision making is, and is seen by all parties to be, impeccable.

2. To this end the survey process involves a considerably greater degree of staff participation than in previous surveys but without detracting from the responsibility of the consultants for the final product. A list of participating staff members is at Annex 1. Their roles will essentially be:

(a) Operating Staff

- preparation of job descriptions for Bank benchmark jobs (51 J-Q and 17 A-I);
- evaluation of Bank benchmark jobs;
- visits to comparator organizations to identify job matches;
- evaluation of comparators' jobs.

(b) Compensation Staff

- the development of survey methodologies;
- provision of compensation data relating to Bank benchmark jobs;
- visits to comparator organizations to collect compensation data relating to matched jobs;
- analysis of resulting data;
- format and scope of statistical and other reports.

(c) Compac Representatives

- development of survey methodologies;
- evaluation of Bank and comparator job matches;
- analysis of data;
- format and scope of statistical and other reports.

3. A summary elapsed time project schedule for the survey is shown in bar chart form at Annex 2. As will be seen, the target date for completion of the survey is September 15, 1980. We believe this to be realistic although the timetable involves a significant variable -- the time required for the evaluation of comparator jobs. The schedule allows eleven weeks for this stage for J-Q staff (May 26-August 8) on the assumption that:

- (a) approximately 600 job matches or near matches will be identified - an average of 10 per comparator organization;
- (b) approximately 18 jobs can be evaluated per day;
- (c) the evaluation "Committees" will sit for three days per week - this is in accordance with Hay's advice.

Any significant change in the number of job matches actually identified will obviously affect the overall timing.

4. The delay in the anticipated completion of the survey is directly attributable to two main factors:

- (a) the original expectation of a March 31 completion date was predicated on a November 1, 1979 start-up. In fact, after evaluating proposals from five consulting firms in accordance with the Bank's standard procedures, the Bank decided upon the choice of Hay early in November. The IMF finally accepted this choice only on December 18 - a delay which, coupled with the advent of Christmas and New Year holidays, effectively delayed the start-up by two months;
- (b) the increase in the elapsed time for the survey process from five to eight months results directly from efforts to ensure its thoroughness and quality. In particular:
 - (i) Hay's original proposal would have met the five-month target by employing separate teams for each major aspect of the survey (e.g. writing of Bank position descriptions, preparation of questionnaires, job matching, evaluation of job matches, etc.) with little continuity or overlap of personnel. Thus, for example, members of the French and German survey teams would have had virtually no first hand exposure to Bank/IMF jobs and their environment. As now envisaged, there will be more effective co-ordination and overlap of consultants' personnel in all relevant aspects of the survey. Significantly, three of the four other firms who submitted proposals (which were found unacceptable on other counts) envisaged a time frame of eight months or longer from the outset;
 - (ii) Active staff (as opposed to Staff Association) participation at all stages of the survey without detracting from the ultimate responsibility of the consultants necessarily increases the time involved. We believe such staff involvement to be essential to ensure the credibility of the entire process - the IMF (Executive Board and Managing Director) have insisted upon this from the outset.

5. Arrangements have been put in hand to complete other studies relevant to the survey:

- (a) Arthur Andersen will supply gross/net conversion data for France, Germany and the US by end April. The methodology will reflect the minor modifications in the netting down formulae to ensure symmetry with the grossing up to calculate tax allowances for taxpaying staff;
- (b) A joint Bank/IMF Committee has been established under the Chairmanship of Mr. Nick Carter (DPS) to advise on the methodology for converting compensation data for French and German comparators to a Washington price level basis. The Committee is expected to produce a discussion draft by end February and definitive recommendations by end March.

Both activities will be completed well before the compensation data collection phase of the survey.

6. In previous years our limited staff resources have been more than fully stretched to monitor the preparation of survey data. Once the data are available there has inevitably been intense pressure to decide upon specific proposals for action with the result that the implications of alternative approaches have all too frequently received inadequate consideration. This is particularly true as regards the implications of the 50:50 mix of public and private sector comparators and alternative approaches to the problems posed by high paying countries. We, therefore, intend to prepare comprehensive issue papers outlining the conceptual pros and cons of, inter alia, a change in the composition of the market, an increase in the premium, a general or selective expatriation allowance, a continuation of the home currency option scheme and a formula along the lines suggested by Professor Gutowski. Such papers, intended as a basis for consultations with the IMF and the Staff Association and for tentative decisions by PMC pending the outcome of the survey, will be put in hand as soon as the front end phases of the survey are complete, i.e. after the completion of the survey questionnaire with agreed Bank job descriptions. It will be prepared by a small committee comprising members of the Compensation Department, DPS and COMPAC. We will treat other major issues similarly as the need is foreseen.

7. A tentative schedule for the entire compensation review process is attached as Annex 3.

Attachment

RAClarke
Compensation Department
January 27, 1980

1980 COMPENSATION SURVEYBank Staff ParticipationOperating StaffCompensation StaffA-I Levels

Maria Collum, Staff Assistant, EDI

Dharam Dhillon, Compensation Officer

Patricia Suarez, Management Analyst,
Office Tech. Div., OPD

Gordon Whyte, Compensation Officer

J-Q Levels US Comparators

Anthony Perram, Division Chief, Chemical
& Fertilizer Industry,
CPS - Industrial Proj. Dept.

Sandra Lawrence, Compensation Officer

John Stewart, Division Chief, Education &
Manpower Development, EMENA
Projects

Hugh Grant, Compensation Officer

J-Q Levels French Comparators

Philippe Nouvel, Division Chief - Industrial
Development and Finance,
Eastern Africa Projects

