



HUMAN RESOURCE ISSUES⁴⁷

OVERVIEW

As discussed in previous chapters, given their capacity constraints SDS typically rely heavily on IMF staff for high-quality, sustained, and well-tailored macroeconomic analysis and policy advice. At the same time, for many SDS, the effectiveness of Fund engagement can be affected by wide geographical dispersion, long distance from IMF headquarters, and limited travel connections. All these factors present specific challenges to relationship building, continuity, and effectiveness of engagement, including traction of policy advice, and place a heavy onus on the Fund to ensure that country teams are adequately staffed and incentivized.

ADs have devoted a significant share of their resources to work on SDS. For example, 29 percent of WHD economists and 17 percent of APD economists have full- or part-time SDS assignments. There are no specific overall HR or budgetary guidelines and rules applying to SDS work. ADs with SDS members are responsible for developing their own approaches, including divisional structure, selection of mission chiefs, mission size, and staffing, within the broad set of IMF HR and budgetary procedures. In practice, this has meant distinct approaches being taken in the three main ADs with SDS members (AFR, APD, and WHD). And each department has responded to somewhat different specific circumstances of SDS covered and broader departmental considerations.

A distinctive feature of staffing for SDS work is that, across all ADs, SDS mission chiefs were typically at the A14 or A15 grade level, compared to A15–B3 for country work more generally. Otherwise, the distribution of SDS staff by grade level was similar to that in the Fund as a whole: the majority of economists working on SDS comprised staff at the A14 level, and the distribution of SDS economists by grade also closely matched the distribution of non-SDS staff, although the share of SDS economists in grades A11–A12 was somewhat higher than for non-SDS assignments. In terms of staff origin, very few Fund economists came from SDS.

Overall, Fund staff working on SDS were perceived to have the relevant skills and experience to support SDS. Country authorities generally praised the high quality of staff's analytical work, surveillance, and policy advice and for the efforts to tailor analysis to their specific needs and country circumstances. They praised the role played by mission chiefs, considering them highly skilled, professional, and dedicated to their work, with mission chiefs' knowledge of local conditions perceived to have grown over the evaluation period. Similarly, staff working on SDS assignments across departments were perceived by both country officials and IMF insiders to be skilled, experienced professionals.

⁴⁷ This chapter draws on Rustomjee, Chen, and Li (2022).

Notwithstanding the considerable commitment of staff resources and the high appreciation for the individual economists working on small states, work on SDS has been hampered by interrelated HR challenges related to high turnover, short tenure, small teams, and limited incentives. These issues are examined in the following sections.

TURNOVER, TENURE, AND CONTINUITY OF ENGAGEMENT

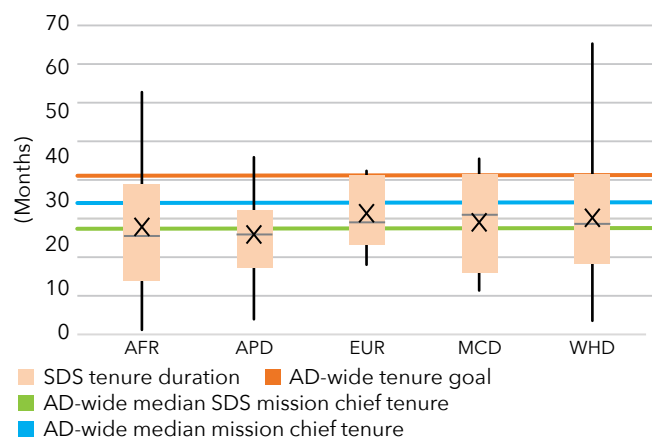
In the country case studies, officials emphasized concern regarding mission chief and country team tenures that were too short, with too high turnover. They felt that too short tenures and frequent turnover interrupted continuity of members' engagement with the Fund, diminished the appreciation for country circumstances, meant that relationships had to be regularly rebuilt and, overall, weakened the traction of IMF engagement. These concerns also emerged in interviews with Executive Directors, showing lower levels of satisfaction with mission chief tenure, team continuity, and country assignment handover than for other countries. Similarly, the staff survey found that high staff turnover was a significantly more severe problem in SDS than in non-SDS. Two-thirds of staff thought that high turnover adversely affected SDS to a great or moderate extent.⁴⁸

Indeed, data confirm that the median tenure of mission chiefs across all SDS was particularly low—only around 2 years compared to the Fund-wide average of 2½ years (Figure 7.1). Examples of very short tenures, of less than six months, occurred five times and there were only two occasions when mission chiefs served for five or more years. The IMF's Accountability Framework targets of an average three-year tenure for each AD was met by only 29 of 154 SDS mission chiefs between 2010–2020.

