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BACKGROUND PAPER



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IMF Engagement with Small Developing States: Human Resource Issues

Cyrus Rustomjee, Yishu Chen, and Jiakun Li

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The views expressed in this Background Paper are those of the authors and do not necessarily represent those of the IEO, the IMF or IMF policy. Background Papers report analyses related to the work of the IEO and are published to elicit comments and to further debate.

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ABBREVIATIONS

| | |
|---------|---|
| AD | Area Department |
| AFR | African Department (IMF) |
| AFRITAC | African Regional Technical Assistance Center |
| AIV | Article IV |
| APD | Asia and Pacific Department (IMF) |
| CARTAC | Caribbean Regional Technical Assistance Center |
| EUR | European Department (IMF) |
| FAD | Fiscal Affairs Department (IMF) |
| FCS | Countries in Fragile and Conflict-Affected States |
| FD | Functional Department |
| FIN | Finance Department (IMF) |
| FTE | Full-Time Equivalent |
| FY | Fiscal Year |
| HR | Human Resources |
| HRD | Human Resources Department (IMF) |
| ICD | Institute for Capacity Development (IMF) |
| ITD | Information Technology Department (IMF) |
| KMU | Knowledge Management Unit (IMF) |
| LEG | Legal Department (IMF) |
| LIC | Low-Income Country |
| MC | Mission Chief |
| MCD | Middle East and Central Asia Department (IMF) |
| MCM | Monetary and Capital Markets Department (IMF) |
| METAC | Middle East Regional Technical Assistance Center |
| OBP | Office of Budget and Planning (IMF) |
| OD | Other Department |
| PFTAC | Pacific Regional Technical Assistance Center |
| RCDC | Regional Capacity Development Center |
| RES | Research Department (IMF) |
| RR | Resident Representative |
| RRR | Regional Resident Representative |
| SDS | Small Developing State |
| SEC | Secretary's Department (IMF) |
| SPR | Strategy, Policy, and Review Department (IMF) |
| STA | Statistics Department (IMF) |
| WHD | Western Hemisphere Department (IMF) |

EXECUTIVE SUMMARY

Context

There are no specific overall HR or budgetary guidelines and rules applying to SDS work with the exception of the guideline for promotion on LIC/FCS. Individual area departments (ADs) have developed their own distinct approaches, including organization of SDS in the divisional structure, selection of MCs, mission size and staffing, within the broad set of IMF HR and budgetary procedures.

The Fund spends considerable staff resources in engaging with SDS. In FY2020, total IMF spending on SDS amounted to \$40.2 million, slightly over 10 percent of the IMF's operational budget for country work. Such spending averages \$1.2 million per SDS, only somewhat less than on an average standard surveillance case.

While country authorities praised the high quality of staff analytical work, surveillance and policy advice they expressed widespread concern about high turnover and short tenure of both SDS MCs and country teams, gaps in continuity of MC assignments, and limited size and narrow skill sets of country teams. Staff noted their personal satisfaction in SDS work, but while highlighting concerns due to high workload, small country team size, and limited country level data and incentives to work on SDS. Very few Fund economists—1.4 percent of the total—were nationals of SDS.

Mission Chiefs

SDS authorities praised the role played by MCs, as highly skilled professionals but highlighted excessive MC turnover, short tenure of MC service, and gaps in MC appointments as key concerns. The evaluation found MC turnover to be high, particularly among microstates and other members on a 24-month AIV cycle. Similarly, MC tenure was low and for all ADs fell well short of the 3-year accountability framework objective. While generally a concern across the Fund, the problem seems to be more severe for SDS. Departmental efforts to reduce turnover and extend tenure made little progress during the evaluation period, partly reflecting use of SDS MC assignments as an opportunity to gain mission leading experience to enhance promotion prospects. While an expedient way to fill the MC role, this approach should be combined with greater commitment to avoid one-off assignments. Gaps in MC appointments occurred too frequently and should be systematically reduced, including through better planning and more systematic handover procedures. Departmental innovations to support MCs were notable but were not followed up adequately. There is considerable scope to revisit successful past initiatives, expand online tools for MCs and to better share these as intra-departmental resources.

Country Teams

ADs devoted considerable staff resources to work on SDS, requiring various innovations, although with associated turnover costs. Turnover of Article IV mission teams, based on AIV mission participation, was high in all ADs, particularly on SDS on a 24-monthly AIV mission cycle. High turnover—an issue raised in previous IEO evaluations—was a significantly more severe problem in SDS than in non-SDS. This interrupted continuity, diminished trust and meant that relationships had to be regularly rebuilt, all resulting in reduced traction of Fund policy advice.

Country teams were smaller than for other country groups and faced several challenges associated with their composition. The use of co-desk responsibilities diluted time spent on SDS and reduced the sense of importance of the assignment. Functional department participation in AIV missions was relatively sparse, limiting capacity to provide granular advice. Moreover, staff from other non-AD and non-FD were often used as a stopgap measure to fill mission teams. This approach should be avoided if possible; and used more parsimoniously. Including staff from regional offices in AIV missions improved visibility, coordination and feel for local conditions, but Resident Representatives (RR) and Regional Resident Representatives (RRR) play a very limited role relative to non-SDS. More regular participation in AIV missions and post-mission follow-up support, as well as improved continuity in engagement can be achieved by expand the contribution of these offices. This could be done, for example, by creating dual, or multi-country RR assignments, strengthening staffing in RR and RRR offices, and locally hired economists or research officers.

Incentives

Institutional incentives for economists working on SDS have been weak relative to other assignments, based on experience with annual performance ratings and promotions and staff interest in working on SDS assignments, measured by vacancy and application data, although there has been some evidence of progress in the last two years of the evaluation period. Staff working on SDS as a Mission Chief tended to be better rewarded compared to more junior SDS economists, through higher ratings and greater promotion rates.

Overall, greater recognition of the value of staff work on SDS is needed to sustain and encourage staff interest in working on SDS countries, better acknowledge concerns arising from heavy workloads, small country small country team size and limited country level data. Some steps have been taken across departments in recent years in this direction, but a stronger set of incentives to work on SDS assignments is still needed. However, the recent decision to increase the promotion benefits of an LIC or FCS assignment seems likely to further complicate this task.

I. INTRODUCTION

1. This paper analyzes the IMF's human resources (HR) policy and practices in its work on the IMF's 34 Small Developing States (SDS). Due to their small economic and population size, many of these members have limited administrative and institutional capacity compared to larger members and experience persistent vulnerability to exogenous shocks including natural disasters. These constraints pose particular challenges for the Fund to ensure that staff working on SDS assignments have the necessary experience, background, skills and knowledge to help these members manage volatility, achieve macroeconomic stability and build institutional capacity in areas of the Fund's core competence.

2. The paper considers several policy issues related to the Fund's engagement on HR issues in small states during the evaluation period 2010–2020. These issues include the challenge of being evenhanded in deployment of staff resources across the membership; the need to “think outside of the box” and to identify innovative practices that can help strengthen the Fund's contribution to SDS members; and the high turnover of Fund staff working in SDS. All these issues need to be viewed in the larger context of the Fund's overall approach to managing its HR to meet the broad needs of its membership, which can at times involve complex trade-offs.

3. The paper draws on detailed country-level data on HR deployment in SDS and other member countries, assembled from multiple sources including Human Resources Department (HRD), Office of Budget and Planning (OBP), and area departments (ADs). It also draws on analysis of IMF policy documents, qualitative and quantitative desk analysis, interviews with IMF management and staff, Offices of Executive Directors and country authorities, as well as surveys of IMF economist staff and SDS member country authorities. Where relevant, the paper also draws on previous IEO evaluations.

4. The following key questions are addressed in the paper: Have staff resources been appropriately allocated to SDS taking account of their special needs and the IMF's broader institutional and strategic needs and priorities? What factors influenced the allocation of staff resources in SDS? What factors affected staff's incentives to work on SDS? Did IMF staff working on SDS possess the adequate expertise/training to deal with the distinct challenges of these countries? Did the turnover of staff assigned to SDS reflect an appropriate balance between the special needs of these members and the Fund's institutional constraints?

5. The paper is structured as follows: The following section provides context on the Fund's allocation of resources to SDS and summarizes key observations from interviews with members of the Executive Board, country authorities, management and staff on HR issues related to the Fund's engagement. Section III details the overall profiles of staff working on SDS, including national origin, and grade level for AD staff who have worked on SDS. Section IV examines HR practices in deployment of SDS Mission Chiefs (MCs) including practices in assigning MC responsibilities, experience with MC turnover and tenure, and continuity of service between outgoing and incoming MCs across different ADs. Section V reviews the composition of SDS

country teams located at IMF headquarters, particularly AD staff. As SDS members are regionally concentrated, particularly in Asia and Pacific Department (APD) and Western Hemisphere Department (WHD), it also considers the role of regionally based staff, including Resident Representatives (RR) and Regional Resident Representatives (RRR). Section VI assesses incentives for staff working on SDS, reviewing staff performance ratings, vacancy and application records and promotions. Section VII concludes.

II. CONTEXT

A. Background

6. SDS face acute administrative, policy capacity and HR constraints. Many are vulnerable to natural disasters and climate change. Small economic size, limited diversification and distance from global trade and financial markets limit these countries' fiscal, macroeconomic and other policy options. Consequently, as documented in the country case studies for this evaluation, SDS authorities typically rely very heavily on IMF staff for high quality, sustained and well-tailored macroeconomic analysis and policy advice. In turn, this reliance places a strong onus on the Fund to ensure that Fund teams are adequately staffed and incentivized, engage regularly with SDS authorities, and achieve a quality of engagement that builds trust and facilitates traction of Fund policy advice.

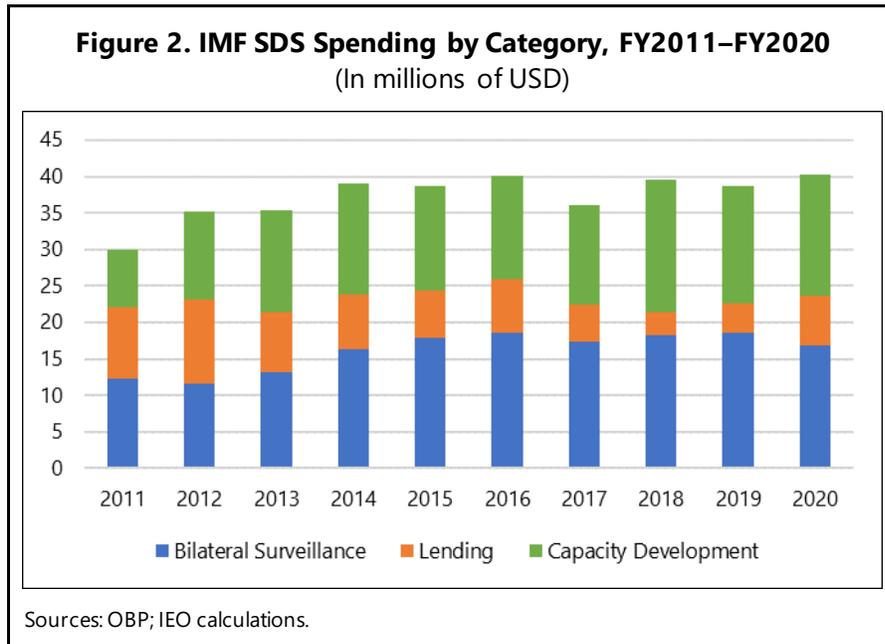
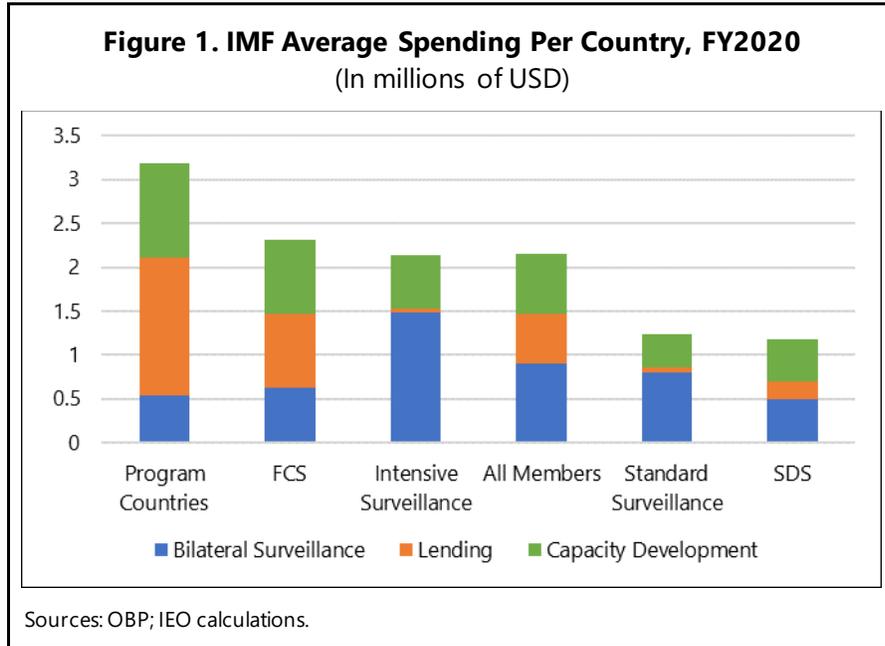
7. Notwithstanding the particular challenges of SDS work, there are no specific overall HR or budgetary guidelines and rules applying to staffing small states work with the exception of the guideline for promotion on low-income country/fragile and conflict-affected states (LIC/FCS).¹ Individual area departments with SDS members are responsible for developing their own approaches, including in the divisional organization, selection of mission chiefs, mission size and staffing, within the broad set of IMF HR and budgetary procedures. In practice, as will emerge from the discussion in the rest of this paper, distinct approaches have been taken in the three main area departments with SDS members (African Department (AFR), Asian Pacific Department (APD), and Western Hemisphere Department (WHD)), as each department has responded to somewhat different specific circumstances of countries covered and broader departmental considerations.

8. The Fund already spends considerable staff resources in engaging with SDS and scope to devote additional resources to addressing difficulties related to incentive structure, turnover, tenure and other human resourcing challenges is limited in a budget-constrained environment. In FY2020, total IMF spending on SDS amounted to \$40.2 million, or slightly over 10 percent of the IMF's operational budget for country work.² Spending per SDS averaged \$1.2 million,

¹ Special promotion incentives have been recently introduced for working on countries that are classified as fragile states or LICs, including a number of small states that fall within these categories. as part of the Fund's policy to encourage staff to work on fragile states and LICs.

² IMF (2020c).

compared to an average spending across the whole membership of \$2.1 million and an average spending of \$2.4 million per FCS, but only somewhat less than spending on a standard surveillance case (\$1.3 million) (Figure 1). However, the composition of spending on SDS was quite distinct, with the share of spending on capacity development, as opposed to surveillance or lending, significantly higher than the average across the membership. This pattern has in fact become more accentuated over time (Figure 2).



B. Stakeholder Views

9. Staff working on SDS assignments across departments are generally perceived by both country officials and IMF insiders to be skilled, experienced professionals, whose work and contribution to supporting SDS members is widely recognized and valued by country authorities. In interviews, officials generally praised staff for delivering high quality analytical work, surveillance and policy advice, and for their efforts to tailor analysis to their specific needs and country circumstances. At the same time, the evaluation heard, from both staff and country officials alike, that several HR challenges and constraints adversely affect IMF work on small states. In particular, these included low incentives for Fund staff to work on SDS; excessive MC turnover, short tenure, and persistent gaps in continuity of service between MC assignments; and perceived small size, high turnover, and narrow skill set of country teams working on SDS.