John Trott, Compensation Advisor

J-Q Levels German Comparators

Peter Ludwig, Senior Highway Engineer,
Western Africa Projects

*

COMPAC RepresentativesBenefits Specialists

Eric Pogson

Roshdi Hamamo, Chief, Pension
Administration Unit

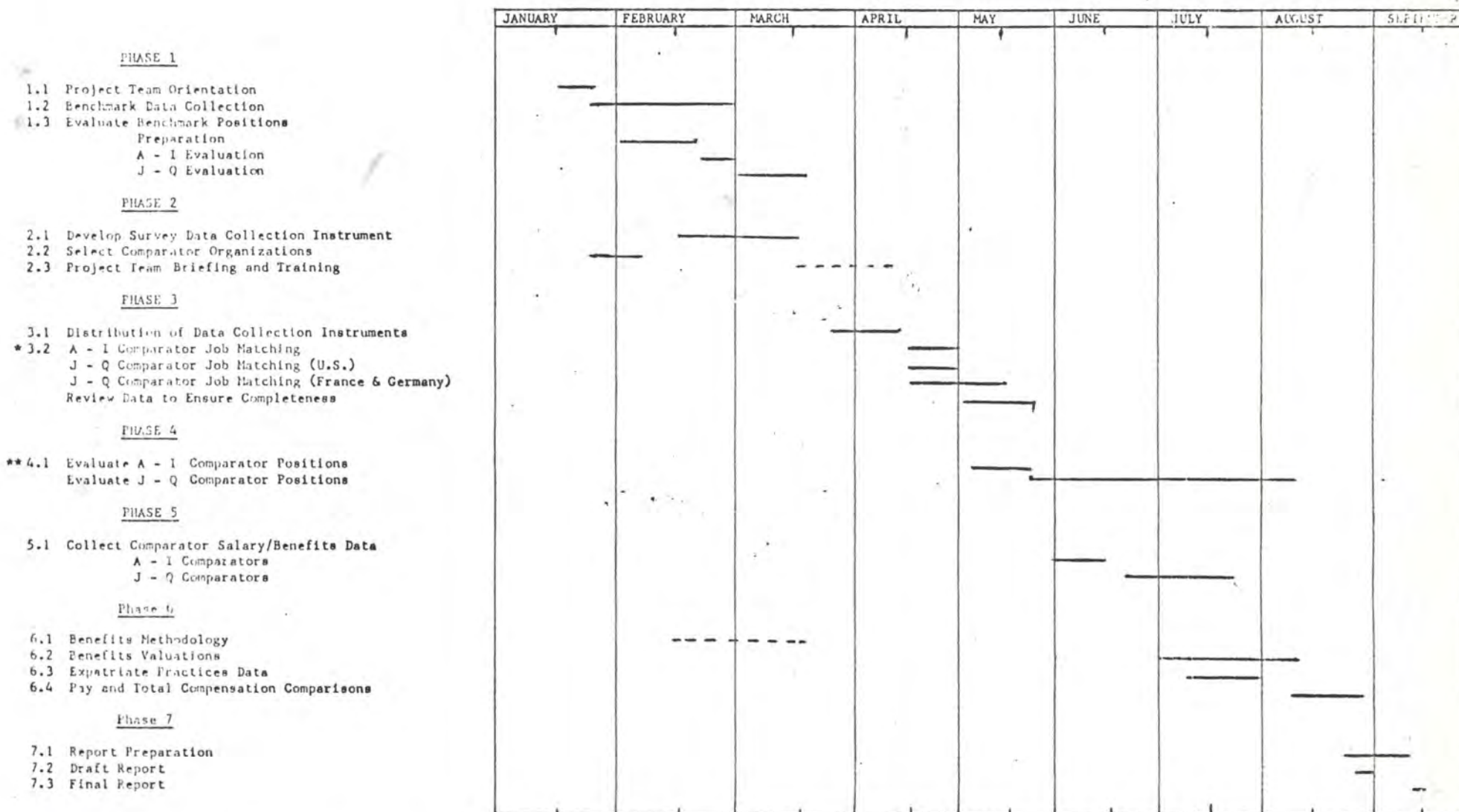
Margaret O'Donnell (Alternate)

Lou Michaels, Chief, Benefits Division

Suresh Khosla, Benefits Officer

*Additional specialist staff member to be selected.

1980 Compensation Survey - Elapsed Time Project Schedule



* Includes collection of basic benefits material

** Length depends upon number of job matches identified in comparator organizations; schedule assumes maximum

1980 Staff Compensation Review Tentative Schedule

(Excluding March 1 adjustment)

Purchasing Power Conversion Methodology

March 31	Committee's report available
April 1 - 15	Consultation with IMF and Staff Association
April 30	Recommendations to PMC ^{1/}
May 6	Decision by PMC

Conceptual Approach to Policy Issues (para. 6 of memo)

April 30	Issues papers available outlining pros and cons of different approaches
May 5 - 16	Preliminary consultations with IMF and Staff Association
May 28	Revised Issues paper to PMC
June 3 and as necessary thereafter	Tentative views of PMC, subject to review in light of data ^{1/}

Main Review

September 15	Survey data to Executive Directors, PMC and Staff Association
September 16 - October 3	Preliminary consultations with IMF and Staff Association on implications of data
October 7	Review of data by PMC
October 9 or 10	Informal meeting with Executive Directors on implications of data
October 8 - 31	Consultations with IMF and Staff Association on range of options (no management position)
November 4	Consideration of options by PMC
November 6 or 7	Informal meeting with Executive Directors
November 10 - 21	Consultations with IMF and Staff Association leading to specific proposals
November 24	PMC decision on specific recommendations
November 25	Recommendations to Executive Directors
December 16	Board decision

^{1/} It may be appropriate to make the underlying issues papers available to all managers modified as necessary in the light of PMC deliberations.

DECLASSIFIED

SEP 18 2013

WBG ARCHIVES

PMC PAPER

COMPENSATION REVIEW: STAFF COMMUNICATIONS

Now that the survey which forms the basis for the comprehensive review of staff compensation is under way, it is necessary to consider how best to keep the staff informed.

2. The objectives should be:
 - to avoid a situation whereby staff find the Staff Association to be the primary source of information to the staff at large; and
 - to involve the managers and the management chain of communications as much as possible. The management chain can be effective in explaining issues but is a less appropriate vehicle for disseminating general information.

3. Two general announcements have already been made to the staff at large:
 - the nature and broad scope of the review on October 30, 1979;
 - the selection of Hay, the timetable and detailed arrangements for the survey on January 24, 1980;

4. We propose the following arrangements:
 - (a) Where complex or controversial issues arise, COM will prepare a detailed issues paper for PMC similar to those prepared in connection with the tax reimbursement issues. Such issue papers, modified as necessary in the light of PMC views, would then be made available to managers (at least VPs and the Department Directors) to form the basis for their discussions with their staffs;
 - (b) COM will prepare a technical progress report for PMC each month;
 - (c) VP AOP will issue periodic Administrative Circulars as developments warrant to convey the highlights of progress with the survey.

mk
RAClarke:mk
Compensation Department
January 29, 1980

PMC PAPER

MARCH 1 ADJUSTMENT

DECLASSIFIED

SEP 18 2013

WBG ARCHIVES

Since the Hay survey data will not be available in time, it is necessary to provide for a quick but firmly based solution which can be implemented as close to March 1 as possible. We propose to use for this purpose the procedures for the intervening year adjustments as recommended by the Kafka Committee.

2. We are, therefore, assembling the following data:

(a) Primary Data

- (i) pay movements of US comparators over the past year as ascertained by Hewitt. The comparators who are also included in the Hay survey have been approached personally to secure their agreement to provide this information without prejudice to their participation in the major survey;
- (ii) statistics of merit increases granted to Bank staff effective January 1, 1980;
- (iii) movements of Washington Consumer Price Index over past year. The January Index will be available by February 22.