Short mission chief tenure went hand-in-hand with high mission chief turnover, and mission chief turnover was high throughout the evaluation period, across all ADs (Figure 7.2). Fund staff conducted 216 AIV missions to SDS between 2010 and 2020, led by 154 different mission chiefs. Two-thirds of SD mission chiefs (101 mission chiefs) led only a single mission to their designated SDS before moving

to a new assignment. Of those that continued beyond a single consultation, 40 mission chiefs led only one more mission to the same SDS and there were only 11 instances in which the mission chief led 3 or more missions to their designated SDS. Mission chief turnover was particularly high for 8 SDS, with every AIV mission during the evaluation period led by a different mission chief. Particularly

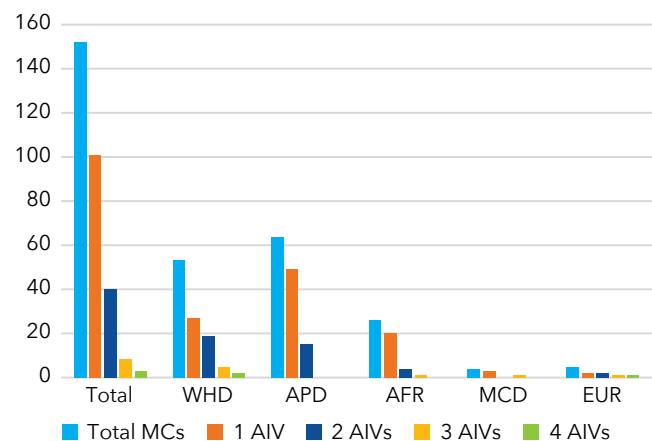
FIGURE 7.1. SDS MISSION CHIEF TENURE BY AREA DEPARTMENT, 2010–2020



Source: AIV mission reports (2010–2020).

Note: Graphic for tenure duration indicates median (line in the box), average (cross in the box), interquartile range, and extremes of the distribution.

FIGURE 7.2. MISSION CHIEFS' NUMBER OF MISSIONS TO SAME SDS, 2010–2020



Sources: SDS AIV mission reports (2010–2020); IEO calculations.

⁴⁸ Other IEO evaluations have also raised concerns about high mission chief and staff turnover including reports on fragile states (IEO, 2018) and unconventional monetary policies (IEO, 2019).

notable was the absence of any continuity of mission chiefs in four Pacific microstates on a 24-month AIV cycle.

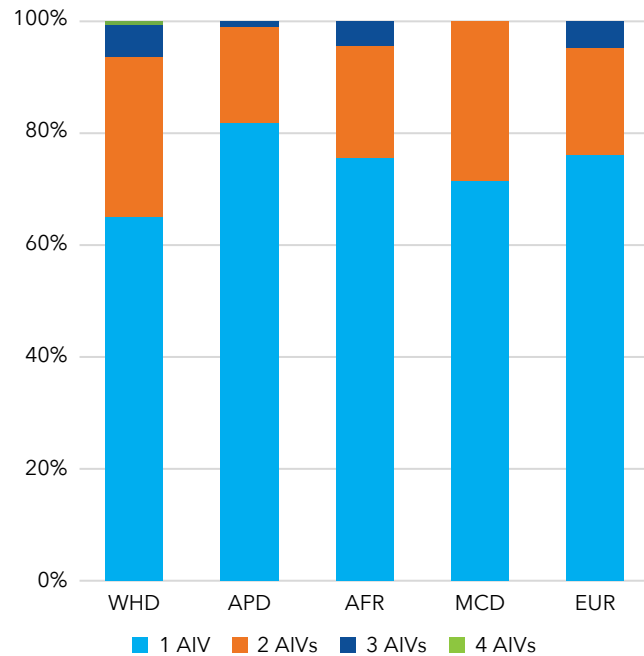
Gaps between a mission chief's end of service and the appointment of the successor also caused problems in maintaining continuity of Fund engagement with SDS. Over the evaluation period, these gaps lasted one month or more in two-thirds of SDS. Only 10 SDS experienced no gap in continuity of service of mission chiefs. Country officials viewed protracted gaps as a signal of disinterest by the IMF and lack of concern to ensure continuity in the relationship. During these periods, SDS authorities considered that they had no main interlocutor with the Fund and subsequently had to devote additional time to informing new mission chiefs of the particular issues and challenges faced by the country once they were appointed. All of this, they felt, eroded trust and the value for the authorities to invest in the relationship with the Fund.