10. Many staff interviewed for the evaluation expressed interest and satisfaction in work on SDS countries. Many felt their work to be extremely difficult, made particularly challenging due to limitations in country level data, yet felt personally rewarded by their experience in working on SDS. They welcomed the opportunity for close engagement with senior officials and felt that they were able to make a notable difference—often substantially greater than when working in larger teams and on larger and more systemic countries—with policy advice often taken forward by SDS authorities. Comparing experience with that on larger countries, some felt that the Fund should increase resources for work on SDS, where they felt that Fund could make the biggest difference on policy choices and economic outcomes.

11. At the same time, Board members and staff also pointed to limitations and challenges in working on SDS and indicated that incentives to work on SDS were low, for several reasons. These included insufficient recognition by the Fund in terms of career advancement, low visibility and recognition when assigned to work on an SDS assignment and some sense of stigma associated with being assigned to work on SDS countries rather than larger more complex economies. They noted that SDS country teams are typically smaller than those working on LICs, emerging markets and advanced economies. Moreover, SDS, with inherently small economies and with significant data gaps, provided limited opportunities for high quality research, which many staff saw as an important requirement for career progress in the Fund. Thus, staff generally preferred to work on larger systemic countries where high-quality data is readily available and macroeconomic and other challenges are seen as more complex. Staff also perceived that smaller team size and more limited experience in country teams working on SDS desks resulted in disproportionately large workloads for staff, including a heavy burden to complete a set of standard but demanding deliverables required in Article IV consultations. Staffing practices, including that SDS teams tended to be staffed by recent mid-career hires and by Economist Program hires and research officers with few functional department staff, also reinforced disincentives to work on SDS and encouraged staff to keep their assignments short. Few staff felt that there were easy remedies to improving incentives. Some suggested using bonuses and promotions to enhance seemingly worse institutional incentives for staff to work on SDS

countries. They highlighted that both APD and WHD have experimented with combining an SDS assignment with a systemic large country assignment to appeal to strong candidates that received positive results. APD specifically used the MC experience offered by working on an SDS country as a stepping stone for promotion from A14 to A15.

12. Weak incentives compound challenges of high turnover on SDS teams. Both country officials and staff interviewees identified high MC turnover and tenure as an important constraint on the Fund's engagement with SDS. Some suggested that MC turnover and short tenure was compounded by AD practices in offering MC positions to high-performing A14 staff, to test leadership capacity and as a path to further promotion. Together, frequent MC and country team turnover interrupted continuity of members' engagement with the Fund, diminished the quality of engagement, and meant that relationships had to be regularly rebuilt.

13. In previous evaluations, the IEO has drawn attention to similar challenges in effective deployment of Fund HR, including excessive turnover and limits on relevant expertise (Box 1). Recommendations, including those related to staff turnover, tenure, handover procedures, hiring and promotions, and diversity have subsequently been taken up in Management Implementation Plans and tracked in Periodic Monitoring Reports. However, progress has been slow, including in reducing excessive turnover, improving handover procedures, and increasing geographic diversity (IMF, 2020b).

14. Indeed, after a Board endorsed triage exercise in 2020, action items to address excessive turnover and improve handover procedures are now being reformulated. Steps to address high turnover include revision of recruitment guidelines used by heads of departments and senior hiring managers in AD with the expectation of limiting intradepartmental hiring of candidates for MCs, who have not fulfilled the minimum tenure of 2 years in their current assignments; integrating data on MC and desk economist tenure in the current HR system; improving transparency and accountability in management of tenure; and by end-2022, for ADs to start targeting median tenure of MCs at 2.7 years, with a range of 2.5–3 years as an intermediate target. Steps to strengthen handover practices include a commitment for the Knowledge Management Unit (KMU) to conduct a peer-learning event on AD's handover practices for country assignments, ADs taking steps to refine harmonize standard procedures for country assignment handover and revision of the Fund-wide Guidance Note on Objective Setting in the Annual Performance Review to include example on how to set objectives related to handover practices for MCs and desk economists; and establishment of a regular monitoring mechanism through a survey of MCs and desk economists (IMF, 2021b).

Box 1. Human Resource Issues in Previous IEO Evaluations

The IMF's Role as a Trusted Advisor (2013)

The IEO made several recommendations to enhance the role of the institution as a trusted advisor, including strengthening the continuity of the relationship between the Fund and member countries. In response, Management committed to a number of follow-up actions, including increasing MC and staff tenure on assignments by setting a target of three years average tenure for country assignments, with these commitments to be monitored by HRD and reported to the Board on a regular basis. Other commitments included ensuring that the diversity of the Fund's membership would be reflected in staff; improving the process of orderly handovers from one economist to another on country work; managing the staff rotation process to ensure that mission chiefs, resident representatives, and senior desks did not leave a country assignment at the same time; and encouraging a strong role for OED in liaising between country teams and the country authorities.

Annual monitoring reports have observed little progress in achieving a three-year average tenure. Since 2013, average tenure of mission chiefs has remained unchanged at around 2.5 years, with some variations across area departments, even though it is included in annual departmental scorecards, as part of the Fund accountability framework (2020a).¹ Data to monitor tenure for desk economists is less reliable and has not been used consistently to monitor tenures, but the results are broadly similar as for mission chiefs according to HRD staff. This action is now being reformulated as part of the triage exercise approach in 2020.

IMF Forecasts (2014)

The evaluation found that poor handover procedures to new members of country teams was a factor explaining shortcomings in IMF forecasts. Responding to the evaluation recommendations, area departments issued data management guidelines on desk handover procedures but there has been weak compliance in practice, and this action has never been judged as completed (IMF, 2019a). This action is now being reformulated as part of the triage exercise on actions in implementation plans that have gone off track, including strengthening knowledge management practices.

The IMF and Fragile States (2018)

The evaluation found that while IMF mission chiefs and resident representatives were generally appreciated as dedicated, resourceful, and effective, the IMF teams working on FCS were often relatively inexperienced and subject to high turnover. The IMF had had difficulties in attracting experienced staff to FCS assignments, in part because of a widespread perception of a stigma attached to such work—a perception substantiated by slower promotion rates. Despite its labor-intensive nature, work on fragile states has not received additional staff resources, further diminishing its attractiveness as a country assignment. The evaluation found that Mission Chief and desk economist tenure for staff working on FCS continued to fall well short of the 3-year tenure goal. The evaluation recommended the need for a fundamental change in staff incentives to encourage work on FCS and noted that the IMF's HR strategy under development in 2018, provided an opportunity to introduce deeper changes in institution-wide HR policy and practice to achieve this goal.

Responding to the evaluation in July 2020, management launched a new HR policy, including a career path and mobility framework for fungible macroeconomists that establishes that from July 2023 promotions from A14 to A15 will require country team or equivalent experience in low-income countries and/or fragile states of at least two years. The broader strategy being developed for FCS continues to look at career incentives, term support, recruitment and incentives (IMF, 2021a).

IMF Financial Surveillance (2019)

The evaluation found that notwithstanding a build-up in financial sectors expertise since Global Financial Crisis, skills gaps and resource constraints had still been important factors making it hard for the Fund to fulfill its responsibilities and meet the membership's expectations of high-quality and effective financial surveillance, notwithstanding its centrality to the Fund's mandate and the membership's desire to strengthen the Fund's capacity for high-quality work in this area.

Since the evaluation, efforts are continuing to increase total resources available for financial surveillance and to build up needed expertise. In July 2020, the Fund launched new career tools and guidance to support staff with career development, including for financial sector experts (IMF, 2021a). New tools for developing talent profiles and inventories are being developed and a proposal for an expert track for financial sector experts is being considered. However, these two items have fallen over a year behind schedule according to the latest monitoring report by OIA (IMF, 2021a).

IMF Advice on Unconventional Monetary Policies (2019)

The evaluation found that the influence and value added of the Fund's advice on monetary policy at a country level seems to have been limited by broader institutional constraints, including rapid turnover of country assignments that impeded developing deep relationships and understanding of country circumstances and the relatively limited direct engagement outside the annual Article IV cycle. The evaluation noted that specific steps could be taken to address these concerns, including longer tenure of mission chiefs and less turnover among country teams, which would help build deeper relationships and understanding of country circumstances, increasing the potential for the Fund to serve as trusted advisor. Evidence in the evaluation reinforced findings in earlier evaluations of the benefits of longer country assignments; and the evaluation also suggested that greater attention to ensuring effective handover procedures could also help mitigate the costs of frequent turnover of country desks (IEO, 2019).

¹ The Accountability Framework was introduced in 2013 to determine how departments achieve key priorities, including in the areas of human resources (HR) and budget management. The framework includes two semi-annual discussions between management and each department head, based on a scorecard that reports key deliverables as well as performance on budget, HR priorities, and risk mitigation measures. Departmental objectives have been documented since 2013.

15. Various Board reports have also periodically drawn attention to selected issues related to staffing in SDS. For example, annual Recruitment and Retention reports, Budget documents, and annual Risk Reports have often included selected information on staffing in SDS or have drawn attention to particular constraints or challenges in an SDS context. For example, in considering human capital risks, the Fund's 2016 Risk Report³ observed that while on average the allocation of staff is similar across different income groups, LIC, fragile and small states country teams are most likely to be small; and that small states teams are also most likely to rely on co-desk economists, whereby staff have two or more country assignments.

16. Interviews with Fund staff, including staff working on SDS assignments, presented a mixed view on whether or not staff resources were adequate. A few considered that the SDS countries had already been allocated more than enough resources compared to non-SDS countries based on their economic size and quota at the Fund.⁴ Some felt that the overall resource allocation was broadly sufficient. Several others considered that more staff resources were needed, particularly to address persistent challenges related to SDS' lack of growth, diversification and proneness to shocks, including natural disasters. Looking ahead, some also felt that given competing areas of work and priorities, it was simply not possible to assign more resources to SDS countries and that discussion should focus on how to expend resources more efficiently.

17. The evaluation survey of 196 staff currently working on SDS was broadly consistent with evidence from interviews. Only 25 percent of staff found that the level of staff resources dedicated to work on SDS to be sufficient. Almost a third considered resources to be somewhat sufficient, while 46 percent of staff considered staff resources to be somewhat insufficient (31 percent), or insufficient (13 percent) (Appendix 1).

18. Several interviewees drew a connection between the frequency of Article IV (AIV) missions and the quality of Fund engagement with SDS members, suggesting that infrequent AIV missions, particularly for members on a 24-month AIV cycle and outside of a program context, can negatively affect the quality of Fund engagement. Currently, 10 SDS are on a 24-month AIV cycle, including 6 of 8 Pacific Island microstates, Bhutan, and 3 program countries (Barbados, Cabo Verde, and Sao Tome & Principe).^{5, 6}

³ IMF (2016a).

⁴ While the Fund's 34 SDS account for 18 percent of the Fund's membership, they make up a much smaller fraction of the Fund, based on other metrics. SDS have a total quota share of 0.39 percent, voting share of 1.31 percent; and contribute 0.13 percent to global GDP.

⁵ Marshall Islands, Micronesia, Nauru, Palau, Tonga, and Tuvalu are on a 24-month AIV cycle, while Kiribati and Samoa are on the standard 12-month AIV cycle.

⁶ The number of SDS on a 24-month cycle and their share of all members on the 24-month cycle varies, in part because of shifts in members' program or non-program status. On July 31, 2021, 34 IMF members were on a 24-month cycle, of which 11, or just over a third, were SDS members.

19. The effectiveness of Fund engagement with SDS was also seen by staff to be related to particular challenges brought about by wide geographical dispersion of members, distance from HQ, and challenges in travel connections. These factors can present specific challenges to continuity and effectiveness of engagement and are additional factors to be addressed by staff seeking to maintain strong, effective relationships with these members. Many authorities in Pacific SDS, especially the six Pacific microstates, considered that the 24-month AIV cycle limited continuity of policy discussion, reduced traction of policy advice and eroded the visibility of the Fund. These challenges were aggravated in cases of high turnover of MCs and country teams.

20. In 2020, towards the end of the SDS evaluation period, the IMF announced a new career framework for fungible macroeconomists (staff at grades A11–A14) that could pose additional challenges for staffing SDS. The framework, which is intended to support career planning and strengthen incentives to work on LICs and fragile states, includes a provision, starting in July 2023, requiring a minimum of two years of operational experience on these country categories, before fungible macroeconomists can progress to A15 level. Currently 20 out of 34 SDS fall into this category.⁷ Several staff raised concerns about the impact of the new framework on incentives and motivation to work on SDS which were not included in the list of eligible LICs and FCS. Some highlighted that the new requirement had had an immediate impact, reducing the number of applications for SDS assignments at A14 level and felt that to restore the ability of ADs to attract staff to work on SDS members, it would be necessary to include SDS as a third country group in the new career framework.

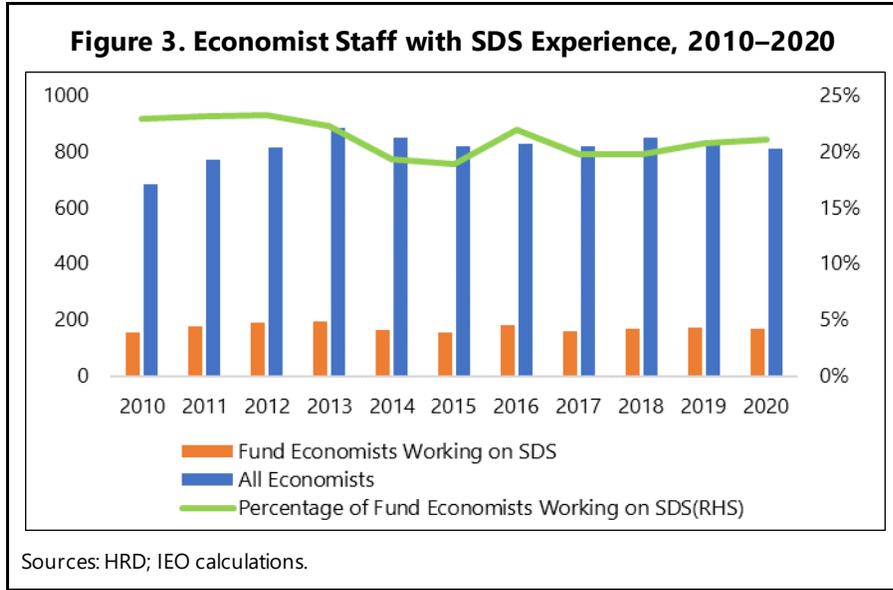
III. PROFILES OF STAFF WORKING ON SDS

A. Experience Working on SDS

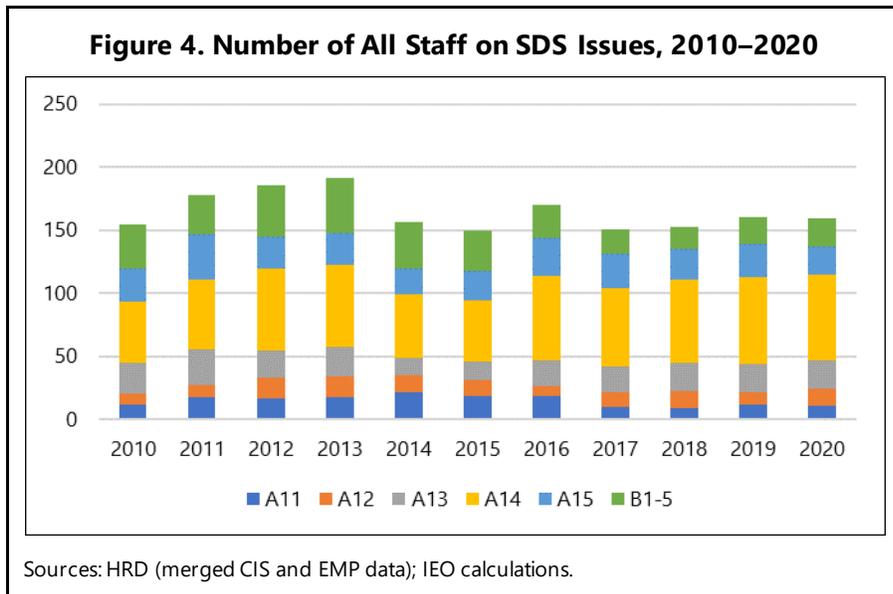
21. Drawing on HRD data, an average of just over 170 staff in the economist career stream worked in some capacity on SDS issues each year, around 20 percent of the total (Figure 3). Across the full 2010–2020 evaluation period, around 545 economists, approximately one-third of all Fund economists, had had some experience working on SDS issues.⁸

⁷ These include 10 SDS currently classified as fragile states: Comoros, Djibouti, Kiribati, Maldives, Marshall Islands, Micronesia, Sao Tome & Principe, Solomon Islands, Timor Leste, and Tuvalu; and 9 SDS currently included as countries eligible to draw on PRGT resources (Bhutan, Cabo Verde, Dominica, Grenada, Samoa, St. Lucia, St. Vincent and the Grenadines, Tonga, and Vanuatu).