(b) Background Data

- (i) current and proposed US wage guidelines;
- (ii) results of 1979 annual BLS Comparability Survey showing adjustments needed to US Government pay to achieve comparability with private sector;

3. We envisage the following schedule:

February 8	-	Primary / Data distributed to PMC and Staff Association (COL data extrapolated from January-November data at this stage)
February 11-13	-	Preliminary consultations on data with IMF and Staff Association
February 14	-	PMC discussion of options
February 15-22	-	Substantive consultations with IMF and Staff Association (January COL data available by February 22)

February 25	-	PMC consideration of specific proposals
February 26	-	Recommendations to Executive Directors
March 11	-	Board decision

4. The arrangements have been worked out in full co-ordination with the IMF which envisages a similar schedule.

5. Whilst maintaining its stand for a full COL offset, the Staff Association view is that if the adjustment is to be based on comparators' pay movements:

- (a) it is important to take account of pay movements in France and Germany (*but German data at least unlikely to be available before early April*); and
- (b) the data should be collected by Hay rather than Hewitt (*but this is impractical since Hay do not have the 1978 base data*) or
- (c) Hay should provide data on pay movements of their clients over the past year as a cross check on Hewitt data (*but this could prejudice Hay's credibility vis à vis EDs or the staff depending on whether their data are higher or lower than those of Hewitt*).

6. The Association has also requested reconfirmation that the March 1 adjustment is intended as an interim adjustment pending the outcome of the major review, the decisions of which would be retroactive to March 1. On this issue:

- (a) after considering the nature and scope of the comprehensive review (President's memorandum R79-245) the Executive Directors agreed that:

"The quality and acceptability of the survey to all parties concerned should not be jeopardized because of time constraints; while every effort should be made to keep to the proposed timetable, there should be extensive consultations with the Executive Directors, the Fund and the Staff Association with, if necessary, an interim salary adjustment on March 1, 1980" (XM79-18/L (Amended) of December 10, 1979 paragraph 12).

- (b) in the light of the Executive Directors' decision, the October 30, 1979 Administrative Circular issued to all staff after clearance by the President stated, inter alia, that:

"Once the data paper is available, it will of course be necessary for consultations to take place with the Executive Directors, the Staff Association and between the Bank and IMF before proposals can be presented to the Executive Directors. Any decisions would be effective March 1, 1980 but, if the timetable is not met, careful consideration will be given to the possibility of some interim action pending the final outcome".

- (c) the IMF is following the same approach although the IMF Executive Board had not previously considered the need for an interim salary adjustment. Thus, in a circular to all staff on January 23, 1980 the Acting Managing Director stated, inter alia, that:

"In view of this long unexpected delay, I have informed the Executive Board of the need for considering an interim salary adjustment effective March 1, 1980. We have started gathering information for this purpose and hope to submit our proposals to the Executive Board toward the end of February for decision in early March. It is also our intention to recommend to the Executive Board that as a result of the new survey, any final adjustments to Fund salaries be made retroactive to March 1, 1980".

The delays in completion of the Hay survey stem from the need for that thoroughness and quality to which all parties (Executive Directors, management and staff alike) are committed, particularly since its results will form the foundation for the setting of Bank/IMF compensation levels for at least the next three years. Moreover, it will be based on the compensation currently being paid by the selected comparators which in most cases will have been effective from January 1, 1980 or even earlier. Thus quite apart from the commitments already made to the staff, considerations of equity and fairness dictate that its results should be effective as from the regular annual review date of March 1, 1980.

RAClarke:mk
Compensation Department
January 28, 1980

OFFICE MEMORANDUM

TO: Members of the PMC

DATE: January 29, 1980

FROM: Martijn J.W.M. Paijmans

SUBJECT: Nationality Profile of Bank Staff

1. Further to my memorandum of January 2, 1980 to the PMC and the discussions at the PMC meeting on January 10, we have in light of the views expressed at that meeting tested out certain additional hypotheses, the results of which are presented below.

2. In view of the sentiment that we should have a reasonably simple and straightforward rationale for arriving at a broad approximation of the profile we would wish to achieve, we tested out a hypothesis which would provide that each Part I and Part II would have a 50/50 representation and that within each of these groups, distribution would be in accordance with total population. The results as compared with the existing distribution are as under:

Nationality Profile (%)

Countries/ Groups	Staff on Board 06/30/79	Distribution by Population 50/50
US	24.9	13.2
UK	12.3	3.4
Germany	4.8	3.7
Japan	1.6	6.8
France	6.1	3.2
Kuwait	-	.1
(Saudi Arabia)	-	(.2)
Other Part I	17.8	19.6
Total Part I	67.5	50.0
Africa	4.8	8.3
Asia	16.7	31.2
Western Hemisphere	8.1	7.4
Other Europe	3.0	3.1
Total Part II	32.5	50.0
TOTAL	100.0	100.0
African Caucus	4.7	8.3
Sub-Sahara	3.4	6.5
Arab League	2.5	3.8

Achievement of such a target is likely to prove difficult in terms of the major disruption of US representation and for example, the overly heavy representation Asia would have on the staff at the Bank. Consequently the straight population criteria would have very serious flaws as the guiding principle.

3. In view of this, keeping in mind the need to arrive at a relatively simple, understandable and acceptable rationale, we tested out two further hypotheses which, while retaining the population factor as leading element, very much follow the Articles of the Bank which require us to recruit from as wide a geographical basis as possible without sacrificing our need to retain quality staff. If we were to take the skilled manpower availability (as opposed to total population) of individual countries and groups as a proxy for our need to recruit quality staff we could then have two alternative scenarios. The first would take the 50/50 split between Part I and Part II but then proceed to distribute it in accordance with skilled manpower availability. A further move towards simplification and clear rationale would be to even ignore the 50/50 split and just distribute across the board in accordance with skilled manpower availability which still achieves a 58/42 split between Part I and Part II compared to the existing 67/33. The table below presents these alternatives:

Nationality Profile (%)

Countries/ Groups	Staff on Board 06/30/79	Distribution by Population 50/50	Distribution of Skilled Manpower 50/50	Distribution Skilled Manpower Straight
US	24.9	13.2	24.1	28.0
UK	12.3	3.4	3.8	4.4
Germany	4.8	3.7	3.3	3.8
Japan	1.6	6.8	6.1	7.0
France	6.1	3.2	3.2	3.6
Kuwait	-	0.1	0.1	0.1
(Saudi Arabia)	-	(0.2)	(0.1)	(0.1)
Other Part I	17.8	19.6	9.4	11.1
Total Part I	67.5	50.0	50.0	58.0
Africa	4.8	8.3	7.0	6.0
Asia	16.7	31.2	23.5	20.2
Western Hemisphere	8.1	7.4	12.3	9.7
Other European	3.0	3.1	7.2	6.1
Total Part II	32.5	50.0	50.0	42.0
TOTAL	100.0	100.0	100.0	100.0
African Caucus	4.7	8.3	7.0	6.0
Sub-Sahara Africa,	3.4	6.5	5.2	4.4
Arab League	2.5	3.8	3.0	2.7

4. I would suggest that for the present we proceed on the assumption that we would wish to achieve a distribution suggested by skilled manpower availability. If the Committee agrees we would attempt to draw up implications of such a target in terms of a medium term and short run plan based on an analysis of attrition rates, staff growth and gross recruitment requirements.