Similar to the experience with mission chiefs, turnover of AD staff on SDS was also high (Figure 7.3). Seventy-one percent of non-mission chief AD staff participated only once in an AIV mission to a specific SDS. This compares to a (still high) 52 percent for 20 large economies, estimated by an earlier IEO evaluation on advice on unconventional monetary policies (IEO, 2019).⁴⁹ A further 23 percent returned to the SDS for a second AIV mission, while only 6 percent participated more than twice. All ADs registered single-mission percentages of over 65 percent. Among ADs, the percentage of AD staff who returned for a second or further AIV mission varied widely, as follows: WHD (35 percent); MCD (29 percent), AFR and EUR (24 percent); and APD (18 percent).

INCENTIVES TO WORK ON SDS ASSIGNMENTS

Incentives to work on SDS assignments can be quite different between mission chiefs and team members. For a SDS mission chief, the assignment has typically been provided as a first opportunity for mission-leading

FIGURE 7.3. AREA DEPARTMENT STAFF TURNOVER IN ARTICLE IV MISSIONS TO SDS, 2010–2020



Sources: IMF; IEO calculations.

Note: Turnover refers to the share of all AD staff working on an SDS that participated in between one and four AIV missions to the same SDS.

experience and provides a desirable stepping-stone to career advancement. However, once mission-leading experience has been successfully gained, there are then incentives to move on to more visible assignments. Internally, all ADs acknowledged the need to lengthen the tenure of mission chiefs on SDS and took several actions to achieve this goal during the evaluation period, both directly by setting tenure goals and by incentivizing interest in the work, through dedicated efforts to strengthen the flow of institutional resources, knowledge sharing, and peer learning elaborated upon further below.⁵⁰

By contrast, desk economists' incentives to take on an SDS assignment are less compelling. On the positive side, SDS economists reported professional rewards and a sense that

⁴⁹ Unfortunately, comprehensive data have not been compiled on turnover or tenure of desk economists, even though a target of three years was set for such assignments following the IEO's evaluation of *The Role of the IMF as Trusted Advisor* (IEO, 2013). However, The Implementation Plan in Response to the Executive Board-Endorsed Categorization of Open Actions in Management Implementation Plans (IMF, 2021d) includes a commitment to enhance such monitoring.

⁵⁰ For example, as part of the department's key objectives and deliverables for FY2020, APD included in its Accountability Scorecard for 2020 a new departmental goal to extend MC tenure for small states from two years to three.

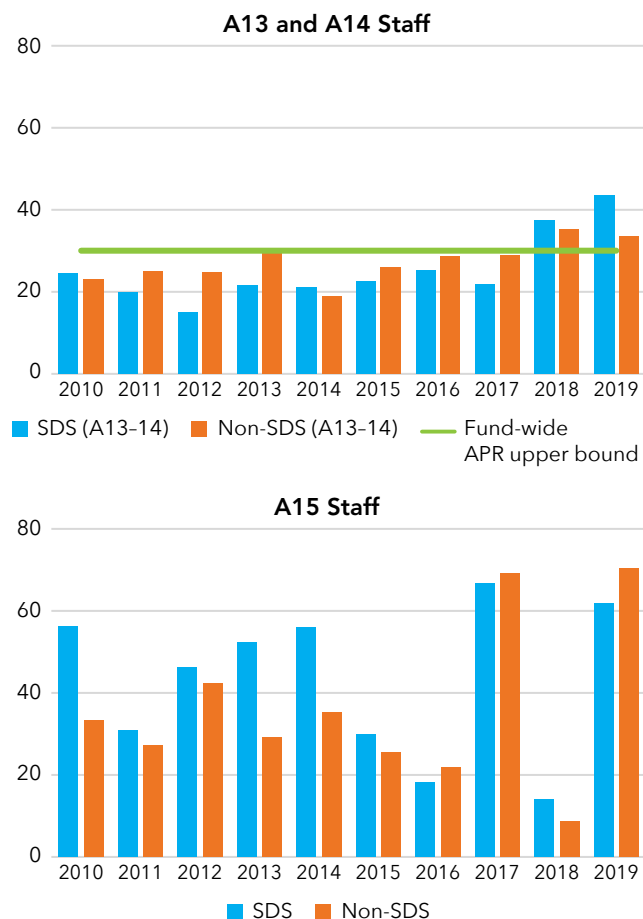
their work made a difference in a small country setting. However, staff voiced concerns regarding heavy workload, small country team size, limited country level data, and, for some desk economists, lack of resources. Staff also noted low visibility and insufficient recognition of SDS desk assignments for career advancement, with very few staff seeing long-term career paths in working on these countries. Indeed, there was some sense of stigma attached to working on SDS countries and a general preference to work on larger, systemic countries, which many staff saw as more important for career progress and which provided research opportunities with more readily available high-quality data. A survey of staff currently working on SDS was broadly consistent with evidence from interviews (de Las Casas and Balasubramanian, 2022b), although SDS-related experience was not considered by the majority of respondents as negative for career progress at the Fund.