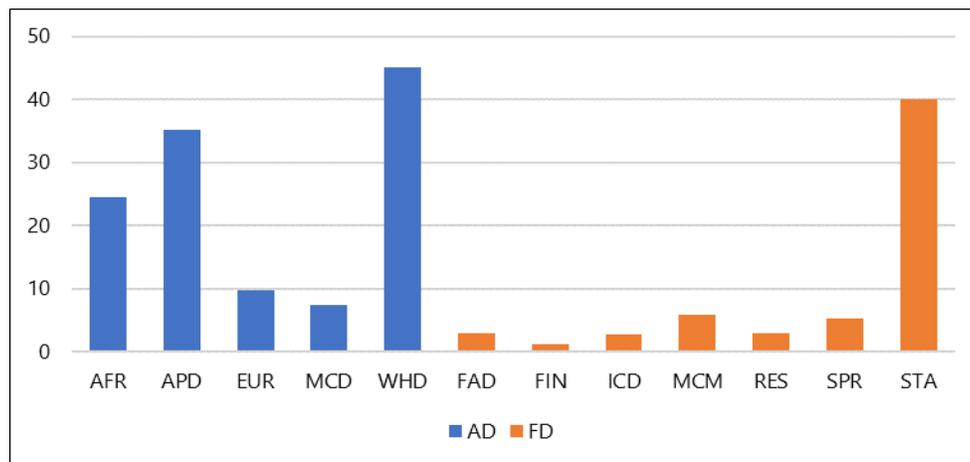
⁸ Staff in the Economist career stream include Fund economists located in area, functional and other departments and offices in the Fund; and comprise individuals in various job grades, including Economists and Senior Economists, Division Chiefs and Deputy Division Chiefs, Advisors and Senior Advisors, Directors and Assistant Directors, RCDC and other Centre Coordinators, Deputy Resident Representatives, Resident Representatives and Senior Resident Representatives; Unit and Deputy Unit Chiefs, and Economists in the Economist Program and Technical Assistant Officers.



22. Consistent with the overall balance of Fund economists, A14 staff represented the majority of economists working on SDS (Figure 4).

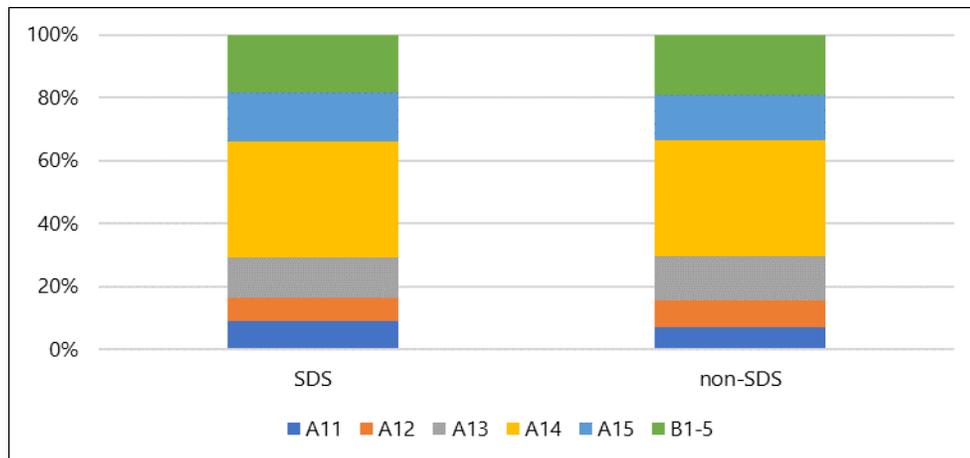


23. In general, there were more staff on SDS issues in ADs than in functional departments (FDs). Intuitively, departments with the highest SDS concentration, such as WHD and APD, saw the highest number of staff on SDS issues. Among FDs, STA economists tended to work as tech cooperation economists on countries and, on average, 40 economists worked on SDS issues per year. Other FDs had, in total, an average of 3.5 economists that worked on SDS issues per year. They tended to lend economists as desk economists or assign them as country reviewer (Figure 5).

Figure 5. Distribution of All Staff on SDS Issues by Department, 2010–2020

Sources: HRD (merged CIS and EMP data); IEO calculations.

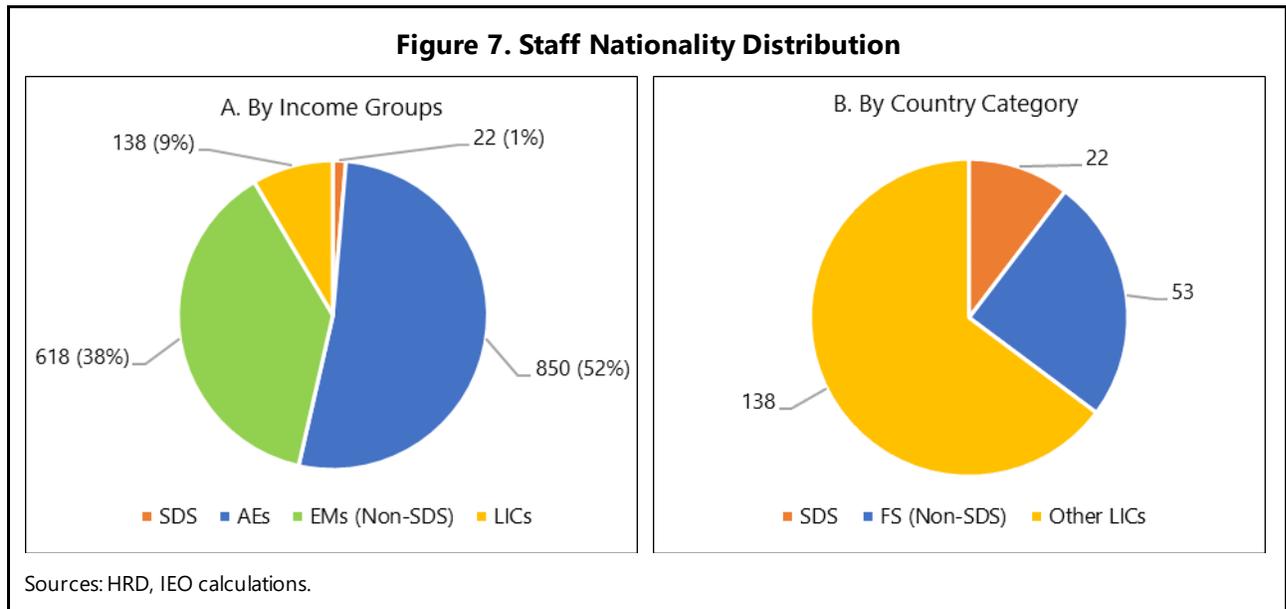
24. Over the evaluation period, the distribution of SDS economists by grade closely matched the distribution of non-SDS staff, although SDS economists share in A11–A12 was somewhat higher than from non-SDS assignments (Figure 6).

Figure 6. Share of All Staff on SDS and non-SDS Issues by Grade, 2010–2020

Sources: HRD; IEO calculations.

25. Very few Fund economists come from SDS. Over the evaluation period, 52 percent of economists working at the Fund at some stage during the period originated from advanced economies, 38 percent from emerging markets and 9 percent from LICs (Figure 7). Among all Fund economists, only 22 individuals (1.4 percent) were nationals of the IMF's 34 SDS members. By comparison, 138 Fund economists (9 percent) originated from LICs; and 53 Fund staff

originated from the Fund's 32 non-SDS fragile states.⁹ This very low presence of SDS nationals may further challenge building relationships with these countries.

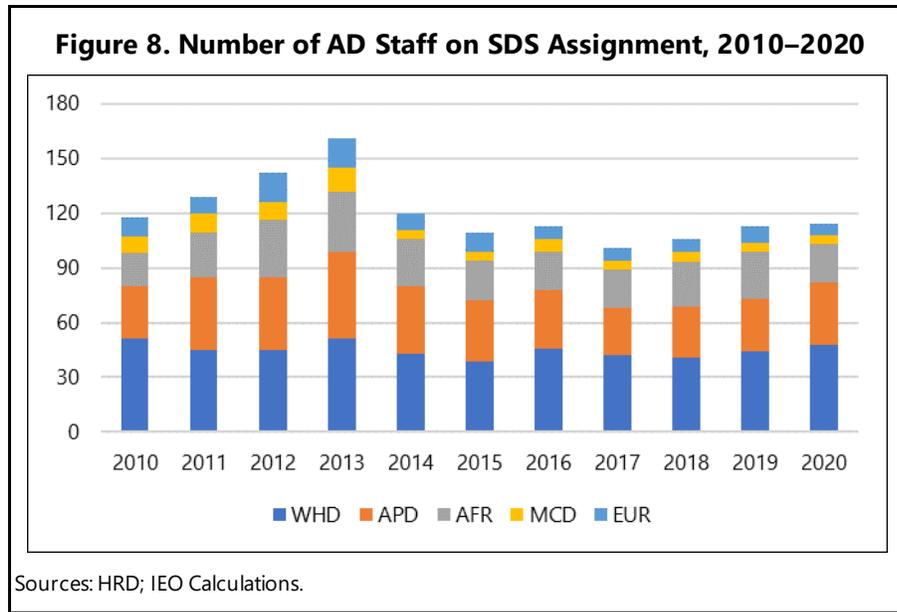


B. Allocation of Staff Working on SDS

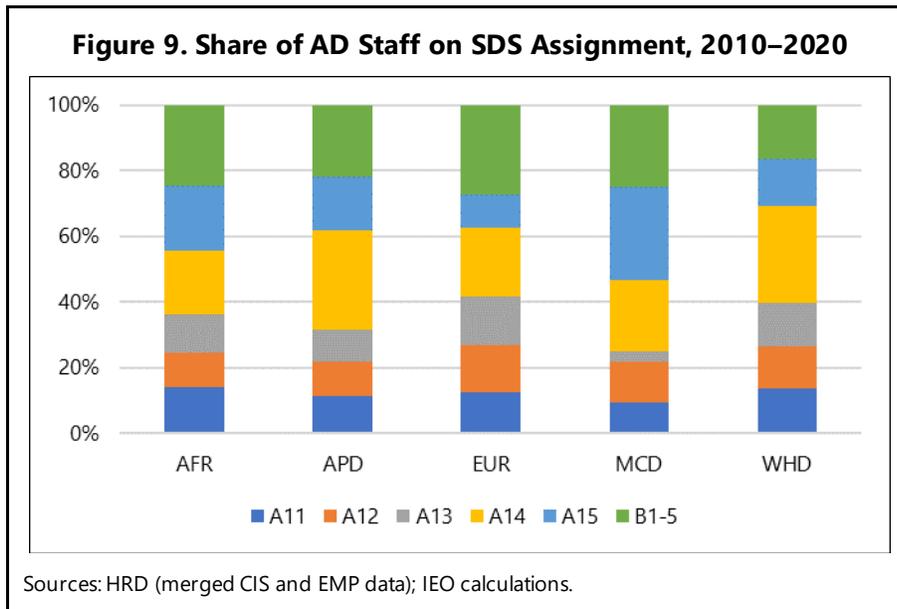
26. The number of area department (AD) staff working on SDS assignments fluctuated over the evaluation period (Figure 8).¹⁰ A discernible increase occurred between 2010–2013, as the Fund stepped up its support to all members, including SDS, in the aftermath of the global financial crisis. The number of AD staff assigned to SDS peaked in 2013, and then declined in 2013–2015 to levels similar to those at the beginning of the evaluation period, as additional resources brought into the Fund to help address members' post-GFC needs were wound down. Thereafter, the level of AD staff working on SDS remained broadly stable at approximately 110 staff for the remainder of the evaluation period. By the end of the evaluation period, the number of AD staff working on SDS assignments was fractionally lower than the number of such staff in 2010.

⁹ There is no fixed list of member countries considered to be fragile or conflict-affected, as fragility and conflict status varies over time. In October 2021, 42 countries were classified as FCS, among which 10 are also SDS (Knowledge Exchange, IMF).

¹⁰ Data is from HRD (EMP and CIS data) and reflects all AD economists who worked on at least one SDS country assignment during the year.



27. Two-thirds of AD staff working on SDS are located in two ADs—WHD (an average of 34 percent of staff since 2015) and APD (31 percent) (Figure 9). On average, AFR has accounted for just over a fifth of SDS staff and European Department (EUR) and Middle East and Central Asia Department (MCD) 7 percent each. A14 staff have comprised the largest proportion of staff—slightly less than a third—in both APD and WHD, while in all other ADs, A14 staff have comprised about a fifth of the AD staff complement. In addition, by comparison with other ADs, WHD had the smallest proportion of B-level staff assigned to working on SDS.



IV. MISSION CHIEFS

28. Mission chiefs generally play the lead role in guiding country work on SDS and act as the principal for building the relationship with country authorities. In interviews, authorities generally praised the role played by MCs. They considered MCs to be highly skilled and educated, noted their professionalism and dedication to their work and felt that their knowledge of local conditions and efforts to attune Fund engagement more closely to the policy challenges faced by SDS had grown over the evaluation period. Interviews reflected a universal view that MCs played a pivotal role in steering the relationship and determining the quality of the Fund's engagement with SDS.