Table I: ALTERNATIVE NATIONAL PROFILES OF BANK STAFF^{/a}

Countries/Groups	1	2	3	4	5	6	7	8	9	10	11
	Voting Power	Bank Borrowings	IDA Subscriptions	Population	Skilled Manpower	Staff on Board	I	II	Hypotheses		V
US	21.5	31.2	30.4	7.7	28.0	24.9	22.4	16.9	16.3	27.7	27.8
UK	8.1 ^a	0.4	12.4	2.0	4.4	12.3	5.6	4.3	4.1	7.0	6.3
Germany	5.5	24.0	12.2	2.1	3.8	4.8	11.2	8.5	8.2	13.9	11.4
Japan	4.3	10.6	10.5	4.0	7.0	1.6	6.8	5.2	5.0	8.5	8.1
France	4.0	0.1	6.3	1.9	3.6	6.1	2.8	2.1	2.1	3.5	3.5
Kuwait	0.3	2.1	1.4	0.0	0.1	-	1.0	0.8	0.8	1.3	1.0
(Saudi Arabia) ^{/b}	(1.6)	(5.4)	(2.0)	(0.3)	(0.1)	-	(0.7)	(1.1)	1.8	(3.0)	2.3
Other Part I	20.1	18.6	22.6	10.0	11.1	17.8	16.1	12.2	11.7	20.0	17.8
Total Part I	63.8	87.0	95.8	27.7	58.0	67.5	66.0	50.0	50.0	81.9	75.9
Africa	7.7	2.8	0.4	13.0	6.0	4.8	5.9	8.7	8.9	3.6	4.2
Asia	16.9	7.2	3.0	45.7	20.2	16.7	15.9	23.4	22.8	9.4	11.8
West Hemisphere	8.0	2.4	0.5	10.1	9.7	8.1	8.0	11.7	12.0	3.6	5.4
Other Europa	3.6	0.6	0.3	4.7	6.1	3.0	4.2	6.2	6.4	1.5	2.7
Total Part II	36.2	13.0	4.2	73.5	42.0	32.5	34.0	50.0	50.0	18.1	24.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
African Caucus	7.6	2.8	.4	13.3	6.0	4.7	5.9	8.6	8.8	3.6	4.2
Sub-Sahara Africa	6.0	0.9	.3	10.4	4.4	3.4	4.5	6.6	6.7	2.4	2.9
Arab League	5.6	9.8	3.6	5.1	2.7	2.5	4.7	5.3	6.5	6.9	5.4

KEY:

Column Nos.

- Voting Power = Percentage of Bank voting power held by individual countries/groups as per Secretary's Department Report dated 4/30/79.
- Bank Borrowings = Percentage of Bank borrowings raised in the capital markets of countries/groups as per P&B Table III dated 11/15/79 using gross borrowings figures from 1947 through FY80.
- IDA Subscriptions = Percentage of total IDA resources subscribed by individual countries/groups as per 1979 Annual Report page 174 covering all basic and supplementary subscriptions through Fifth Replenishment.
- Population = Population of Countries/Groups as a percentage of total population of Bank members as per World Development Indicators June 1979, Table I.
- Skilled Manpower = Economically active professional, technical, administrative and managerial workers of individual countries/groups as a percentage of the total of such workers of all Bank members. Data derived from ILO Yearbook of Labor Statistics 1977 (Table 2b).
- Staff on Board = Percentage of nationals as Total of total Bank staff as at June 30, 1979 as per PMD Table Nationality Breakdown (J-Q level staff).
- Hypothesis I
Part I 66%--distributed with equal weight to voting power, Bank borrowings and IDA subscription.
Part II 34%--distributed with equal weight to voting power and skilled manpower.
- Hypothesis II
Part I 50%
Part II 50%
Distribution within Parts I and II as per Hypothesis I.
- Hypothesis III
Same as Hypothesis II but Saudi Arabia treated as Part I.
- Hypothesis IV
Overall distribution amongst nationalities based on equal weights to voting power, Bank borrowings and IDA subscriptions.
- Hypothesis V
Same as Hypothesis IV but with addition of skilled manpower with equal weight as other three factors.

^{/a} Staff = J-Q staff Bank only.

^{/b} Figures in parenthesis not included in total for Part I except in Column 9.

Directorial Candidates for Sabbatical Leave

The decision was made in the PMC of November 6 that each sabbatical candidate at Director and Vice President levels should be referred to the PMC for approval before applications of this type can be considered in competition with all others.

In connection with the forecoming FY81 sabbatical cycle, we have received one application from a Director, namely Hans Adler.

Adler's proposal has been endorsed by Wapenhans and calls for a stay at the Food Research Institute at Stanford University for a study program with two basic objectives:

- (i) The Chinese experience in expanding employment, increasing production and meeting basic needs; and,
- (ii) Improvement of Adler's knowledge of management.

The proposal is well reasoned but the issue before the Committee is whether Adler's going on sabbatical leave particularly at his level would enhance his promotion chances and likely render an important service to the institution.

Summary Data on Hans Adler

PMD
January 30, 1980

Age: 58 years
Years of Service: 18 1/2 years
Length of
Service as
Projects Director: 7 yrs. 3 months
How many years to go: 7 years

OFFICE MEMORANDUM

TO: Members of the Personnel Management Committee

DATE: February 4, 1980

FROM: Martijn J.W.M. Paijmans

SUBJECT: Personnel Management Committee Meeting of February 5
Agenda Item - Compensation Matters (d) - March 1 Adjustment

Since the papers for the meeting were circulated, I received the attached formal communication from the Staff Association which is relevant to the point mentioned above.

Attachment

WORLD BANK GROUP STAFF ASSOCIATION

TO: Mr. Martijn Paijmans, VP-AOP January 30, 1980

FROM: Nicolas Gorjestani, Chairman, Staff Association *AG*

SUBJECT: 1980 Compensation Review - Administrative Circular AC/7/80, dated January 24, 1980

1. Having reviewed the above Circular, the Executive Committee has the following comments.

2. There is no doubt in our mind that Mr. McNamara's memorandum to the Board, dated September 25, 1979, and the Administrative Circular, over your signature, dated October 30, 1979, reflected a clear intention to recommend an interim salary adjustment effective March 1, 1980, in the event that the 1980 Compensation Review is delayed.