To assess the incentives to work on SDS assignments, the evaluation compared experience among SDS and non-SDS staff using three metrics: staff performance ratings, promotions, and vacancy and application rates for SDS. Data on staff ratings suggests that staff working on SDS at A15 tended to be better rewarded compared to more junior SDS staff, through higher ratings (Figure 7.4). However, SDS staff at both the A13 and A14 levels generally fared less well in attaining the higher “Superior” and “Outstanding” performance ratings compared to their non-SDS peers. This contrast presumably reflects that A15s working on SDS uniformly benefit from the challenges and exposure of being a mission chief, combined with the fact that higher-performing staff have typically received the mission chief opportunities.

Turning to promotion prospects for grades A13–A15, staff working on SDS tended to be promoted less often than staff working on non-SDS assignments. Differences were most pronounced at the A13 level, while at A14 and A15, promotion rates were almost comparable among staff working on SDS and on non-SDS assignments (Figure 7.5).

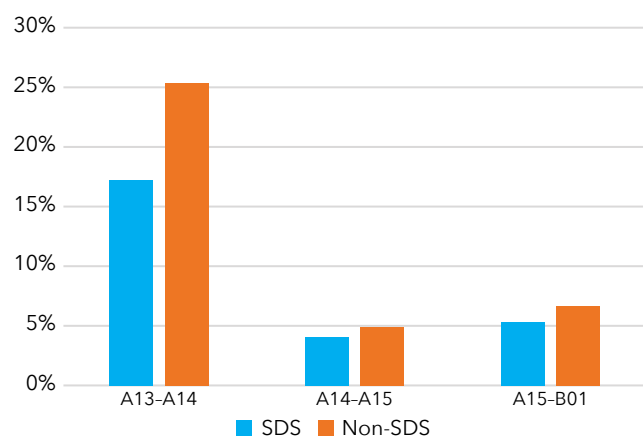
Evidence of slower rates of promotion among SDS staff accorded with staff perceptions that SDS assignments may offer limited career prospects, as well as with staff survey results on prospects for career progression when taking on an SDS assignment. Among survey respondents, just under a fifth of respondents thought that an SDS assignment

FIGURE 7.4. STAFF WITH “SUPERIOR” OR “OUTSTANDING” RATINGS, 2010–2019
(In percent)



Sources: IMF; IEO calculations.

FIGURE 7.5. PROMOTION OF STAFF WORKING ON SDS VS. NON-SDS ASSIGNMENTS 2010–2020
(In percent of total in each category)



Sources: IMF; IEO calculations.

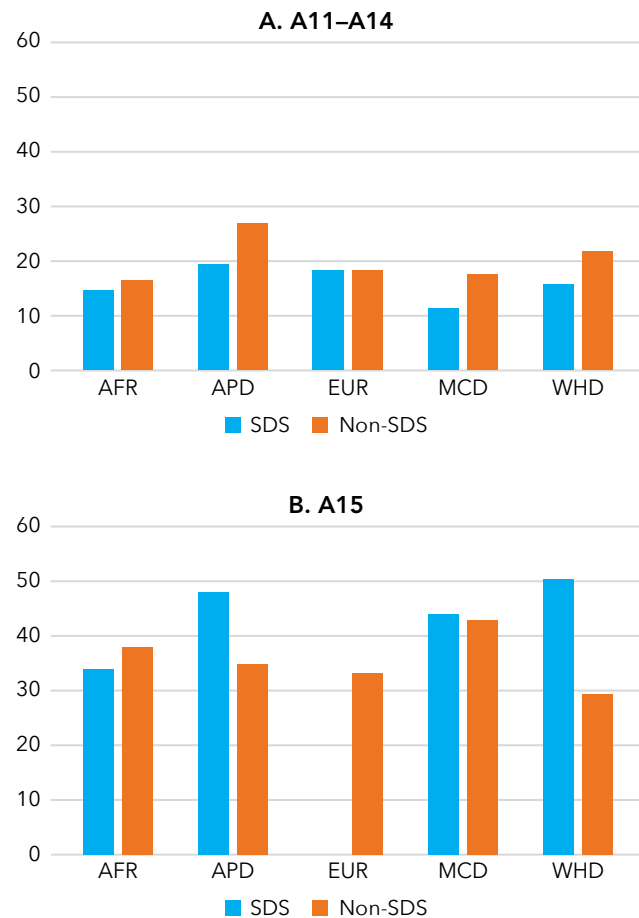
would negatively affect their career prospects at the Fund, about one-third were unsure, and only a quarter of the respondents considered there to be no difference on their career development between an SDS-related assignment and a non-SDS-related assignment. Staff who worked on an SDS assignment provided closely similar responses to those who had not worked on an SDS assignment.