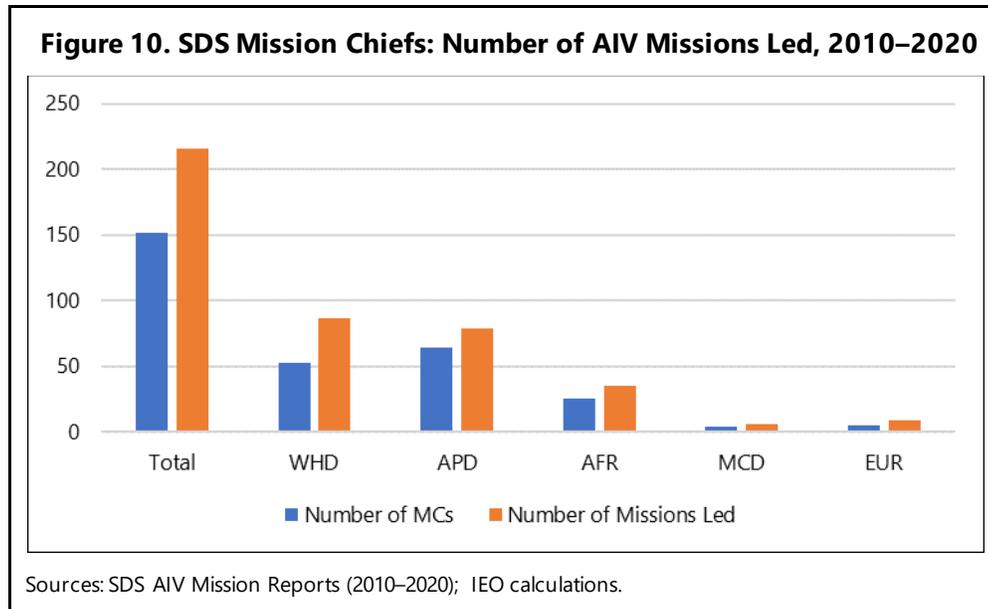
29. Interviews with authorities and staff drew attention to three MC-related concerns, all considered detrimental to engagement with SDS: (i) excessive MC turnover; (ii) short tenure of service of MCs; and (iii) gaps in MC appointment following departure of an outgoing MC. While recognizing benefits for career development of diverse country experience, high turnover and short tenure limited knowledge of country circumstances and made it difficult to build deep relationships. Where gaps occurred between the end of service of an MC and the successor, authorities and staff felt that this eroded the member's relationship with the Fund, led to uncertainty and a sense that the relationship needed to be rebuilt

MC Turnover

30. Reducing MC turnover was important because inter-personal relations and authorities' familiarity with individual MCs helped build and sustain effective engagement. For authorities, reduced turnover and longer tenure strengthened the presence and visibility of the Fund, improved the quality of Fund policy analysis, sharpened the relevance of policy recommendations, and therefore strengthened traction. Conversely, authorities and staff felt that frequent MC turnover adversely affected the quality of engagement with SDS, eroding trust, requiring officials to repeat the same points to new MCs and reducing the effectiveness of missions and potential for traction in staff advice. Where turnover occurred in program countries, the impacts on the quality of Fund engagement were considered particularly adverse.

31. Staff in all ADs observed that turnover of MC on SDS was particularly high because very few staff saw long-term career paths in working on SDS. Rather, they preferred not to work on an SDS assignment for more than about two years, seeing an SDS MC assignment as a useful stepping-stone to promotion and subsequent work on larger more visible assignments. These incentives acted against the broader institutional guidance adopted in 2013 that, Fund-wide, MCs should serve an average three-year tenure, which is regularly monitored in departmental accountability frameworks.

32. To assess MC turnover, the evaluation reviewed MC participation in all SDS AIV missions between 2010–2020. In this period Fund staff conducted 216 AIV missions to SDS, led by 154 different MCs (Figure 10).¹¹



33. This evidence shows that MC turnover has been high across all ADs (Figure 11). Two-thirds of MCs who led missions to SDS (101 MCs) led only a single mission to their designated SDS, before moving to a new assignment. Of those that continued beyond a single consultation, 40 MCs led only one more mission to the same SDS. In only eight cases, the MC led three missions to their designated SDS;¹² and in three SDS, the designated MC participated in four AIV missions.¹³

34. MC turnover was particularly high for eight SDS, with every AIV mission during the evaluation period led by a different MC.¹⁴ Particularly notable was the absence of any mission continuity of MCs in four Pacific microstates. Interviews with authorities among the 12 Pacific SDS, as well as with staff, showed that while they strongly valued Fund policy advice and would welcome more frequent engagement, the regularity of MC turnover and the resulting mission

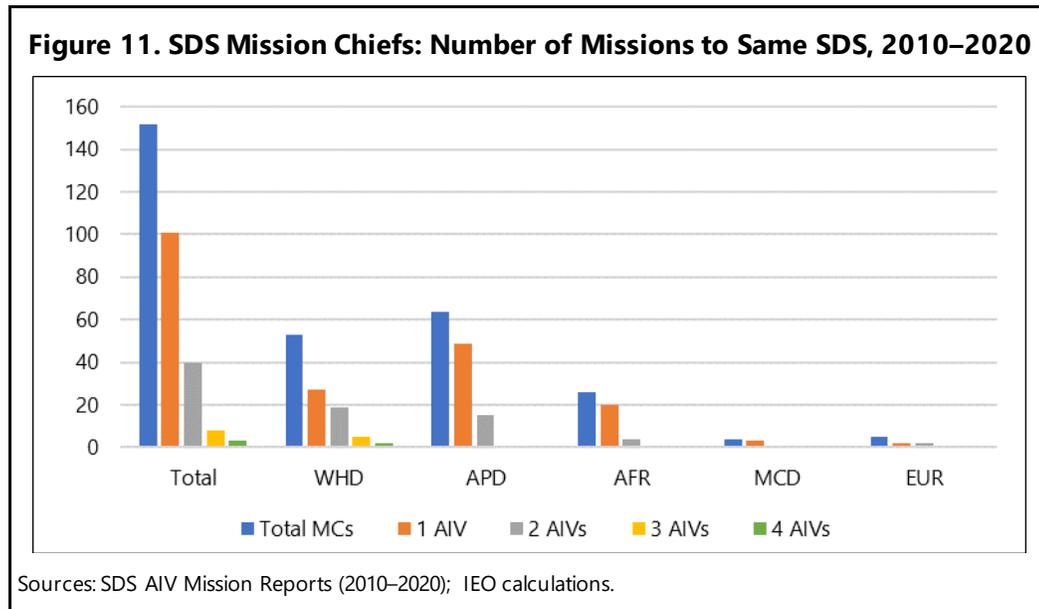
¹¹ Most missions were conducted in SDS in WHD (87), APD (79) and AFR (35). The average number of missions per SDS differed considerably: WHD (7.3), APD (5.6), AFR (5.8), EUR (9.0) and MCD (6.0), largely due to differences in AIV mission cycles among SDS members and in some cases the presence of programs, putting the country on a two-year AIV consultation cycle. In one instance (Antigua and Barbuda, 2020), the ensuing Board discussion did not materialize due to the onset of the COVID19 pandemic; and in three cases (Comoros, 2019; Barbados, 2020; and Tonga, 2020) AIV missions were conducted virtually.

¹² Bahamas, Belize, Djibouti, Eswatini, Guyana, Montenegro, St. Lucia, Suriname.

¹³ Dominica, Mauritius and Trinidad & Tobago.

¹⁴ Bhutan, Cabo Verde, Marshall Islands, Nauru, Palau, Sao Tome & Principe, the Seychelles and Tuvalu. Nauru joined the IMF in 2016 and consequently only two AIV missions were held during the evaluation period.

discontinuity created a strong sense of detachment from staff at headquarters, particularly for SDS on a 24-month AIV cycle—see, for example, the country case study of Nauru (Maret, 2022).



35. High mission chief turnover, however, is a problem more generally in the Fund, not just in SDS. It was highlighted as a concern, for example, in recent evaluations in IMF work on fragile states (IEO, 2018) and in giving advice on unconventional monetary policy (UMP) (IEO, 2019b). Nevertheless, SDS MC turnover is particularly high in comparison with other country groups. For example, in a sample of 20 advanced economies and emerging market economies used in the UMP evaluation, none of those countries (all advanced or emerging market economies) had a different MC for every Article IV consultation.

36. To be sure, cross-country comparisons are complicated because measures of MC turnover are influenced by differences in AIV mission cycles.¹⁵ For example, the opportunity for an MC to serve more than one cycle is constrained when AIV missions are on a 24-month cycle. In these cases and depending on the date of entry in service as an MC, an MC serving a three-year term could potentially complete at most two AIV cycles to the same SDS, and potentially only one. Consequently, for authorities of SDS on a 24-month mission cycle, concerns about excessive turnover of MCs can be exacerbated.

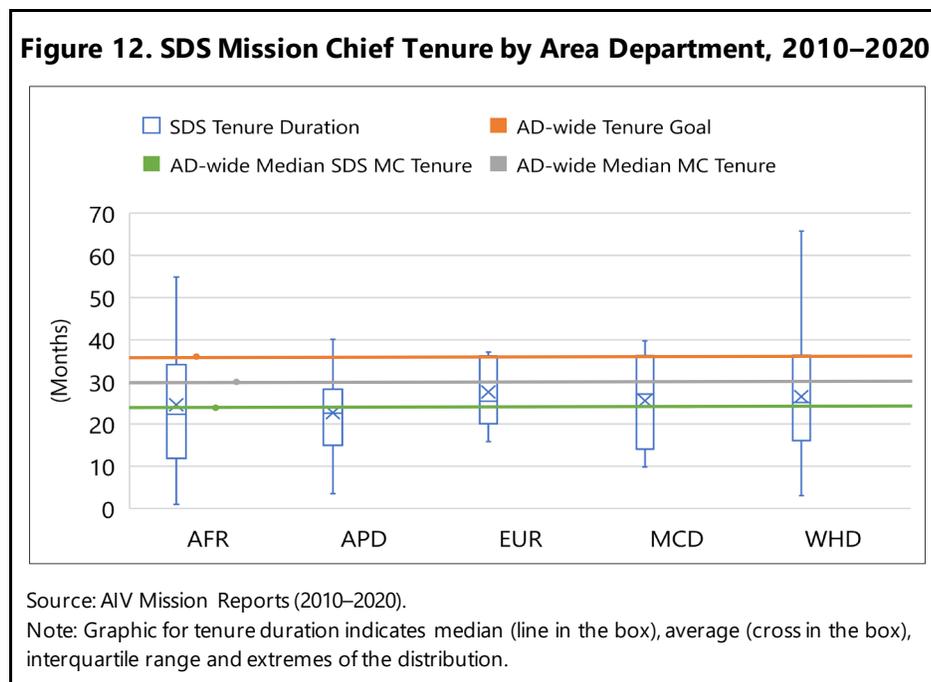
MC Tenure

37. Short MC tenure goes hand in hand with high MC turnover. Board members, authorities and many staff also strongly emphasized time in service, or tenure, as a critical factor in sustaining Fund engagement with SDS members. Many country authorities felt that SDS MCs

¹⁵ Currently, 10 SDS, or just under a third of SDS members, are on a 24-month AIV mission cycle. All other members are on a 12-month cycle.

remain for too short a period in their position. Many staff perceived SDS assignments to be a training ground, to test managerial skills and to provide promising staff with an opportunity to lead a country mission as stepping-stone to other non-SDS assignments.

38. Data for the evaluation period show the median tenure of MCs across all SDS was particularly low at around 2 years compared to Fund-wide average of 2½ years, and the benchmark of 3 years (Figure 12). In practice, MC tenure varied widely across countries. Examples of very short tenures, of less than six months occurred on five occasions. By contrast an MC served for five or more years in two instances (Dominica, Trinidad and Tobago). Following the recommendation of the IEO's 2013 evaluation on the IMF as a Trusted Advisor, the IMF Accountability Framework now targets an average of three-year tenure for each AD. This target was met by only 29 out of 154 SDS MCs between 2010–2020.



39. From a country perspective, looking at the evaluation period as a whole and taking the average period of service of all MCs appointed per SDS, average tenure exceeded three years (36 months) in just three countries.¹⁶ In seven other SDS, the average tenure of all MCs appointed during the evaluation period ranged from 30–36 months.¹⁷ In 8 others, average tenures reached between 24–30 months, while in 18 SDS, average tenures among MCs to the respective SDS, were less than 24 months.

¹⁶ Eswatini (3.3 years), Dominica (3.3 years) and Trinidad & Tobago (3.2 years).

¹⁷ Comoros, Sao Tome and Principe, Grenada, Suriname, St. Lucia, Guyana and Micronesia.

Gaps in MC Assignments

40. Gaps between the end of service of an MC and the appointment of their successor cause particular problems. 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 had no main interlocutor with the Fund, and subsequently would need to devote additional time to informing new MCs 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.

41. Drawing on HRD data, the evaluation found that over the evaluation period, gaps of one month or more between the end of service of an MC and appointment of their successor occurred in two-thirds of SDS.¹⁸ For 13 SDS, a gap occurred on one occasion; while 11 SDS experienced two or more gaps exceeding one month. Only ten SDS experienced no gap in continuity of service of MCs.¹⁹

42. In discussing their experience during the COVID-19 pandemic, and following the suspension of in-country AIV missions due to travel restrictions, some authorities expressed frustration in high MC turnover and subsequent delays in appointments of new MCs. These changes in part stemmed from efforts to staff teams for the many countries requesting emergency financing. Subsequently, some departments received additional staff resources to augment AD's capacity to respond to members' needs. Staff noted that some of these allocations had enabled an augmentation of staff working on SDS.

Departmental Approaches to Mitigate High Turnover and Short Tenure

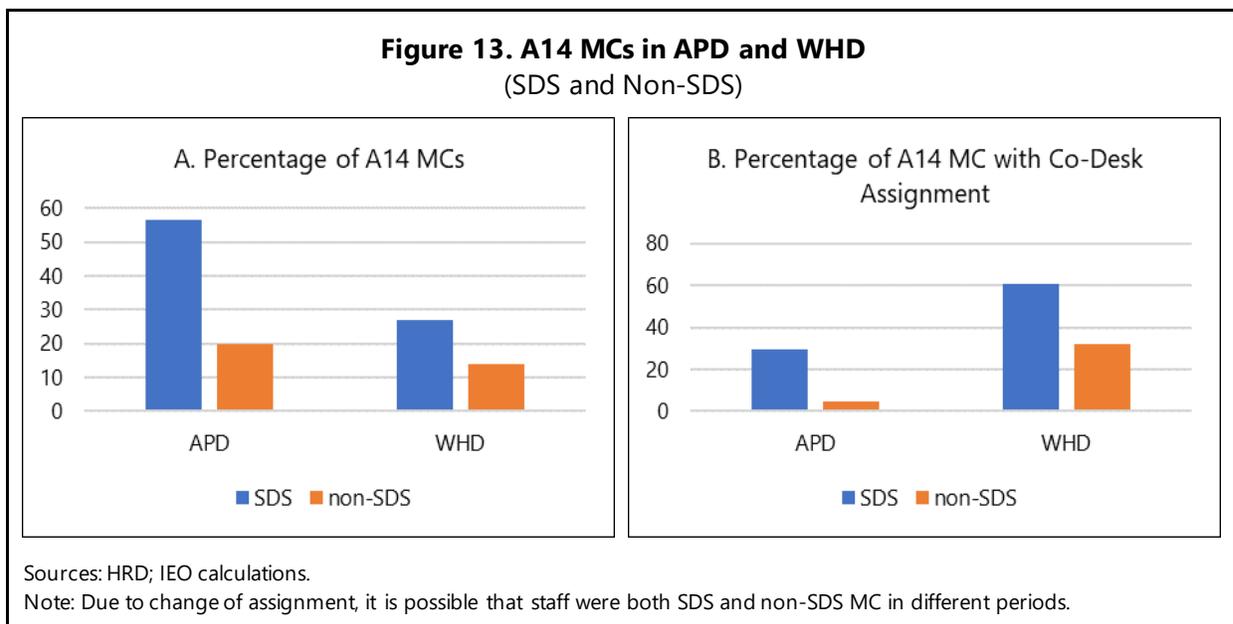
43. All ADs have acknowledged the need to lengthen the tenure of MCs on SDS and have taken several actions to achieve this goal. As part of the department's key objectives and deliverables for FY 2020, APD included in its Accountability Scorecard for 2020 a new departmental goal to extend mission chief tenure for small states from two to three years. ADs have sought to address high MC turnover and short tenure in several ways. In 2015 APD, with support of OED delivered a two-day event with HRD, for MCs working on SDS. Sessions, which included former MCs, covered opportunities and challenges for MCs, support mechanisms, including toolkits, peer learning, interdepartmental collaboration and leveraging interdepartmental resources; and engaging with development partners. In 2017, APD also developed a comprehensive manual ("SDS Mission Chief Toolkit"). It included information on APD and intra-departmental resources, strategy and cross-country policy issues and analytical work, outreach, IT resources to manage engagement due to large distance between SDS and the regional hub in Fiji.

¹⁸ For this analysis, a gap between MCs is defined as a period exceeding one month, between an outgoing and an incoming MC. The analysis draws on HRD EMP and CIS databases.