3. The circumstances related to this matter were discussed in a meeting we had with Mr. Clarke on January 16, 1980. The clear understanding at that meeting, as recorded in my memorandum to Mr. Clarke, dated January 30, and copied to you, was that since the findings of the 1980 Compensation Review will not be available before the Fall of 1980, the salary adjustment effective March 1, 1980, will be an interim one as anticipated in the two documents cited in paragraph 2 above. On the basis of this understanding, we reported to the Delegate Assembly on January 22, 1980, that there would be an interim salary adjustment in March 1980.

4. It thus came as a total surprise to Staff when the Administrative Circular (AC/7/80) omitted the word "interim" in reference to the March 1980 salary adjustment. Staff have communicated their concerns to the Association. We would, therefore, appreciate it if you could confirm the interim nature of the March 1980 salary adjustment, so that we can set Staff's minds at rest.

cc: COMPAC
Executive Committee

Record of Twelfth Meeting of

PERSONNEL MANAGEMENT COMMITTEE

1. Mr. McNamara convened a meeting on February 5, 1980. Present were:

Messrs. Cargill
Paijmans
Sommers
Pollan

Damry
Chaufournier
Koch-Weser

DECLASSIFIED
SEP 18 2013
WBG ARCHIVES

Messrs. Stern and Qureshi could not attend.

Compensation Matters

2. a) Kafka. Paijmans advised that in March he would present terms of reference for the review of the pension plan. It was decided to have Gabriel get into the act and to use outside advice of a consulting actuary (Buck). The Staff Association would be consulted on terms of reference.

3. There was considerable discussion on the March 1 adjustment in view of (i) the fact that the Hay survey will produce substantive data only late in summer and (ii) staff sentiments, engendered by the October announcement to make the Hay results retroactive to March 1, 1980. A further factor was the recent move by the Fund to assure its staff of retroactivity and the need for the Bank to move in parallel with the Fund. McNamara emphasized the imponderables including the possibility that the Hay findings may warrant a downward pay adjustment for some positions. Was this a practical expectation? Furthermore, the Hay findings having been collected in summer of 1980 may not be quite relevant for a March 1981 adjustment.

4. In the end it was concluded to recommend that the Executive Directors reexamine the March 1 interim adjustment in the light of the decisions based on the Hay survey, when these become available, with a view to retroactivity.

5. b) Nationality Profile. It was agreed that it was difficult to achieve appropriate reference points if one were to take country populations as the only measure. The USA, accounting for 13.2% of Part I population contributed nearly 25% of Bank staff.

6. There would likely be a need for a limit, to be worked out as a goal over longer time frame, for instance 10 years. One could conceive of no country contributing less than 1% and none more than 15%. (This subject needs

to be addressed again.) The general guide should be a division of about 50/50 between Part I and Part II countries and as to specific countries to avoid excessive representation and on the other hand to achieve some minimum.

8. c) Directorial Candidate for Sabbatical Leave: Hans Adler. It was decided that the Sabbatical Leave Committee should use the accepted criteria and apply them to all eligible candidates, irrespective of their grade and function. Thus, Adler's proposal will be considered in competition with others. But in assessing senior candidates, particular weight should be attached to their selection's potential benefit to the Bank.

D: Fike !

OFFICE MEMORANDUM

TO: Members of the PMC

DATE: March 6, 1980

FROM: Martijn J.W.M. Paijmans *P*SUBJECT: Personnel Management Committee Meeting - March 11, 1980

The following topics are suggested for the Agenda of the March 11 meeting at 3.00 p.m.

Compensation Matters

- a) Status of Kafka follow-up program
(See attachment which includes, for information, a tentative schedule for setting up the Administrative Tribunal.)
- b) 1980 Compensation Review Schedule
(see attachment).

KAFKA RELATED WORK PROGRAM

(Revised as of 3/4/80)

Further Studies

	Draft Report	VP Comments	Consultations		Recommendations to VP/PC	To Board
			IMF	S/A		
Education Benefits			Changes Implemented			
Housing Loans			Changes Implemented			
Tax Reimbursement - technical problems			Changes Implemented			
Social Security <u>1/</u> (Joint study with IMF)	March 7	March 22	Continuing	Continuing	May 1	End May
Language Allowance for Support Staff			Project completed subject to further review in the light of Hay Survey			-
Performance Appraisal - YMR matrix			Changes Implemented			
Pensions - Intended to form Task Force with IMF, Legal, Controller, I and PAB		Main items of probable coverage: Pension base Accrual rate Withdrawal benefits Indexation Initial value of pensions Funding arrangements		Agreed terms of reference to PMC end March. Study by consultants 3-6 months depending upon scope, say September, 1980 Consultations with IMF and S/A one month. Recommendations ready for Board earliest by end November, 1980.		
Administrative Tribunal Proposals	-	-	Board Decision March 4 ^{2/}		-	-
Supplementary Compensation						
Preliminary paper	June 15	June 19	-	-	June 25	-
Policy paper revision						
Analysis of eligible staff	March 31	April 15	-	-	April 30	-

1/ Actuaries report delayed due in part to an expansion of the scope of the study at the request of the two staff associations and in part due to pressure of other work being conducted by the Actuaries for the Bank.

2/ Tentative Schedule for setting up Tribunal attached.

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.