The number of applications for vacant positions provides a useful indicator of the extent of staff interest in the position, as staff positions are openly advertised when they become vacant and applicants compete for these positions. The evaluation found that in the period 2016–2019, for vacancies at the A11–A14 levels, interest in SDS positions was on average about 20 percent less than for non-SDS positions, although application rates for SDS rose noticeably in 2020 and for the first time since 2016 exceeded levels of interest in non-SDS assignments (Figure 7.6). By contrast, A15 SDS positions attracted much higher interest throughout 2016–2020, with average numbers of applications (47 applications per SDS position), close to average numbers of applications for A15 positions in ADs (40 applications per non-SDS position).

ADs have taken steps to support staff in SDS mission chief assignments, helping to make the assignments attractive and providing support to newly fledged mission chiefs. For example, in 2015, APD delivered a two-day event with HRD for mission chiefs working on SDS, highlighting opportunities and challenges for mission chiefs and available support mechanisms, including toolkits, peer learning, interdepartmental collaboration, leveraging interdepartmental resources, and engaging with development partners. In 2017, APD also developed a comprehensive manual (“SDS Mission Chief Toolkit”), including information on intra-departmental resources, strategy and cross-country policy issues, analytical work, and outreach, and IT resources to manage engagement due to large distances between SDS and the regional hub in Fiji.

Interviews with staff with close experience of the practice of providing a SDS mission chief assignment as a stepping-stone to promotion suggested that this approach was effective in strengthening interest in such an assignment but also tended to exacerbate issues with short tenure and high turnover. Staff who were subsequently promoted to A15 level considered the experience of leading a mission to

FIGURE 7.6. APPLICATIONS PER POSITION, 2016–2020



Sources: IMF; IEO calculations.

an SDS to have enriched their knowledge and experience, but also felt that opportunities for career progress lay elsewhere once their term of service as an SDS mission chief had been completed.

As for SDS desk assignments, to help meet SDS staffing needs, both APD and WHD allowed for co-desk assignments, pairing a SDS desk assignment with a second assignment, which could be on another SDS or on a larger country, often in a different division altogether. In APD, almost 30 percent of A14 mission chiefs on SDS assignment were simultaneously serving as a co-desk economist for another country. This practice was even more prevalent in WHD, where about 61 percent of A14 mission chiefs working on an SDS assignment were also a co-desk economist on a second country. The prevalence of co-desk responsibilities in SDS meant that many staff in

SDS country teams spent only a fraction of their time on the SDS in question. Indeed, some SDS teams are run on a skeleton basis until some months before a surveillance cycle begins. The staff survey found that only one-fifth of staff who responded devoted 100 percent of their time to a single SDS country. About half of respondents spent less than half of their work hours on their SDS assignments and more than a quarter of the respondents spent less than 25 percent of their time on SDS. Overall, this approach proved useful to address staffing issues but also had the effect of diluting staff time spent on SDS and created a sense that the assignment was less important.