¹⁹ Bhutan, Eswatini, Grenada, Marshall Islands, Montenegro, Nauru, Sao Tome and Principe, Samoa, and St. Vincent and the Grenadines and Vanuatu.

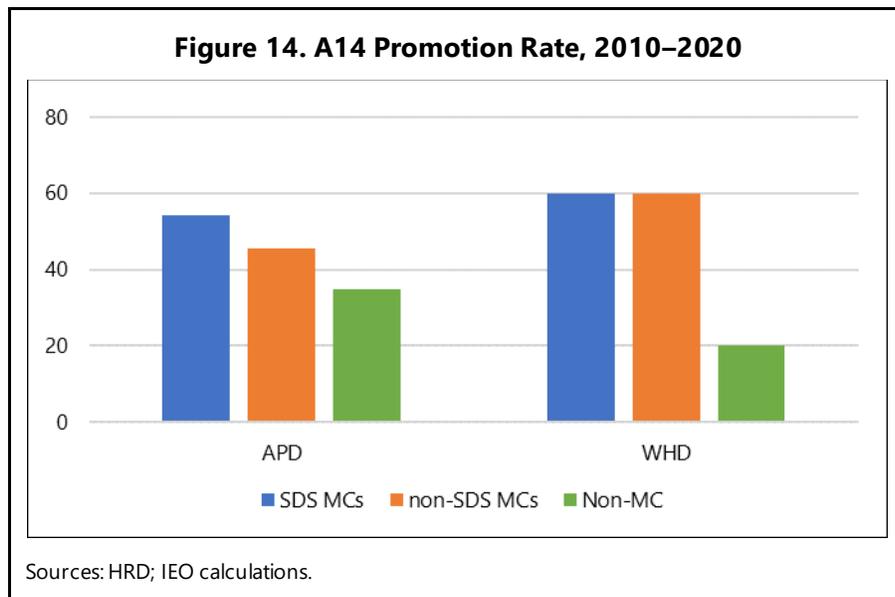
44. WHD and APD pursued similar departmental approaches to encourage interest in SDS MC assignments and to identify staff with potential for promotion. APD has a long-standing practice of assigning staff as MC to an SDS while serving as co-desk on another often much larger country desk in a different division, to give them mission-leading experience. Similarly, WHD identified staff with strong promotion potential, assigning them SDS MC responsibilities, as well as other SDS or non-SDS desk assignments. Interviews with staff with close experience of these practices showed that both approaches strengthened MCs’ interest in working on SDS, 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 an SDS to have enriched their knowledge and experience, but also felt that opportunities for career progress lay elsewhere, once a term of service as MC had been completed.

45. Across all ADs, SDS MCs were typically either A14 or A15 over the evaluation period. APD relied particularly heavily on A14 MCs for SDS assignments. Fifty-seven percent of SDS MCs in APD were at the A14 level, about twice as high as in WHD (Figure 13). The practice of assigning MC responsibilities to A14 staff was not limited to SDS but used much more heavily with SDS. In line with interview evidence, both departments allowed for co-desk assignments to address staffing issues.²⁰ In APD, almost 30 percent of A14 MCs on SDS assignment were simultaneously serving as a co-desk economist elsewhere. This practice was even more prevalent in WHD, where about 61 percent of A14 MCs working on an SDS assignment were also a co-desk economist on a second country. While the same practice was less common for non-SDS assignments in APD, WHD also saw 32 percent of its non-SDS A14 MCs having co-desk duties.



²⁰ Co-desk assignments varied, in some cases combining a desk assignment on an SDS with a co-desk assignment on a second SDS in the same division; in some cases involving a co-desk assignment on a non-SDS in another division; and where a division included both SDS and non-SDS members, comprising an assignment working on an SDS and on a non-SDS member in the same division.

46. Data on ensuing career progress among APD and WHD staff confirms the important role of an MC assignment in promotion. In APD, 54 percent of staff with an SDS MC assignment were subsequently promoted at some time during the evaluation period, even higher than the 46 percent who were promoted after their non-SDS MC assignment (Figure 14).²¹ In WHD, regardless of the type of MC assignment, 60 percent of staff were subsequently promoted. A14 staff without MC experience were much less likely to be promoted. About 35 percent of such staff were promoted in APD, and about 20 percent in WHD without an MC assignment.



Assessment

47. Empirical data for the evaluation period confirms that MC turnover was high. This was a particular challenge among microstates and other members on a 24-month AIV cycle. Similarly, MC tenure was low and for all ADs fell well short of the accountability framework objective of achieving an average MC tenure of 3 years (36 months). To be sure, high MC turnover and low turnover are problems at the Fund more generally, but the problem seems to be greater for SDS, with the damaging consequences noted by country officials in interviews.

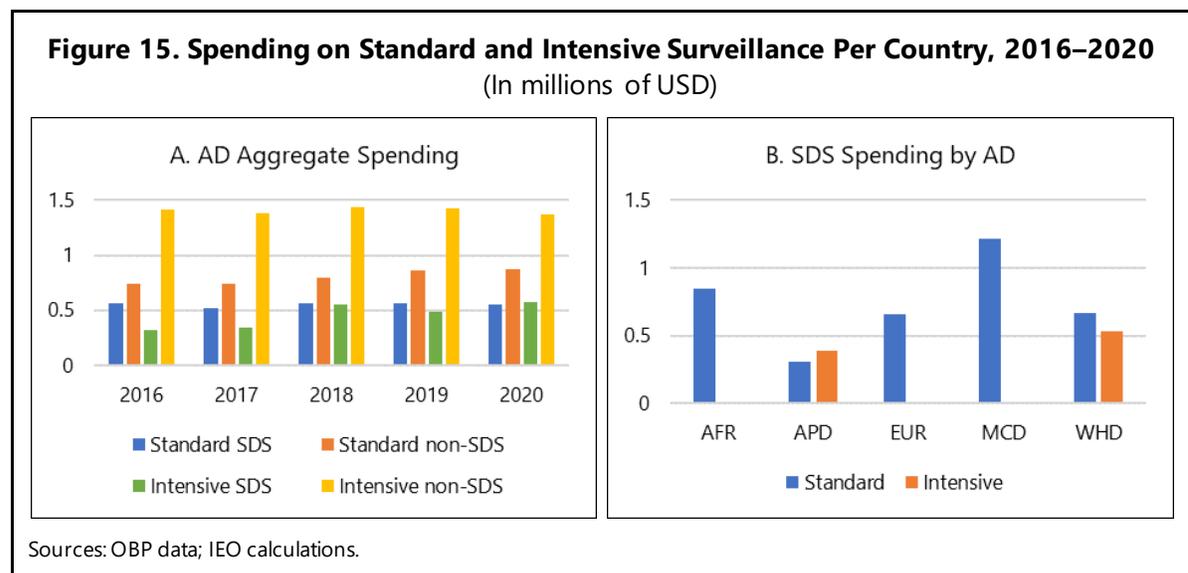
48. Departmental efforts to reduce turnover and extend tenure made little progress during the evaluation period. In part, this reflects the use of SDS MC assignments as an opportunity for economists to gain mission leading experience to enhance promotion prospects. Turnover is particularly high in APD when the MC is quite often someone from a different non-SDS division. This use of more junior but able economists as MC can provide a valuable way for filling the MC role—but should be combined with greater commitment to avoid one-off assignments.

²¹ The dataset to assess promotion experience included only MCs with a period of at least three years following the end of the MC assignment. Consequently, the sample included all MCs that finished their assignment by FY2017.

49. Gaps in appointment of MCs are a particular problem for SDS. Gaps have occurred too frequently and attention is needed to systematically reduce and close these. More generally, more systematic handover procedures would be helpful to reduce the disruption from frequent MC turnover but cannot fully relieve the problem.

V. COUNTRY TEAMS

50. While systematic HR data is not available to compare the size of SDS country teams in surveillance to non-SDS teams, it is clear from budgetary data that on average SDS surveillance resources per country are somewhat lower than for other groups.²² 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. (Figure 15). Spending on intensive surveillance cases occurred in two ADs (WHD and APD) but total resources applied were not that different from standard surveillance cases. MCD and AFR devoted the highest levels of spending per SDS on standard surveillance. In APD, spending per SDS on standard surveillance is particularly low. It averaged US\$0.3m per SDS, slightly less than half of the level of spending in WHD and in EUR, and just over a third of that in AFR.



51. Country authorities had mixed views on the adequacy of staff teams but concerns about turnover were expressed by all. Some felt that the composition and experience of SDS teams were generally appropriate to local circumstances and had improved over the evaluation period, but that gains had been dissipated due to high turnover. Several others felt that mission teams were not always sufficiently experienced and that greater staff familiarity with country conditions was needed. Particular gaps included insufficient awareness of the political economy context in

²² These data include both area department staff and functional department staff assigned to work on specific SDS.

which policy decision-making takes place and limited expertise on specific challenges, including limited economic diversification, low growth and managing large shocks. While staff were generally able to analyze country challenges, authorities felt that they were less able to provide guidance and concrete/specific options to implement policy advice. Officials felt that staff advice tended to have more traction in the program context, where it was backed up by larger and more experienced teams as well as by program conditionality.

52. Challenges due to high staff turnover were also raised repeatedly in interviews with staff; and results of the staff survey reinforced the perception. An overwhelming 70 percent of respondents found that high turnover adversely affected IMF engagement with SDS to a great or moderate extent compared to non-SDS (Appendix 1).

Size of Country Teams

53. Core country teams comprise the MC, area department economists assigned to work on the country desk (full time or part time), and in some cases resident representatives. Country mission teams can also include FD economists and economists from other departments (ODs).

54. OBP allocates a non-binding resource envelope of full-time equivalent staff to area departments according to several criteria, including surveillance cycle, program status and intensity of programs and whether or not members are in a state of fragility or crisis.²³ Since 2016, staff allocations for surveillance have also been guided by a risk-based framework to ensure evenhandedness of treatment among members.²⁴

55. Within this broad framework, country team size is determined by each AD. Departmental practices in staffing country teams have differed according to departmental needs and structure.²⁵ Departments reported that they have generally been able to staff surveillance work on SDS in line with OBP's non-binding assessment of staffing needs, albeit with challenges in some instances. In AFR, EUR and MCD, SDS country teams typically comprise of an MC (who usually has in addition another country or policy assignment), two desk economists, with at least

²³ Since 2015, OBP, in consultations with ADs, developed the Area Department Staffing Tool as an input for budget negotiations. The tool uses common metrics, including whether countries are assessed to be in crisis, in programs, near programs, systemic and whether countries are on 12- or 24-month cycles, to provide allocations, on a full-time equivalent basis, for Mission Chiefs, Economists and Resident Representatives. Budgets are agreed at the aggregate level and ADs then allocate staff resources to country teams flexibly within their overall resource envelope, allowing departments to respond to individual country circumstances and changes over time. The tool is not a rigid basis for allocations, indeed, allocations to ADs have often exceeded the aggregated output of the tool—based on nuances in bilateral discussions.

²⁴ This risk-adjustment process is overseen by SPR. A key principle of this process is that the resources allocated for surveillance should be adjusted to reflect countries' individual and/or systemic risk factors, noting that this could reflect a range of factors, such as: (i) the size, experience and expertise of a country team; (ii) staff turnover; (iii) the frequency and duration of missions or other engagement. See IMF (2016b).

²⁵ Country-specific and departmental practices are described in separate evaluation background papers, for selected SDS in AFR, APD, EUR, MCD, and WHD.

one dedicated to the country, and the second usually a shared resource. On missions, these country teams are supplemented by another staff member, typically a Research Assistant or a junior economist from the same department.²⁶ In WHD, country teams comprise an MC and between 2–4 economists, depending on the SDS; most economists have additional country assignments. Some MCs also act as chiefs for the three divisions responsible for SDS in WHD. In APD, country teams typically consist of the MC and one or in some cases two desk economists, all with other assignments absorbing at least 50 percent of their time. In a program context, in all departments, country teams will also include at least one FD economist (one from SPR, and possibly others from FAD or MCM).

56. In practice, as indicated by budgetary data, SDS country teams have tended to be smaller than for other country groups. While teams will typically include two desk economists in principle, the practice prevalent among SDS country teams is to rely on co-desk economists, whereby staff have two or more country assignments, which may be another SDS or a non-SDS.^{27, 28} The prevalence of co-desk responsibilities in SDS has meant that many staff in SDS country teams spend 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.

57. Given that comprehensive, Fund-wide historical data on country team composition is 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 2010–2020. Mission participants were disaggregated by: (i) MC; (ii) AD team members; (iii) FD team members; (iv) OD team members; and (v) resident representative/regional representative (RR/RRR) and staff from these offices.²⁹

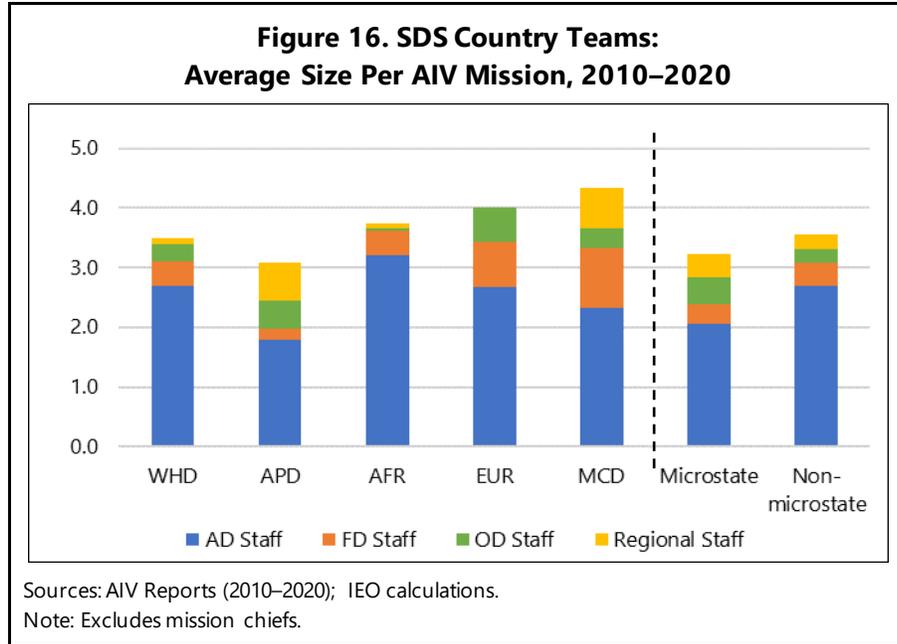
58. Excluding MCs, over the evaluation period country team size per Article IV consultation averaged 3.4 staff per mission. The largest teams were assembled for AIV missions to AFR (an average of 3.7 staff per mission excluding the MC). By contrast, in APD, team size averaged 3.1 persons (Figure 16). This low number partly reflected the prevalence of micro-states among APD SDS where staffing is typically lower.

²⁶ See Lane and de Las Casas (2022).