Communication Department
A. Clarke:ag

Revised as of March 6, 1980

TENTATIVE SCHEDULE FOR SETTING UP WORLD BANK ADMINISTRATIVE TRIBUNAL

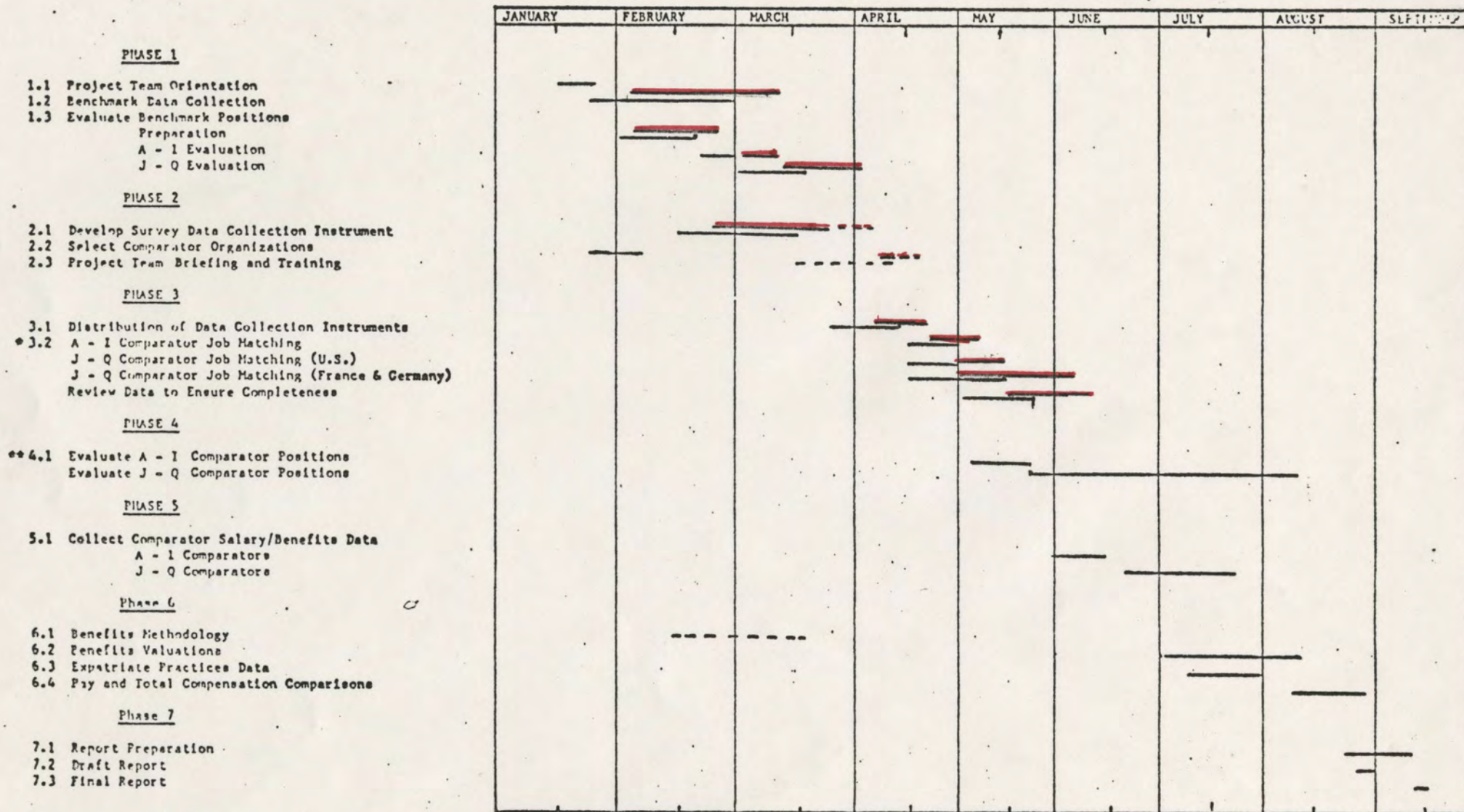
Tasks

Target Dates in 1980

	January	February	March	April	May	June	July	August
1. Approval of EDs of: Draft Statute) Letter of Transmittal) Report to the Board of Governors)			19					
2. Dispatch of letters of transmittal with necessary documents to member governments			4					
3. Approval of the Board of Governors			10					
4. Consultations with the EDs and the Staff Association on the selection/appointment of Tribunal members				1				
5. Appointment of Tribunal staff (Executive Secretary, Research Assistant and Secretary) and completion of administrative arrangements (offices, travel, fees, publication and interpretation services etc.)				1				
6. Appointment of Tribunal members					15			
7. Invitations to Tribunal members for first meeting						15		
8. Drafting and promulgation of the Tribunal rules							1	
9. Hold first Tribunal meeting							28	

Compensation Department
February 22, 1980

1980 COMPENSATION SURVEY - ELAPSED TIME PROJECT SCHEDULE



* Includes collection of basic benefits material

** Length depends upon number of job matches identified in comparator organizations; schedule assumes maximum

Compensation Department
January 23, 1980

Revised March 6, 1980

Record of Thirteenth Meeting of
PERSONNEL MANAGEMENT COMMITTEE

1. Mr. McNamara convened a meeting on March 12, 1980. Present were:

Messrs. Cargill
Stern
Sommers
Paijmans
Qureshi
Pollan

Damry
Chaufournier
Koch-Weser

DECLASSIFIED

SEP 18 2013

WBG ARCHIVES

Compensation Matters

2. Paijmans confirmed that he would be in a position to present later in March, Terms of Reference for a pension study. There is some slowness in complementary action needed from the IMF. McNamara emphasized that he wants to have the job done right with all problems coming out. Furthermore, he requested that the problem of the relative values of pensions in different countries should also be shown as a separate item to be studied. In this connection a report on purchasing power parities between the US, France and Germany should become available in May so that the methodology of inter-country comparisons used by Kravis could be reviewed.

OFFICE MEMORANDUM

TO: Members of the PMC

FROM: Hans Pollan *HP*

SUBJECT: Personnel Management Committee Meeting - March 31, 1980

DATE: March 28, 1980

The following topics are suggested for the Agenda of the meeting on March 31, 1980 which will follow immediately on conclusion of the President's Council meeting which commences at 9.30 a.m.

Compensation Matters

- a) Compensation Review (see attachment dated March 27, 1980)
- b) Staff Retirement Plan Study (see attached suggested terms of reference)

COMPENSATION REVIEW
Schedule as of 3/27/80

	<u>Draft Report</u>	<u>VP Comments</u>	<u>Consultations IMF SA</u>	<u>To PMC</u>	<u>EDS</u>
Purchasing Power Conversion Methodology	March 31	April 7	April 1 - 15	April 30	
Main Review <u>1/</u>					
Implications of survey data <u>2/</u>	-	-	Sept.16-Oct.3	Oct. 7	Oct. 9 or 10 <u>3/</u>
Range of options	-	Oct. 8	Oct. 10-Oct.31	Nov. 4	Nov. 6 or 7 <u>3/</u>
Formulation of recommendations		Nov. 8	Nov. 10 - 21	Nov. 24	Dec. 16