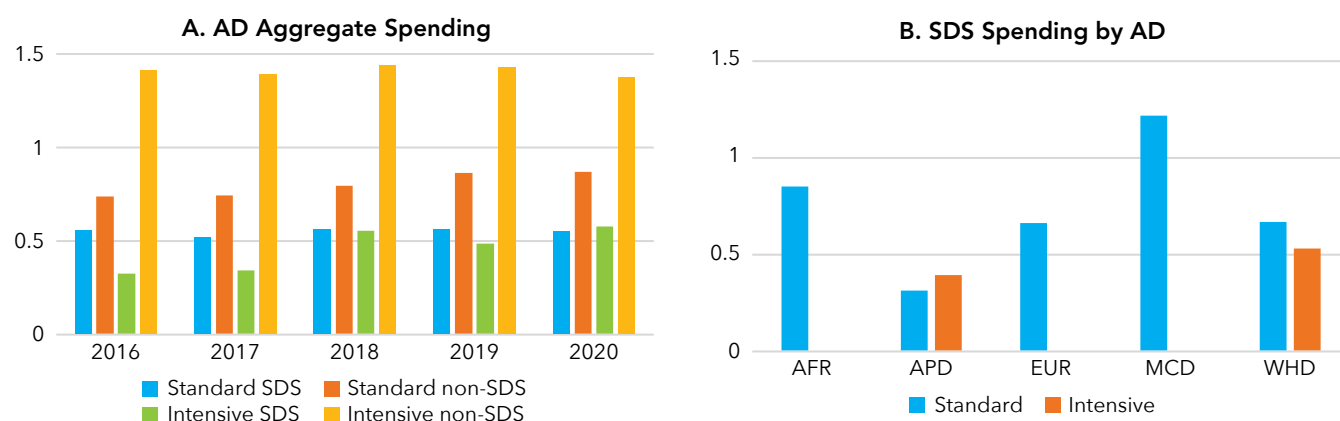
An initiative announced in 2020 to establish a new career framework for fungible macroeconomists (staff at grades A11–A14) could further increase challenges for staffing many SDS. The framework, which is intended to support career planning and strengthen incentives to work on LICs and FCS, includes a provision, starting in July 2023, requiring a minimum of two years of operational experience in working on PRGT-eligible countries or FCS before fungible macroeconomists can progress to A15 level. Currently, 19 out of 34 SDS fall into these categories.⁵¹ Several staff raised concerns about the impact of the new framework on incentives and motivation to work on the 19 SDS not included in the FCS/PRGT-eligible lists. Some highlighted that the new requirement has already had

an impact, reducing the number of applications for some SDS assignments that are not on the FCS/PRGT-eligible lists; they suggested that to restore the ability of ADs to attract staff to work on SDS members, it would be necessary to include all SDS in the provision. However, other staff emphasized that there is high heterogeneity regarding the attractiveness of working on individual SDS (with higher-income SDS often being well-developed and in attractive locations), and therefore, not all of them would require the same treatment.

COUNTRY TEAMS

Budgetary data clearly show that surveillance resources per SDS were significantly lower than for other groups. On average over the five-year period FY2016–2020, on a per country basis, “standard” surveillance for an SDS member absorbed about 24 percent less than the average spending on “standard” surveillance per Fund member; and about 66 percent less than the average spent per Fund member on “intensive” surveillance (see Figure 3.1). MCD and AFR devoted the highest levels of spending per SDS on standard surveillance. In APD, spending per SDS on standard surveillance was particularly low, slightly less than half of the level of spending in WHD and in EUR; and just over a third of that in AFR (Figure 7.7).

FIGURE 7.7. AREA DEPARTMENT SPENDING ON SURVEILLANCE PER COUNTRY, 2016–2020
(In millions of USD)



Sources: IMF; IEO calculations.

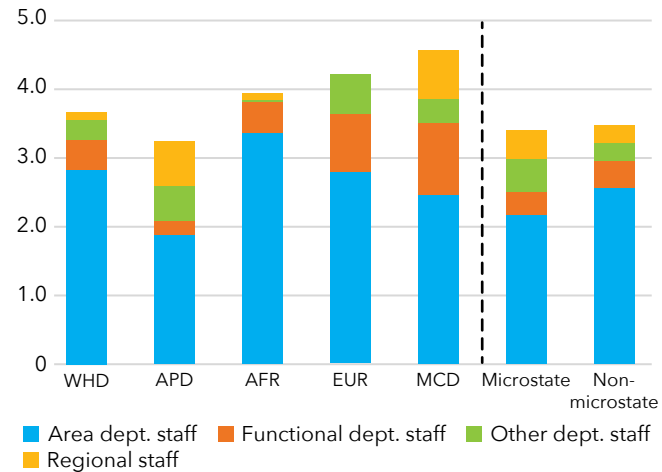
⁵¹ These currently include 19 SDS classified as PRGT-eligible, of which 10 are also classified as FCS.

Departments reported that they had generally been able to staff surveillance work on SDS in line with overall guidelines from the IMF’s Office of Budget and Planning, albeit with challenges in some instances.⁵² In AFR, EUR, and MCD, SDS country teams typically comprised a mission chief (who usually had in addition another country or policy assignment), two desk economists, with at least one dedicated to the country and the second usually a shared resource. On missions, these country teams were supplemented by another staff member, typically a research assistant or a junior economist from the same department. In WHD, country teams comprised a mission chief and 2–4 economists, depending on the SDS; most economists had additional country assignments. In APD, country teams typically consisted of the mission chief and one or in some cases two desk economists, all with other assignments absorbing at least 50 percent of their time. When a country was in a program, in all ADs country teams also included at least one functional department economist (one from SPR, and possibly others from the Fiscal Affairs Department (FAD) or the Monetary and Capital Markets Department (MCM).