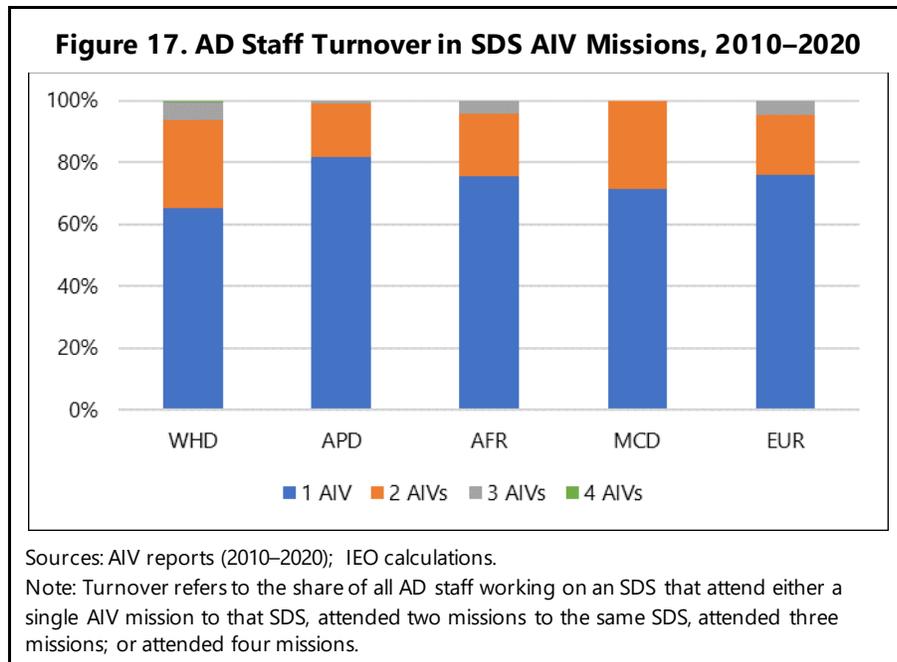
²⁷ IMF (2016a), p. 56.

²⁸ In FY2020, for example, there were on average 1.4 co-desk economists per SDS desk, compared to an average of 0.9 co-desk economists per country desk (HRD data).

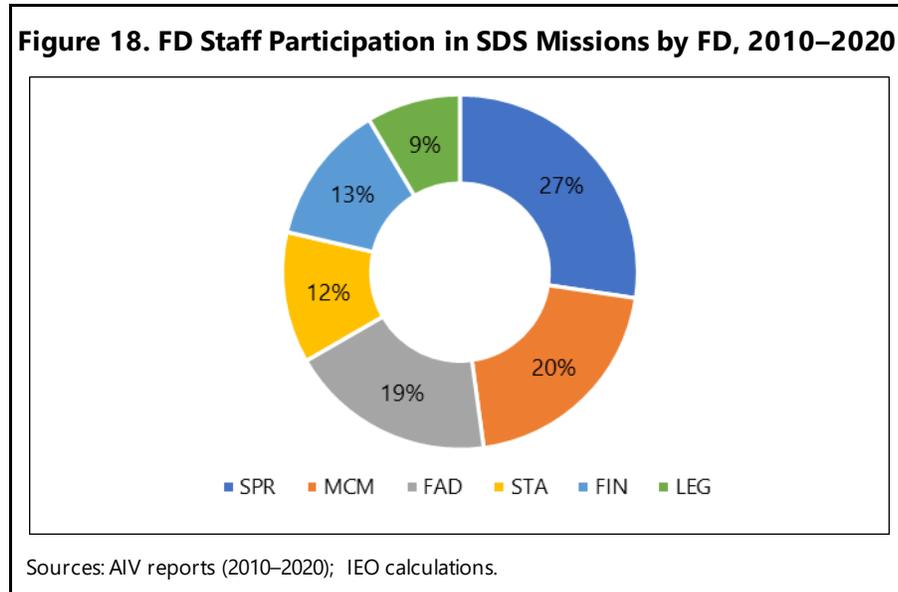
²⁹ Staff assigned to SDS teams from FAD, FIN, LEG, MCM, SPR and STA were included as FD economists. Other departments included staff from COM (former EXR), ICD (former INS), ITD, KMU, RES, RMU, and SEC.



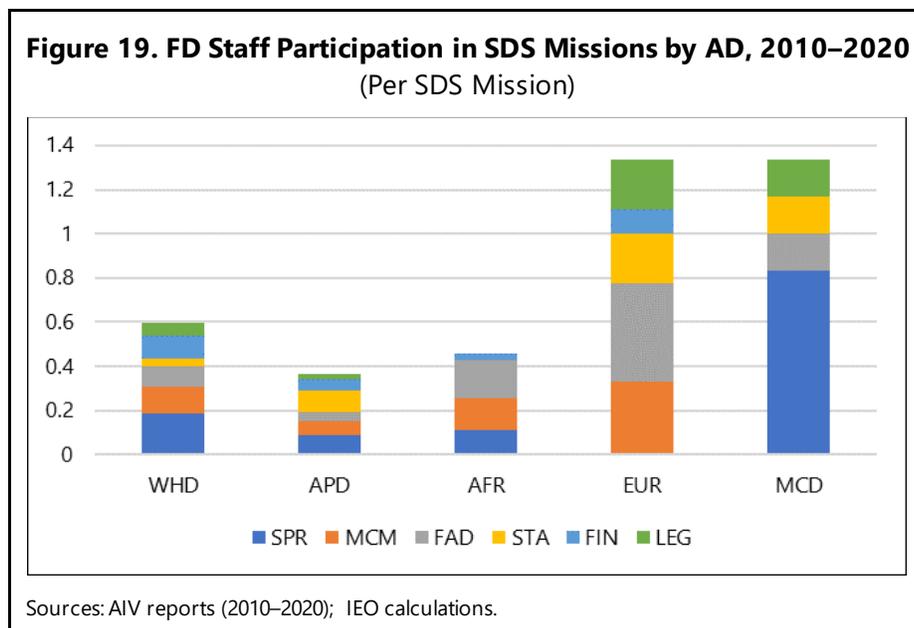
59. Similar to experience with MC turnover, turnover of AD staff on SDS was also high. Seventy-one percent of non-MC AD staff (327) participated only once in an AIV mission to a specific SDS. This compares to a (still high) 52 percent for 20 large economies, estimated in an earlier IEO evaluation (IEO, 2019b). A further 23 percent (107) returned to the SDS for a second AIV mission, while 6 percent (18) participated more than twice. All ADs registered single-mission percentages of over 65 percent (Figure 17). 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); APD (18 percent).



60. Functional department participation in SDS Article IV consultations is generally quite limited. Between 2010–2020, 117 FD economists participated in SDS AIV missions, or an average of 0.5 staff per mission. SPR, FAD and MCM provided two-thirds of these functional economists. (Figure 18).



61. Participation also varied among regions. On average, an FD economist participated in an SDS AIV mission in WHD and in AFR about once every two missions and about once in every three SDS AIV missions in APD. By contrast, on average, at least one FD economist participated, on average, in each AIV mission to Djibouti (MCD), which is a fragile state and to Montenegro (EUR) (Figure 19).



62. Country authorities welcomed the participation of functional economists on AIV and program missions where it occurred, considering FD staff to have specialist skills relevant to the policy challenges of SDS. They felt that increased FD staff participation would be particularly useful to help provide SDS policymakers with more granular options to address particular fiscal policy, growth-related, financial sector issues and challenges related to volatility and shocks.

Regionally Located Staff

63. Resident representatives (RR) generally play a very limited role in SDS work. In 2020, only one SDS with a program—Barbados, benefitted from an individual country RR—out of a total of 50 RR assignments Fund-wide. Most RRs are assigned to programs countries, but even SDS with programs typically do not have RRs. Nevertheless, some SDS do benefit from an RRR office, including in APD (Fiji), and EUR (Vienna). In total, 12 SDS are covered by RRR offices, with relative staff time determined by the number of SDS covered in each RRO.³⁰ Each RR and RRR office is allocated one IMF staff economist and some locally hired staff during research and administrative work.

64. In addition to RR and RRR, regional staff also include Regional Capacity Development Center (RCDC) coordinators, RCDC advisors, as well as long-term experts and short-term experts. At present, of 17 RCDCs, three are located in SDS: Barbados (Caribbean Regional Technical Assistance Center, CARTAC), serving 12 SDS;³¹ Fiji (Pacific Regional Technical Assistance Center, PFTAC), serving 12 SDS;³² and Mauritius (African Regional Technical Assistance Center, AFRITAC- South) serving 4 SDS.³³ Five other SDS are served by four RCDCs that are not located in SDS.³⁴

³⁰ The Regional Representative Office in Fiji covers 11 Pacific SDS including Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The office opened in 2010. The Regional Office for the Western Balkans, opened in 2019 and is located in Austria. It covers Montenegro and three other non-SDS countries including Albania, Kosovo and the Republic of North Macedonia.

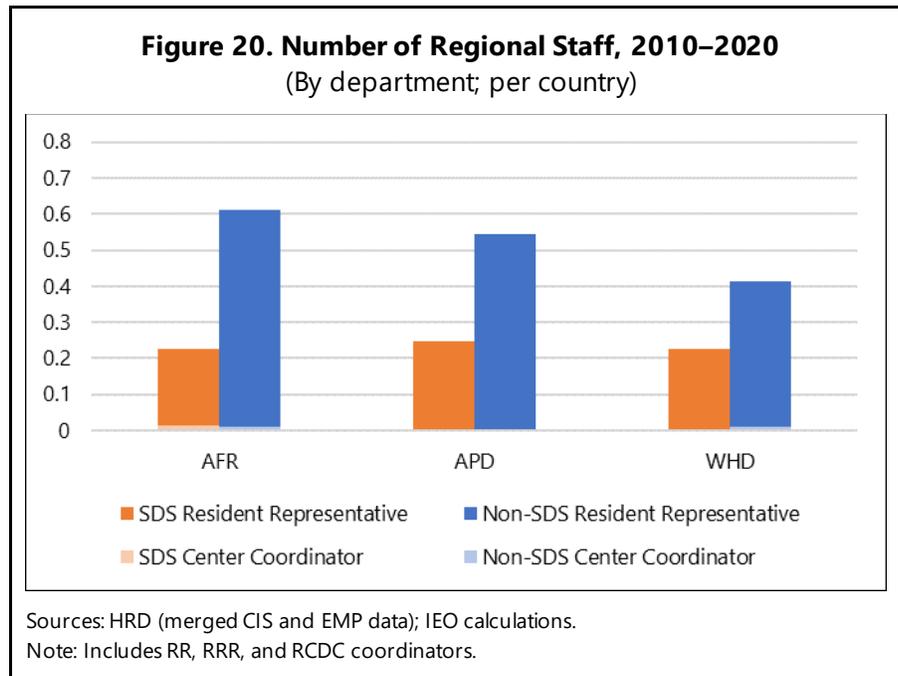
³¹ CARTAC covers 12 SDS (Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago), as well as 11 non-SDS countries and territories. In 2021, CARTAC staff included the Coordinator, as well as 13 economists and 7 administrative and other staff.

³² PFTAC covers 12 SDS (Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Timor Leste, Tuvalu, Tonga and Vanuatu), as well as three non-SDS members. In 2021, PFTAC staff included the Coordinator, 10 economists and 8 administrative and other staff.

³³ AFRITAC-South covers four SDS (Comoros, Eswatini, Mauritius and the Seychelles) as well as nine other members. In 2021, AFRITAC-South Staff included the Coordinator, 12 economists and 7 administrative and other staff.

³⁴ AFRITAC-West covers Cabo Verde and five other non-SDS members; AFRITAC-Central covers Sao Tome & Principe and 8 other non-SDS members; SARTAC covers Maldives, Bhutan and four non-SDS; METAC serves Djibouti and 13 other non-SDS. At present Montenegro is not served by an RCDC.

65. HRD data, which includes details of, among others, each individual assignment, by country, title, location and duration, shows that including all these types of regional staff, the share of regional staff allocated to SDS is still considerably lower than the share of regional staff working on non-SDS members (Figure 20), mainly because of the much fewer RRs and RCDC coordinators.³⁵



66. In practice, between 2010–2020, RR and RRR participated in 65 percent, or 30 percent of SDS AIV missions, while RCDC coordinators participated in 6 missions, or about 3 percent of all missions. Three-quarters of all regionally located staff who participated in AIV missions were from APD. Other departments used this approach much less frequently (WHD, AFR, MCD), or not at all (EUR).³⁶

67. Authorities generally praised the role played by Fund staff who are located locally or regionally, including RRs and RRRs, in strengthening the Fund’s engagement with SDS.³⁷ They felt that RRs and RRRs played an important role in promoting visibility of the Fund, maintaining continuity in Fund engagement, providing frequent hands-on advice to authorities and supporting coordination between the Fund, other IFIs and development partners. However, particularly in program and near program cases, authorities complained that there were too few

³⁵ These data count RCDC coordinators based in SDS as SDS regional staff, but not RCDC coordinators based outside SDS, even though they have some SDS responsibility.

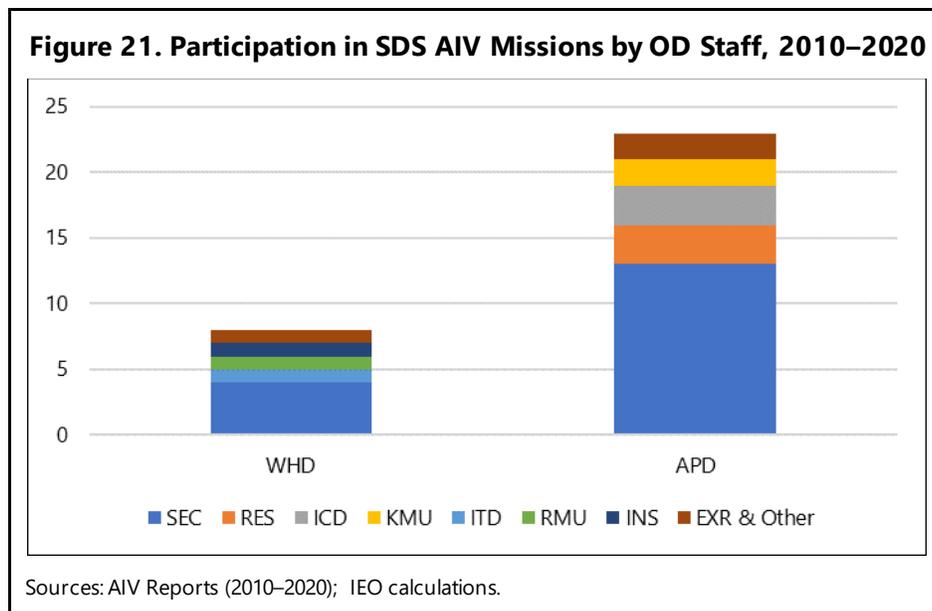
³⁶ While Montenegro is covered by a RRR, that office was only opened in 2019; and no regionally-based staff have yet participated in an AIV to Montenegro.

³⁷ RRs are AD staff. For purposes of engagement with members, SDS do not perceive RRs as AD staff, but rather as staff who are regionally located and therefore more accessible to authorities.

RR positions in SDS. Similarly, authorities of SDS on a 24-month AIV cycle and with no program engagement considered that additional regional staff could have helped to further improve the quality and continuity of engagement with the Fund, due to the relative proximity of regional staff and resources, especially in years between missions. A number of countries appreciated the part played by the APD RRRs, but observed that its staff were stretched quite thinly, particularly in the Pacific. 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 recognizing that these posts were typically under-resourced.

Staff from Other Departments

68. Staff from ODs are included in country teams for SDS much more frequently than for non-SDS, a practice that has helped fill gaps in country teams. Between 2010–2020, approximately 5 percent of all staff participating in AIV missions came from departments other than AD and FD. They attended missions in two ADs: APD (23 missions) and WHD (8 missions) (Figure 21). No other ADs drew on staff from these ODs. Staff from ODs 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.³⁸ In five other instances, except for the MC, no AD staff participated in the mission.³⁹



³⁸ AIV missions for Vanuatu (2011, led by staff from OMD); Kiribati (2018, RES), Micronesia (2017, STA), and Tuvalu (2018, SPR).

³⁹ AIV missions for Samoa (2017, 2019), Tonga (2013, 2017) and Tuvalu (2016).

69. While expedient as a short-term stop-gap measure, these practices often resulted in participation of staff with little or no experience of working on SDS or even AIV more generally. In staff's view, this fueled the cycle of high mission team turnover, eroding confidence among AD staff and affecting authorities' confidence in the mission team.