OTHER STUDIES

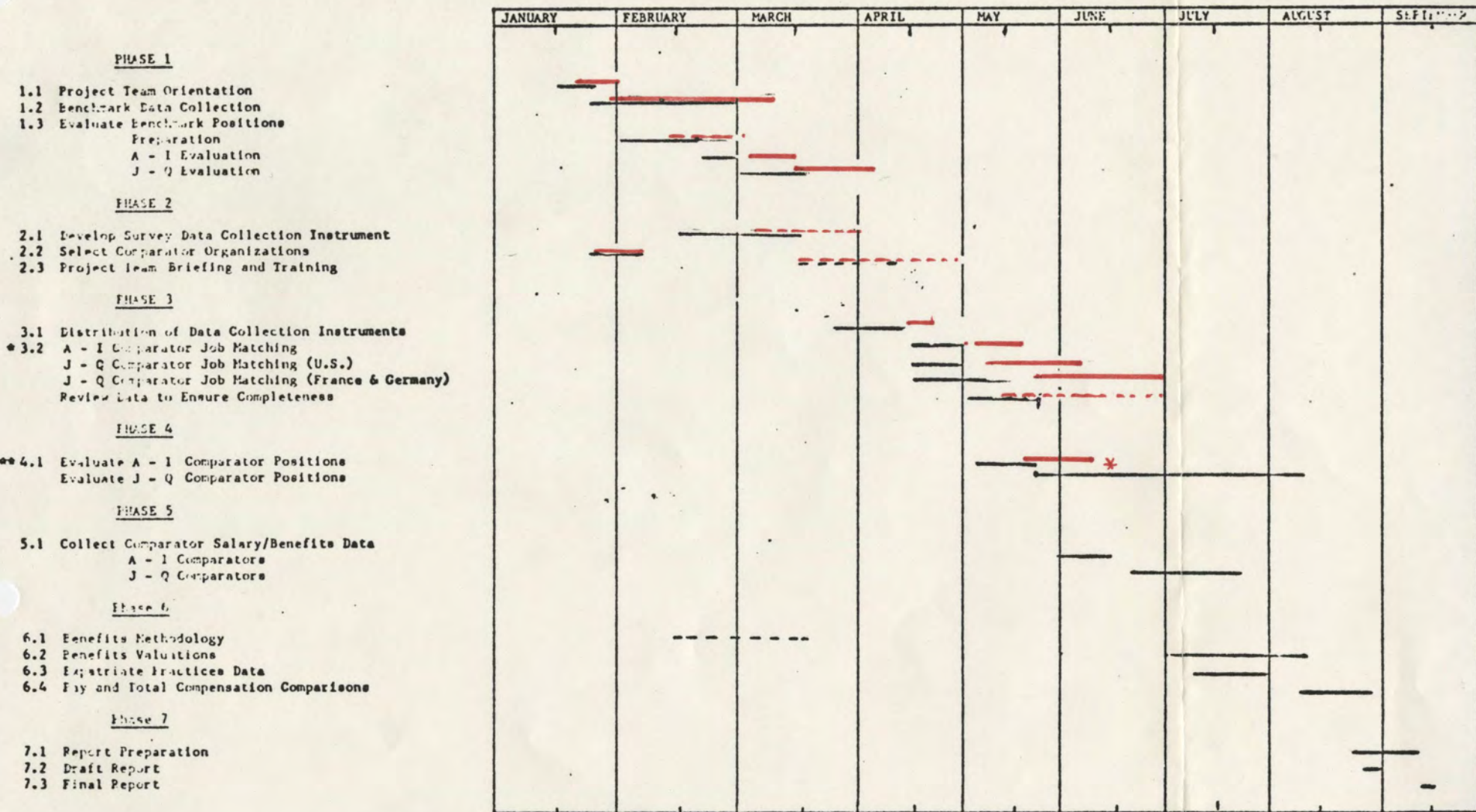
Social Security <u>4/</u>	April 11	April 18	Continuing	June 1	End June
Staff Retirement Plan	September	September	October	Early Nov.	End Nov.

-
- 1/ Revised Hay survey schedule attached.
2/ Data distributed to EDs, PMC and Staff Association September 15.
3/ Informal discussion.
4/ Report not yet received from Actuary.

Compensation Department
 RAClarke:ean
 March 27, 1980

Whyte

1980 COMPENSATION REVIEW - ELAPSED TIME PROJECT SCHEDULE



* Includes collection of basic benefits material

** Length depends upon number of job matches identified in comparator organizations; schedule assumes maximum

Compensation Department

March 27, 1980

* J-Q Preliminary Evaluation can begin when U.S. team returns.

March 27, 1980

PMC PAPER

Staff Retirement Plan Study

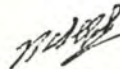
1. Attached for consideration are suggested Terms of Reference for the comprehensive study of the Staff Retirement Plan drawn up with the assistance of the Pension Administration Unit. Comments of the IMF and the Staff Association are awaited although preliminary indications from the Staff Association are that they are unlikely to suggest any significant change.

2. We would intend to stipulate to the consultants that their final report be received not later than September 1980, in line with the schedule for the study. However, within this overall time-frame, a detailed timetable for the various stages can only be worked out in discussion with the consultants.

3. If PMC agrees with the approach suggested, a decision is required as to the line manager to serve on the Steering Group. Given the importance of the very real problems of the relative values of pensions in various countries as a result mainly of currency movements and the weight of staff potentially affected, we feel the choice should be a continental European. Those who might be considered include:

- Messrs. Fuchs
- Hittmair
- Lari
- Rovani
- Thalwitz
- van der Tak
- Wyss

Of these, Hans Wyss is probably the most knowledgeable.



R. A. Clarke

Terms of Reference for Comprehensive Study of the
Staff Retirement Plans of the IBRD and IMF

A. Objectives of the Study

1. To study whether the present benefits provided by the Staff Retirement Plans and related programs^{1/} are, in general, appropriate for meeting the reasonable needs of participants and their dependents, bearing in mind -

(i) the competitiveness of the total compensation package (i.e. direct pay and value of State and employer provided benefits) of the Bank and IMF in relation to that of the comparator organizations presently being surveyed by Hay Associates;

(ii) Bank and IMF employment policies.

The study should take into account both internal and external developments (e.g. changes in employment and compensation programs, legislative changes and currency fluctuations) since the last comprehensive review of the Plans in 1974.

2. To ascertain whether the benefits are relatively equitable in providing for different groups of participants and are internally consistent.

3. To put forward any recommendations for changes in benefits and their financing, which, as a consequence, appear to be appropriate.

^{1/} Including group life, medical, worker's compensation and other insurance coverages

B. Direction of Study

1. A Steering Group composed of Messrs. Clarke, Gabriel, Widen and _____ (line manager) for the Bank and Messrs _____, _____, _____ and _____ for the IMF, together with one representative from each of the two Staff Associations, will direct the conduct of the Study. In particular, the Group will provide general direction to the Working Group and the consultant during the course of the study on issues relating to the scope of the study and the alternatives to be considered in the light of the overall objectives of the Organizations in staffing and compensation matters.

2. A Working Group composed of Messrs. Trott, Michaels and Hamamo for the Bank and Messrs _____, _____ and _____ for the IMF, together with one representative from each of the two Staff Associations, will meet periodically with the consultant to discuss each issue set-forth in the terms of reference, and to provide the consultant with such background information and information regarding the objectives, staffing characteristics, and needs of the Organizations as may be relevant.

3. The consultant will meet periodically with the Working Group to discuss in detail the issues set forth in the terms of reference. After an initial meeting to review all of the issues and to agree on working arrangements, the consultant will thereafter prepare agenda of items to be discussed at subsequent meetings, memoranda of points covered at the meetings and will distribute in advance issue papers to be discussed at meetings. Copies of all such documents shall be furnished to members of both the Working and Steering Groups. When all of the issues have been considered including possible alternatives, the consultant will

prepare his final report reflecting his personal conclusions and recommendations on the various issues.