While systematic Fund-wide data on SDS country teams are not available, the evaluation estimated the size of SDS country teams based on a review of Board reports of all AIV missions to SDS between 2010 and 2020. Excluding mission chiefs, over the evaluation period country team size per AIV consultation averaged 3.4 staff per mission. The largest teams were assembled for MCD AIV missions (an average of 4.3 staff per mission excluding the mission chief). By contrast, in APD, team size averaged 3.1 persons (Figure 7.8). This low number partly reflected the prevalence of micro-states among APD SDS, where staffing is typically lower.

Functional department participation in SDS AIV consultations was quite limited (see Figure 7.8), although reportedly it increased in the context of virtual missions during the pandemic. On average, over 2010–2020 a functional department economist participated in about one in every two SDS AIV missions in WHD and in AFR and about one in every three SDS AIV missions in APD. SPR, FAD,

FIGURE 7.8. SDS COUNTRY TEAMS: AVERAGE SIZE PER AIV MISSION, 2010–2020



Sources: AIV Reports (2010–2020); IEO calculations.
Note: Excludes mission chiefs.

and MCM provided two-thirds of these functional economists. Country authorities welcomed the participation of functional economists on AIV and program missions where it did occur, considering functional department staff to have specialist expertise relevant to providing more granular advice on addressing particular fiscal policy, growth-related, and financial sector issues and on challenges related to volatility and shocks.

Staff from other departments were included in country teams for SDS much more frequently than for non-SDS, a practice that helped fill gaps in country teams. During 2010–2020, approximately 5 percent of all staff participating in AIV missions came from departments other than area and functional departments. However, while useful as a stop gap, their participation exacerbated issues related to high turnover. Staff from other departments rarely returned on successor missions. In four instances, missions were led by staff outside of the AD itself, presumably attracted by the possibility of gaining mission leadership experience, but not providing any continuity of engagement.⁵³ In five other instances, except for the mission chief, no AD staff participated in the mission.⁵⁴

⁵² Country-specific and departmental practices are described in separate evaluation background papers, for selected SDS in APD (Maret and de Las Casas, 2022), WHD (Da Costa and Rustomjee, 2022), and AFR, EUR, and MCD (Lane and de Las Casas, 2022).

⁵³ AIV missions for Vanuatu (2011, led by staff from OMD); Kiribati (2018, RES), Micronesia (2017, STA), and Tuvalu (2018, SPR).

⁵⁴ AIV missions for Samoa (2017, 2019), Tonga (2013, 2017), and Tuvalu (2016).

RESIDENT REPRESENTATIVES

Resident representatives (RRs) generally played a very limited role in SDS work. In 2020, only one SDS (Barbados) benefited from an individual country RR—out of a total of 50 RR assignments Fund-wide. Most RRs are assigned to program countries, but even SDS with programs typically do not have RRs. Nevertheless, 12 SDS benefit from two regional resident representative (RRR) offices; one based in Fiji, covering 11 Pacific islands, and one in Vienna, covering Montenegro and other (non-SDS) countries. In addition to RRs and RRRs, regional staff also include RCDC coordinators and RCDC advisors when the location of the RCDC is an SDS (see Chapter 6).

Authorities generally praised the role played by Fund staff who were located locally or regionally, including RRs and RRRs, in strengthening the Fund’s engagement with SDS.⁵⁵ They felt that RRs and RRRs played an important role in promoting visibility of the Fund, maintaining continuity in Fund engagement, providing hands-on advice to authorities and supporting coordination between the Fund, other IFIs and development partners.

Officials complained, however, that there were too few RR positions in SDS, particularly in program and near-program cases. A number of countries appreciated specifically the role played by the regional office in Fiji but observed that its staff were stretched quite thinly and did not meaningfully reduce problems of gaps in Fund engagement, especially in years between missions. Interviews with staff, including RRs and RRRs for SDS, corroborated authorities’ views regarding the role and contribution of RR and RRR posts, in helping strengthen the quality and depth of Fund engagement with SDS and providing continuity to engagement, but also recognized that these posts were typically under-resourced.

OVERALL ASSESSMENT

The data and analysis presented in this chapter confirms the widespread perception that while IMF staff working on small states are well qualified and as committed as their colleagues on other assignments, IMF engagement on SDS is hampered by substantive challenges in staffing this work.