Innovations in Addressing Staffing Challenges

70. Interviews with staff highlighted challenges faced by ADs in attracting staff to take on SDS assignments and participate in AIV missions. While many emphasized concerns related to career prospects, some also pointed to other more immediate disincentives, including reluctance to participate in AIV missions due to very long distance and travel time, remoteness from families, and limited outward and return travel connection options. A few also cited concerns related to health and physical safety in some SDS.⁴⁰

71. ADs have sought to overcome these challenges through various innovations, including by drawing on staff from departments that do not generally provide opportunities to participate in AIV missions. Other innovations to encourage participation have included providing opportunities to staff to conduct research and prepare SIPs during non-mission years for SDS on a 24-month AIV cycle, initiatives to strengthen country desk handover procedures and greater use of video conferencing.⁴¹

Assessment

72. Staff have devoted considerable resources to surveillance work on SDS—albeit somewhat less than large members—but doing so has required various innovations, with associated costs in terms of turnover.

73. On top of the earlier finding that MC turnover was very high during the evaluation period, turnover of AD country teams, based on AIV mission participation, was similarly very high in all ADs, particularly in SDS on 24-monthly AIV mission cycles. Interviews with authorities, Board members and staff highlighted that frequent MC and country team turnover interrupted continuity of members' engagement with the Fund, diminished the quality of engagement and meant that relationships had to be regularly rebuilt. 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 more adversely affected SDS to a great or moderate extent, and

⁴⁰ Similar concerns were identified for the IEO's 2018 evaluation on the IMF and Fragile States (IEO, 2018), in interviews with staff working on several FCS, including some SDS.

⁴¹ For example, in 2016 APD set out to use innovative approaches for surveillance of small states/islands, originally as part of the department's savings objective. Steps included greater use of video conferencing; smaller staff visits; economists from local offices, other departments and institutions, with the goal to save 3.5 full-time equivalents. (APD Accountability Framework, 2016). These initiatives have subsequently continued. For example, APD has developed and rolled out mandatory division-wide "handover templates" for mission chiefs, desk economists, research assistants, and coordinators.

just over 20 percent believed that there was no difference between the two groups. Excessive turnover was found, both in the current and previous IEO evaluations, to erode the quality of Fund engagement with members, to diminish trust and to convey a sense of limited Fund interest in the challenges faced by members, in turn contributing to reduced traction of Fund policy advice.

74. Departments have innovated to support MCs working on SDS, in recognition of the particular challenges in ensuring effective engagement with SDS. However, pioneering initiatives, for example, APD's 2015 two-day workshop for MCs and its 2017 MC manual, were not followed up. There remains considerable scope to revisit past initiatives where these proved successful, expand online tools for MCs and to better share these as intra-departmental resources for other SDS MCs. It will also be important to strengthen handover procedures to reduce the costs associated with turnover.

75. ADs have sought to follow OBP staffing guidelines, although generally country teams have tended to be smaller than for other country groups. The prevalence of co-desk responsibilities among AD staff working on SDS has been a particular challenge, resulting in dilution of staff time spent on individual SDS and a sense that the assignment is less important.

76. There has been varying experience among AD in participation of FD staff on AIV missions. While FD participation in SDS would need to be balanced against other priorities, such as FCS and programs, challenges faced by SDS in managing fiscal policy (Heller, 2022), financial sector policies (Marston, 2022), growth (Rustomjee, Balasubramanian, and Li, 2022) and managing the effects of NDs (Lombardi and Rustomjee, 2022), suggest that there may be value added by considering more FD participation in AIV missions, for example, to SDS most vulnerable to large shocks.

77. Use of staff from ODs has generally been a stopgap measure to fill mission teams. This approach should be avoided if possible; and used more parsimoniously, as the value added is likely to be small and the participation of OD staff can send an adverse message to country authorities. This challenge is particularly concentrated in APD.

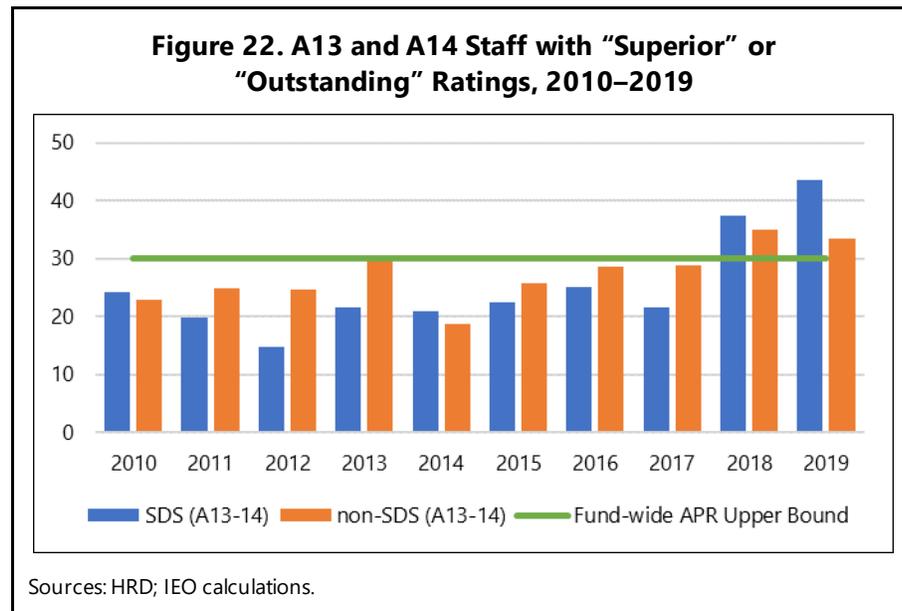
78. The inclusion of staff from regional offices has improved visibility, coordination and feel for local conditions, but RRs and RRRs still play quite a limited role relative to non-SDS. There is scope to expand the contribution of these offices, as much of the sunk cost in establishing these offices has already been incurred. Options to address need while limiting cost include creating more multi-country RR offices and strengthening staffing resident offices, through the allocation of two or three Fund staff economists as well as research officer staff located in each regional office. This would allow for more regular participation in AIV missions and to provide continuity and follow-up support following missions.

VI. INCENTIVES

79. Do institutional incentives adequately support and encourage staff working on SDS? The evaluation compared experience among SDS and non-SDS staff, using three metrics: evidence of staff ratings; promotions; and vacancy and application rates for SDS.

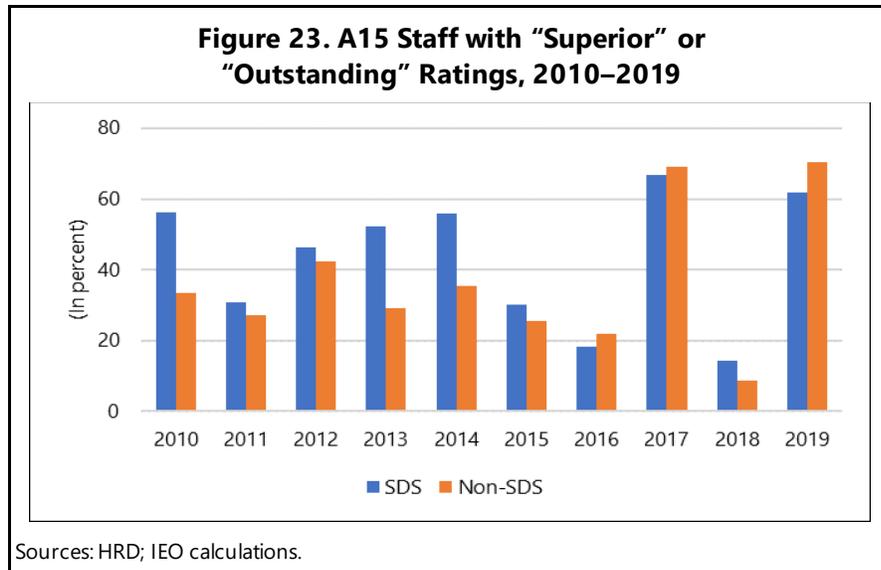
A. Performance Ratings

80. Annual performance review ratings of SDS staff members were compared with those for non-SDS members, for the period 2010–2019.⁴² The data shows that SDS staff at both A13 and A14 levels generally fared less well in attaining the higher “Superior” and “Outstanding” performance ratings. Between 2010–2016, SDS staff received on average only a 21 percent share of “Superior” and “Outstanding” ratings, compared to 25 percent of other Fund staff at these grades (Figure 22). The numbers did improve over 2017 to 2019, when a significantly higher share of staff on SDS countries received “Superior” and “Outstanding” ratings.



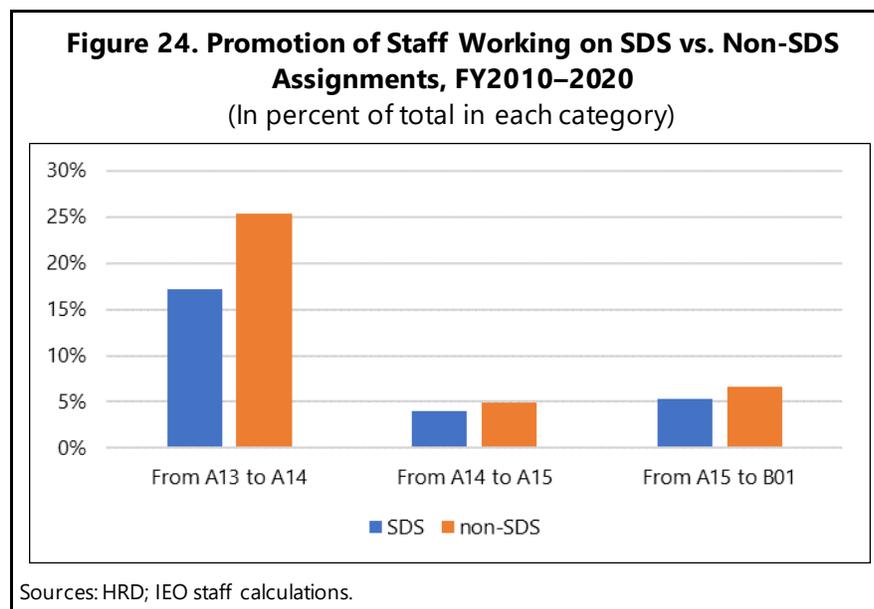
81. By contrast, SDS staff at A15 level received a higher share of “Superior” and “Outstanding” ratings than non-SDS counterparts—an average of 44 percent compared to 37 percent, respectively (Figure 23). This may reflect that A15s working on SDS uniformly benefit from the challenges and exposure of being a mission chief, combined with the fact that higher performing staff have typically received the MC opportunities.

⁴² In the Annual Performance Review process, staff members whose performance has been satisfactory during the past year is rated as “effective,” “superior,” or “outstanding.” The IMF’s HR practice aims to assign “effective” ratings to 70 percent of Fund staff, while “superior” ratings and “outstanding” ratings are each assigned to 15 percent of staff. SDS staff at A13 and A14 level. In 2020, performance ratings were not provided as part of the Fund’s prioritization of work related to the pandemic.



B. Promotions

82. The evaluation reviewed experience with Area Department staff promotions over the period 2010–2020, comparing promotion experience among staff working on SDS and staff working on non-SDS country assignments on a year-by-year basis. This difference was most pronounced for promotions from A13 to A14. For promotions from A14 to A15 and those from A15 to B1 level, SDS staff experienced a marginally smaller share of promotions (Figure 24).



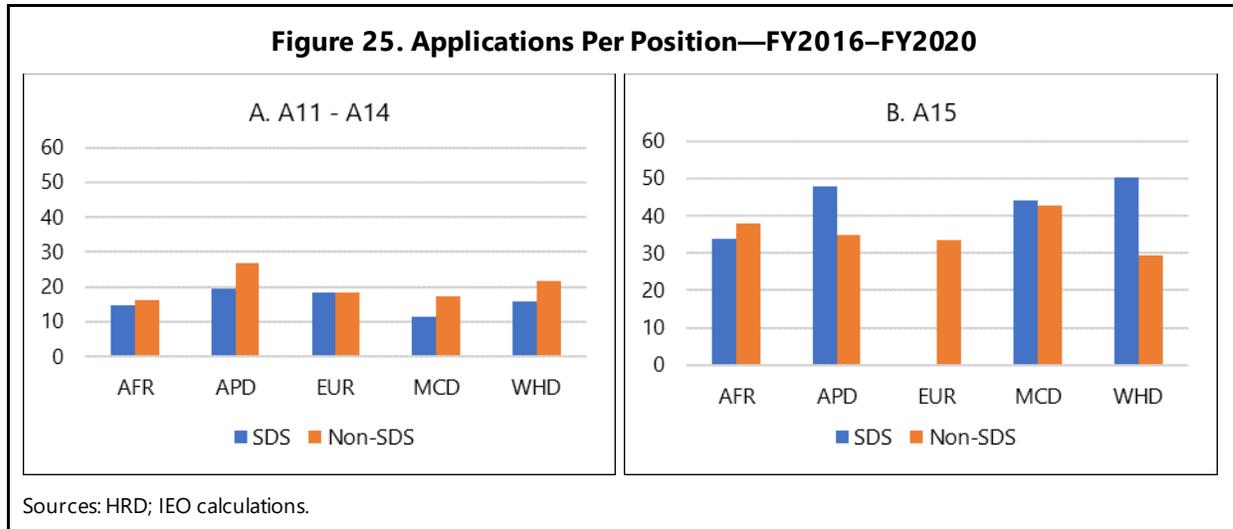
83. Evidence of slower rates of promotion among staff on an SDS position does not seem to have adversely affected staff views on prospects for career progression when taking on an SDS assignment. According to the staff survey of 149 respondents, including both those who did and

who did not work on an SDS assignment over the evaluation period, one-half of staff thought that it would make no difference or were not sure, and the other half were about equally split between those who thought such an assignment would positively affect their career and those who thought it would negatively affect their career. Staff who worked on an SDS assignment provided closely similar responses to those who had not worked on an SDS assignment.

C. Vacancies and Applications

84. When they become vacant, staff positions are openly advertised and applicants compete for these positions. The number of applications for vacant positions can therefore provide an indicator of the extent of staff interest in the position. We compared the number of applications per staff position, for all advertised SDS and non-SDS positions,⁴³ for all headquarters-based AD assignments between 2016–2020.

85. For vacancies at A11-A14 level, interest in SDS positions was on average about 20 percent less than for non-SDS positions, a situation that was generally stable between 2016–2019, although application rates rose noticeably in 2020 and for the first time since 2016 exceeded levels of interest in non-SDS assignments. By contrast, A15 positions attracted much higher interest throughout 2016–2020, with average numbers of applications (46 applications per SDS position), higher than average numbers of applications for A15 positions in ADs (36 applications per non-SDS position) (Figure 25).



⁴³ Data on vacancies are not always listed by country assignment, but often by division. Where a division includes an SDS, a vacancy was assumed to relate to an SDS assignment, unless the vacancy specifically referred to a non-SDS assignment. In addition, records on applications for each vacant assignment were not kept consistently; and a comparison of vacancy and application data with data in the CIS and EMP database suggests that not all applicants indicated as having been offered the vacant position took up the position. Finally, the migration of vacancy and application data from the HRD Taleo system after 2017 necessitates treating time series data on vacancies and applications with caution.

Assessment

86. Evidence from staff ratings, promotion experience and vacancy and application rates—all important measures of the robustness of institutional incentives to support staff working on SDS—show that by these measures, the incentive framework yielded mixed outcomes. In general, the incentive framework tended to better reward SDS staff at A15 level, compared to more junior SDS staff, while comparisons between SDS and non-SDS counterparts tended to show mixed results, depending on grade level.