C. Specific Areas to be Studied

1. The formula for determining Bank/IMF pensionable remuneration from net salary is based on the UN rates for staff assessments which were in effect in 1974, the date of adoption of the formula. The UN staff assessment schedule was designed on the basis of a study of income taxes paid in the seven countries in which the UN family has headquarters organizations: US, UK, France, Italy, Canada, Austria and Switzerland. The formula needs to be re-examined to determine whether the relationships between net and pensionable remuneration at various income levels continue to be appropriate, inter alia, in the light of income taxes on direct pay and on pension income.

2. Examine the problems associated with the provision of pensions to an international staff who may retire to countries with widely differing standards and costs of living, taxation systems (cf. also para. C1) and social security provisions and where the initial and continuing value of pension entitlements, built up during the working career in US\$, may be strongly affected by fluctuations in exchange rates and differing rates of ^{change}~~growth~~ in real and nominal incomes. X

3. Examine the various alternatives for ensuring that, given Bank and IMF employment practices, the resulting retirement income on average reasonably meets retired participants' needs including:

- (a) review of the present benefit accrual rate in combination with the definition of pensionable remuneration and the period over which it is averaged;

- (b) the possibility for additional pension entitlements through supplementary voluntary contributions;
 - (c) increasing the scope for transfer of pension credits in respect of prior employment with other organizations.
4. Examine the structure of withdrawal benefits to determine whether these are rational and equitable, whether they should be related to the actuarial value of accrued pension entitlement or other structural adjustments should be made.
 5. Examine the present provisions for adjusting pensions after retirement, including the potential limit of 3% p.a. on cost-of-living increases. Consider, inter alia, alternatives such as adjusting pensions in keeping with pay increases for active staff.
 6. Examine normal retirement age and early retirement provisions and what, if any, provisions should be made for early retirement at the option of the organizations, whether within or outside the Staff Retirement Plan.
 7. Examine disability pension provisions, particularly in the case of the recovery of the pensioner in the light of the organizations' policies with respect to reemployment.
 8. Examine the adequacy of survivors' pension provisions and need for providing survivors pensions for spouses married by participants after their retirement.
 9. Examine the position of a divorced spouse vis-a-vis a staff member's accrued pension entitlements.

10. The consultant will specify in detail the financial implications for the Plans of alternative approaches to the above issues which in his opinion and that of the Steering Group, merit serious consideration.

STRICTLY CONFIDENTIAL

Record of Fourteenth Meeting of
PERSONNEL MANAGEMENT COMMITTEE

1. Mr. McNamara convened a meeting on May 20, 1980. Present were:

- Messrs. Cargill
- Stern
- Sommers
- Paijmans
- Qureshi
- Pollan

DECLASSIFIED
SEP 18 2013
WBG ARCHIVES

Messrs. Koch-Weser and R.A. Clarke attended for the first two items.

Compensation Matters

2. The only point raised was the need for a timely completion of the A-I study. Data ought to be available from the Hay Survey by September 15. Clarke said that this may be difficult since there may be a problem in keeping the information confidential particularly in the IMF. Given the probability that A-I data will indicate overpayment, a leak could prejudice the climate for objective completion of J-Q part of the study. McNamara emphasized that there should be sufficient time to absorb the data essentially to come out with one decision only, namely, what to do with the A-I group.

Implication of slippage of compensation survey

3. There was considerable debate about the proposal to slip the March 1 adjustment to a different cycle, namely, to July 1 instead of March 1 and to recommend a cost of living adjustment on July 1, 1980 as an interim step. Questions were raised why the interim adjustment was necessary, what relationship the two recommendations (Hay's and for an interim step) had with one another and how wise an interim adjustment was going to be in the absence of any valid supporting data. For instance, as to the A-I categories, the Hay Survey may reveal that Bank staff in those categories would generally be remunerated 25% more than in certain U.S. comparators.

4. One idea advanced by Paijmans was to provide 80% as a cost of living increase against an eventual spring 1981 adjustment. The decision was in the end, that a paper ought to be prepared as soon as possible, setting out the options which should then go to the PMC. (The paper is on the agenda for the PMC's June 10 meeting.)

Record of Fifteenth Meeting of
PERSONNEL MANAGEMENT COMMITTEE

1. Mr. McNamara convened a meeting on June 9, 1980. Present were:

Messrs. Stern
Paijmans
Sommers
Pollan

Koch-Weser (for items a)-d) only)
Clarke (for Compensation matters only)

DECLASSIFIED

SEP 18 2013

WBG ARCHIVES

Messrs. Cargill, Chaufournier and Qureshi were unable to attend.

Compensation Matters

2. a) McNamara asked that a paper be prepared concerning the possible Further Interim Salary Adjustment in the form of a draft Board paper for discussion in PMC before going any further. The paper should not be discussed with anybody outside, including the IMF. It should:

- (i) highlight price movements since the last increase;
- (ii) the Kafka recommendations concerning procedure for dealing with adjustments and any modifications made by the Board; and
- (iii) the practices of other institutions:
 - U.S. public and private sector, both for professionals and non-professionals;
 - the French and German private sectors;
 - international organizations, U.N. EC, and OECD.

3. Paijmans indicated that we had recently been approached by the IMF on this topic. The IMF has just started thinking about the possibility of an interim adjustment.

4. As to substance, McNamara emphasized that, at all times, the discussion in the paper has to keep in mind what we may have to do in connection with a March 1981 adjustment (or similar future action).

5. b) The draft paper regarding the Proposed Board Committee on Staff Compensation Issues was approved with a few changes and deletions, the latter concerning references to the compensation working group, and the constitution of the Committee.

Administrative Matters

6. c) Present plans for the G.W. Building (Square 121) had not sufficiently allowed for the cost of accommodating data processing systems. McNamara said that money would just have to be found from another budget allocation; if necessary, we would have to resort to the budget contingency.

7. There was considerable discussion about the strong need to maintain joint data processing facilities with the Fund. There should be no inkling of a separate development of the two institutions' data processing facilities, even allowing for the fact that the Fund seems hard pressed for building space. (It had not yet received the clearances from the District authorities regarding its proposed building annex.) This pressure was one of the reasons why new data facilities could not be accommodated at the present site for the joint facilities located in the IMF building.

8. The paper on the Bank's Computer Information System was endorsed. It will be presented to the Operational Vice Presidents in order to:

- (i) improve the understanding on the need for a central approach to control and development of the system; and
- (ii) to impress on the users the cost aspects of a central versus a fragmented approach to run our computer system.

Personnel Management Matters

9. d) Staff Counsel for Administrative Tribunal cases. It was decided that staff could, if they preferred, in addition to Bank attorneys also contact non-lawyers as counsels although it would be expected that these staff members should have legal training. At times it may be difficult for Legal Department staff to function as staff counsel, given the fact that they are perceived, or perceive themselves, as representing the interests of the institution. The main point really was to discourage staff from having to resort to high-priced outside lawyers.