Overall, the continuity of Fund engagement with SDS members was limited by high mission chief and country team turnover and correspondingly short tenures over the evaluation period. Mission chief turnover was persistently high in all ADs and was a particular challenge among microstates and other members on a 24-month AIV cycle. To be sure, high mission chief turnover and low tenure are problems at the Fund more generally, but the problem was more acute for SDS, with the adverse consequences noted by country officials in interviews. At the same time, gaps in mission chief assignments occurred too frequently and attention is needed to systematically reduce and close these. In addition to lengthening mission chief and desk economist tenures, the lack of continuity problem could be palliated, to some extent, with more involvement of front office reviewers, who could serve as reservoir of local and regional knowledge and support mission chiefs, including through joining surveillance missions occasionally. More generally, more systematic handover procedures would be helpful to reduce the disruption from frequent mission chief turnover but cannot fully relieve the problem.

High turnover and short tenure observed for SDS related to the difficulties of incentivizing staff to work on these countries. For mission chief assignments, the opportunity to gain mission chief experience as a path to promotion was effective in attracting staff to such positions but also contributed to high turnover once such experience had been gained. Turnover was particularly high in APD when the mission chief was quite often someone from a different non-SDS division. This use of more junior but able economists as mission chiefs can provide a valuable way to fill the mission chief role—but should be combined with greater commitment to avoid one-off assignments and avoiding gaps in filling the position, as well as efforts to ensure that staff are well prepared for their first mission leading role—an area where departments have paid attention, but such efforts need to be regularly followed up.

Incentives to take up SDS desk positions were generally quite weak. Data on performance ratings, promotion rates, and number of applications for vacant positions all suggested that an SDS desk position was generally less positive for career progression than for non-SDS positions.

⁵⁵ RRs are AD staff. For purposes of engagement with members, SDS perceive RRs not as AD staff, but rather as staff who are regionally located and therefore more accessible to authorities.

There have been few initiatives to increase the attraction of an SDS assignment, other than to pair such an assignment with another larger country assignment. The recent decision to require that fungible macroeconomists have work experience on a PRGT-eligible or FCS country for A15 promotion could further complicate the task of recruiting for the 17 SDS desks that are not on either list.

In addition to high rates of turnover, SDS teams are also challenged by relatively small size, the high incidence of co-desk assignments, the limited role of functional department specialists, and the use of inexperienced economists from other departments. The prevalence of co-desk responsibilities among AD staff working on SDS has resulted in dilution of staff time spent on individual SDS and a sense that the assignment is less important. More functional department participation, at least in virtual form, could help address the appetite of SDS officials for greater expertise and granularity in advice identified in Chapter 4. Use of staff from other departments was generally a stopgap measure to fill mission teams and should be avoided if possible, as the value added is likely to be small and the participation of staff from other departments can send an adverse message to country authorities. Greater access to research assistant support could help to reduce the burden on country desks from normally routine data management tasks, which can be particularly onerous in the SDS context because of inadequacies in official statistics.

Where it occurred, the inclusion of staff from regional offices improved visibility, coordination and feel for local conditions, but RRs and RRRs generally played quite a limited role relative to non-SDS. Options to expand the contribution of these offices while limiting associated

costs include creating more multi-country RR offices and augmenting staffing in existing RR and RRR resident offices, through the allocation of additional Fund staff economists as well as local economist staff located in each regional office. This could bring considerable benefits in strengthening continuity and relationships, by allowing for more regular participation in AIV missions and providing follow-up support between missions.

Overall, dealing with the challenge of too short tenure, too rapid turnover, and poor handovers in SDS is likely to be challenging. The steps taken to strengthen monitoring and reporting of these issues in the recent management implementation plan (MIP) to address such issues more generally in the Fund (IMF, 2021d) will be helpful to strengthen transparency and accountability. However, they will need to be reinforced for SDS in particular to ensure that SDS do not continue to languish at the lower end of the range on turnover issues, particularly given the added incentives recently provided for work on LICs and FCS in the new career framework for fungible macroeconomists by making such work required operational experience for promotion eligibility to the management level.

In addition to strengthening HR management, it will also be important to pay greater attention to raising the profile, attractiveness, and prestige of SDS work at the Fund to increase the incentives for staff to work on these assignments. Actions could include further steps to demonstrate strong senior Management appreciation of the importance and value of SDS work at the Fund and greater recognition that SDS work can sometimes be at the cutting edge of Fund work on important issues like climate change and resilience building.