87. While a smaller share of SDS staff at A13 and A14 attained the higher “Superior” and “Outstanding” in the early and mid-evaluation period compared to non-SDS counterparts, numbers improved substantially later in the evaluation. SDS staff at A15 level consistently received a higher share of these ratings, compared to non-SDS staff, possibly reflecting the advantages of exposure to MC experience. This effect is compounded by the fact that higher performing staff typically received the MC opportunities.

88. For all grades A13–A15, staff working on SDS tended to be promoted less often than staff working on non-SDS country assignments on a year-by-year basis, with the difference most pronounced for promotions from A13 to A14 and less for promotions from A14 to A15 and from A15 to B1.

89. For vacancies at A11–A14 level, interest in SDS positions was on average about 20 percent less than for non-SDS positions, between 2016–2019, although it rose noticeably in the last year of the evaluation. By contrast, A15 positions attracted much higher interest throughout 2016–2020.

90. Overall, incentives to take up SDS desk positions have been quite weak and there have been few incentives to increase the attraction of an SDS assignment, other than to pair such an assignment with another larger country assignment. The recent decision to increase the promotion benefits of experience on an LIC or FCS assignment seems likely to further complicate the task of recruiting for many SDS desks that are not included in these categories.

VII. FINDINGS AND LESSONS

Context

91. Notwithstanding the particular challenges of SDS, there are no specific overall HR or budgetary guidelines and rules applying to SDS work with the exception of the guideline for promotion on LIC/FCS. Individual ADs with SDS members are responsible for developing their own approaches, including organization of SDS in the divisional structure, selection of MCs, 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). Each department has responded to somewhat different specific circumstances of countries covered and broader departmental considerations.

92. The Fund spends considerable staff resources in engaging with SDS. In FY2020, total IMF spending on SDS amounted to \$40.2 million, or slightly over 10 percent of the IMF's operational budget for country work.⁴⁴ Spending per SDS averaged \$1.2 million, compared to an average spending across the whole membership of \$2.1 million and an average spending of \$2.4 million per FCS, but only somewhat less than spending on a standard surveillance case (\$1.3 million). The share of spending on CD, as opposed to surveillance or lending is significantly higher in SDS than average across the membership.

93. In interviews, staffing of Fund work on SDS proved to be a particularly prominent focus of concern. Country authorities generally praised the high quality of staff analytical work, surveillance and policy advice. At the same time, there were widespread concerns about high turnover and short tenure of both MCs and country teams working on SDS, gaps in continuity of MC assignments, and the limited size and narrow skill set of country teams. Staff expressed interest and satisfaction in work on SDS countries, many feeling personally rewarded by their experience and with a sense that their efforts made a difference in a small country setting. However, they also highlighted concerns due to heavy workload, small country team size and limited country level data. They also expressed concerns about limited incentives to work on SDS, due to low visibility and insufficient recognition of SDS assignments for career advancement, some sense of stigma in working on SDS countries and a general preference to work on larger, systemic countries where high-quality data is more readily available, providing research opportunities which many staff see as important for career progress. A survey of staff currently working on SDS was broadly consistent with evidence from interviews.

94. Departments have taken steps seeking to address these issues, but scope to do so is limited by overall resource constraints and the need to meet other departmental goals. Nevertheless, some shift in approach to staffing SDS work to place greater emphasis on continuity and understanding of SDS issues could yield dividends with limited additional costs.

Experience Working on SDS

95. Across the full evaluation period, about a third of Fund economists, the majority A14 staff, had some experience working on an SDS assignment. Very few economists, only 1.4 percent of economists working at the Fund between 2010–2020, were nationals of the IMF's 34 SDS members. This was much lower than the share of Fund economists from LICs and from non-SDS fragile states, a factor that may further challenge building relationships with SDS.

⁴⁴ IMF (2020c).

96. The number of AD staff who worked on at least one SDS country assignment during the year rose steadily in the early years of the evaluation period and since 2014 has since remained broadly stable at approximately 110 staff. Two-thirds are located in WHD and APD.

Mission Chiefs

97. Mission Chiefs generally play a lead role in guiding country work on SDS and act as the principal for building the relationship with country authorities. Authorities praised the role played by MCs, regarding MCs working on SDS to be highly skilled, professional, and dedicated to their work and felt that their knowledge of local conditions had grown over the evaluation period. They highlighted three areas of particular concern: excessive MC turnover, short tenure of MC service; and gaps in MC appointments between outgoing and incoming MCs.

98. Empirical data for the evaluation period confirms that MC turnover is high. This has been a particular challenge among microstates and other members on a 24-month AIV cycle. Similarly, MC tenure is low and for all ADs falls well short of the accountability framework objective of achieving an average MC tenure of 3 years (36 months). To be sure, high MC turnover and low turnover are problems at the Fund more generally, but the problem seems to be greater for SDS, with the damaging consequences noted by country officials in interviews.

99. Departmental efforts to reduce turnover and extend tenure made little progress during the evaluation period, in part reflecting the use of SDS MC assignments as an opportunity for economists to gain mission leading experience to enhance promotion prospects. Turnover was particularly high in APD where the MC was quite often someone from a different non-SDS division. This use of more junior but able economists as MCs can provide an expedient way for filling the MC role—but should be combined with greater commitment to avoid one-off assignments. Another option would be to make greater use of locally based resident representatives or regional resident representatives, particularly for more geographically remote microstates.

100. Gaps in appointment of MCs are a particular problem for SDS. Gaps have occurred too frequently and attention is needed to systematically reduce and close them. More systematic handover procedures would be helpful to reduce the disruption from frequent MC turnover but cannot fully relieve the problem.

101. Departments have innovated to support MCs working on SDS, in recognition of the particular challenges in ensuring effective engagement with SDS. However pioneering initiatives, for example, APD's 2015 two-day workshop for MCs and its 2017 MC manual, were not followed up. There remains considerable scope to revisit past initiatives where these proved successful, expand online tools for MCs and to better share these as intra-departmental resources for other SDS MCs. It will also be important to strengthen handover procedures to reduce the costs associated with turnover.

Country Teams

102. ADs have devoted considerable staff resources to work on SDS—only somewhat less than longer members—but doing so has required various innovations, with associated costs in terms of turnover.

103. Turnover of mission teams, based on AIV mission participation, has been high in all ADs, particularly on SDS on 24-monthly AIV mission cycles. Interviews with authorities, Board members and staff highlighted that frequent MC and country team turnover interrupted continuity of members' engagement with the Fund, diminished the quality of engagement and meant that relationships had to be regularly rebuilt. 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 more adversely affected SDS to a great or moderate extent, and just over 20 percent believed that there was no difference between the two groups. Excessive turnover has been found, both in the current and previous IEO evaluations, to erode the quality of Fund engagement with members, to diminish trust and to convey a sense of limited Fund interest in the challenges faced by members, in turn contributing to reduced traction of Fund policy advice.

104. ADs have sought to follow OBP staffing guidelines, although generally country teams have tended to be smaller than for other country groups. The prevalence of co-desk responsibilities among AD staff working on SDS has been a particular challenge, resulting in dilution of staff time spent on SDS and a sense that the assignment is less important.

105. There has been varying experience among ADs in participation of FD staff on AIV missions. While FD participation in SDS would need to be balanced against other priorities, challenges faced by SDS on specific issues identified elsewhere in the evaluation including in managing fiscal policy (Heller, 2022), financial sector policies (Marston, 2022) growth (Rustomjee, Balasubramanian and Li, IEO, 2022) and managing the effects of NDs (Lombardi and Rustomjee, IEO, 2022), suggest that there may be value added from greater granularity of advice by fostering greater FD participation in AIV missions, for example to SDS most vulnerable to large shocks. Participation in virtual meetings can provide an efficient way to achieve this end.

106. Use of staff from ODs has generally been a stopgap measure to fill mission teams. This approach should be avoided if possible; and used more parsimoniously, as the value added is likely to be small and the participation of OD staff can send an adverse message to country authorities. This challenge is particularly concentrated in APD.

107. The inclusion of staff from regional offices has improved visibility, coordination and feel for local conditions, but RRs and RRRs play a very limited role relative to non-SDS. There is scope to expand the field presence and contribution of these offices, as much of the sunk cost in establishing these offices has already been incurred. Options to address need while limiting cost include creating dual, or multi-country RR assignments and strengthening staffing in RR and RRR offices, through the allocation of two or three Fund staff economist as well as locally-hired

economist or research officer staff located in each regional office, to allow for more regular participation in AIV missions—in turn improving the proportion of FD staff attending AIV missions—and to provide continuity and follow-up support following missions.

Incentives

108. Evidence on institutional incentives to support staff working on SDS, including staff experience with annual performance ratings and promotions and staff interest in working on SDS, measured by vacancy and application data, suggested that such incentives were generally weaker for economists working on SDS country teams. Staff working on SDS at A15 tended to be better rewarded compared to more junior SDS staff, through higher ratings and greater promotion rates.

109. When comparing experience among staff working on SDS and non-SDS assignments, a smaller share of SDS staff at A13 and A14 attained the higher “Superior” and “Outstanding” in the early and mid-evaluation period compared to non-SDS counterparts, although numbers improved substantially later in the evaluation. SDS staff at A15 level consistently received a higher share of these ratings, compared to non-SDS staff, possibly reflecting the advantages of exposure to mission chief experience. This effect may have been compounded by the fact that higher performing staff have typically received MC assignment opportunities.

110. For all grades A13–A15, staff working on SDS tended to be promoted less often than staff working on non-SDS country assignments, with the difference most pronounced for promotions from A13 to A14. For promotions from A14 to A15 and those from A15 to B1 level, staff experienced a marginally smaller share of promotions. This evidence is corroborated by findings from staff interviews, which showed that three quarters of staff interviewed staff felt that an SDS assignment would either negatively affect their career prospects, felt uncertain about their prospects or considered that such an assignment would make no difference to their career prospects.

111. For vacancies at A11–A14 level, interest in SDS positions was on average about 20 percent less than for non-SDS positions, between 2016–2019, though rose noticeably in the last year of the evaluation. By contrast, A15 positions attracted much higher interest throughout 2016–2020.

112. Overall, greater recognition of the value of staff work on SDS is needed to sustain and encourage staff interest and satisfaction in working on SDS countries, and better acknowledge concerns arising from heavy workloads, small country small country team size and limited country level data. To achieve this, a stronger set of incentives to work on SDS assignments is needed. However, the recent decision to increase the promotion benefits of an LIC or FCS assignment seems likely to further complicate this task.

APPENDIX I. STAFF AND AUTHORITIES' SURVEY RESPONSES

Survey of IMF Staff—Key Questions and Responses

SECTION I—DEMOGRAPHICS: In your opinion, how do you think your career progression at the Fund would be affected by having a SDS-related assignment as compared to having a non-SDS-related assignment?

| Choices | Answers | Percentage |
|--------------------------|---------|------------|
| No difference | 37 | 24.83% |
| I'm not sure | 48 | 32.21% |
| More negatively | 14 | 9.40% |
| Somewhat more negatively | 15 | 10.07% |
| Somewhat more positively | 16 | 10.74% |
| More positively | 19 | 12.75% |

SECTION II—OVERALL ASSESSMENT OF IMF ENGAGEMENT IN SDS: What proportion of time was spent working on your chosen SDS assignment?

| Choices | Answers | Percentage |
|--------------------------|---------|------------|
| 100 percent | 46 | 20.72% |
| 76 percent to 99 percent | 32 | 14.41% |
| 51 percent to 75 percent | 34 | 15.32% |
| 26 percent to 50 percent | 57 | 25.68% |
| Less than 25 percent | 53 | 23.87% |

SECTION V—HUMAN RESOURCES: How has your career progression at the Fund been affected by having SDS-related assignment(s) as compared to having non-SDS-related assignment(s)?

| Choices | Answers | Column1 |
|--------------------------|---------|---------|
| No difference | 105 | 53.57% |
| More negatively | 31 | 15.82% |
| Somewhat more negatively | 17 | 8.67% |
| Somewhat more positively | 29 | 14.80% |
| More positively | 14 | 7.14% |

SECTION V—HUMAN RESOURCES: Please rate the sufficiency of staff resources dedicated to work on SDS.

| Choices | Answers | Column1 |
|-----------------------|---------|---------|
| Insufficient | 29 | 14.80% |
| Somewhat insufficient | 59 | 30.10% |
| Somewhat sufficient | 60 | 30.61% |
| Sufficient | 48 | 24.49% |

SECTION V—HUMAN RESOURCES: To what extent has IMF engagement on SDS been adversely affected by high staff turnover as compared to non-SDS?

| Choices | Answers | Percentage |
|----------------------|---------|------------|
| No difference | 38 | 19.39% |
| To a slight extent | 25 | 12.76% |
| To a moderate extent | 72 | 36.73% |
| To a great extent | 61 | 31.12% |

Survey of Country Authorities

SECTION III—SURVEILLANCE AND POLICY ADVICE: To what extent do you agree with the following statements regarding engagement with IMF country teams working on your country?

| Statement: Country teams' size has been adequate | | |
|--|---------|------------|
| Choices | Answers | Percentage |
| Strongly agree | 5 | 27.77% |
| Agree | 12 | 66.67% |
| Disagree | 0 | 0 |
| Strongly disagree | 0 | 0 |
| Not applicable or don't know | 1 | 5.56% |

SECTION III—SURVEILLANCE AND POLICY ADVICE: To what extent do you agree with the following statements regarding engagement with IMF country teams working on your country?

| Statement: Country teams' expertise has been adequate | | |
|--|----------------|-------------------|
| Choices | Answers | Percentage |
| Strongly agree | 4 | 23.53% |
| Agree | 10 | 58.82% |
| Disagree | 1 | 5.88% |
| Strongly disagree | 1 | 5.88% |
| Not applicable or don't know | 1 | 5.88% |

SECTION III—SURVEILLANCE AND POLICY ADVICE: To what extent do you agree with the following statements regarding engagement with IMF country teams working on your country?

| Statement: Country teams' turnover (duration of tenure) has been adequate | | |
|--|----------------|-------------------|
| Choices | Answers | Percentage |
| Strongly agree | 1 | 5.56% |
| Agree | 13 | 72.22% |
| Disagree | 2 | 11.11% |
| Strongly disagree | 0 | 0.00% |
| Not applicable or don't know | 2 | 11.11% |

SECTION III—SURVEILLANCE AND POLICY ADVICE: To what extent do you agree with the following statements regarding engagement with IMF country teams working on your country?

| Statement: Country teams' responsiveness to requests has been adequate | | |
|---|----------------|-------------------|
| Choices | Answers | Percentage |
| Strongly agree | 9 | 50.00% |
| Agree | 8 | 44.44% |
| Disagree | 0 | 0.00% |
| Strongly disagree | 0 | 0.00% |
| Not applicable or don't know | 1 | 5.56% |

SECTION III—SURVEILLANCE AND POLICY ADVICE: To what extent do you agree with the following statements regarding engagement with IMF country teams working on your country?

| Statement: The frequency of country teams' visits/missions has been adequate | | |
|---|----------------|-------------------|
| Choices | Answers | Percentage |
| Strongly agree | 3 | 16.67% |
| Agree | 13 | 72.22% |
| Disagree | 0 | 0.00% |
| Strongly disagree | 1 | 5.56% |
| Not applicable or don't know | 1 | 5.56% |

SECTION III—SURVEILLANCE AND POLICY ADVICE: To what extent do you agree with the following statements regarding engagement with IMF country teams working on your country?

| Statement: The responsiveness and continuity of contact with Washington-based IMF staff during the COVID19 pandemic has been adequate for my country's needs | | |
|---|----------------|-------------------|
| Choices | Answers | Percentage |
| Strongly agree | 5 | 27.78% |
| Agree | 11 | 61.11% |
| Disagree | 0 | 0.00% |
| Strongly disagree | 0 | 0.00% |
| Not applicable or don't know | 2 | 11.11% |

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