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## BACKGROUND PAPER

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### **The IMF and Capacity Development— Human Resource Issues**

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**IEO Background Paper**  
Independent Evaluation Office  
*of the* International Monetary Fund

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**ABBREVIATIONS**

ACES	Analytical Costing and Estimation System
CD	Capacity Development
CDD	Capacity Development Department
COE	Categories of Employment
CTR	consultant contracts
FAD	Fiscal Affairs Department (IMF)
FM	fungible macroeconomists
FTE	full time equivalent
HQ	Headquarters
HQBC	Headquarters-based contractual employee
HQX	HQ-based experts
HR	Human Resources
HRD	Human Resources Department (IMF)
ICD	Institute for Capacity Development (IMF)
LEG	Legal Department (IMF)
LTX	Long-Term Expert
MCM	Monetary and Capital Markets Department (IMF)
OBP	Office of Budget and Planning (IMF)
RCDC	Regional Capacity Development Center
RES	Research Department (IMF)
RTAC	Regional Technical Assistance Center
SE	Specialist Economists, including Financial Sector Experts
SPR	Strategy, Policy and Review Department (IMF)
STA	Statistics Department (IMF)
STX	Short-Term Expert
TIMS	Travel Information Management System

## EXECUTIVE SUMMARY

This paper examines the mobilization of human resources needed for the execution of capacity development (CD), as input for the IEO evaluation of IMF CD from 2012–2020.

Delivering high-quality CD requires the IMF to employ high-quality technical expertise, with the necessary flexibility to meet country needs and demands as they evolve. The IMF was widely perceived to meet this standard during the evaluation period, as documented in Enoch (2022), as well as in the country case studies and the survey of IMF member countries conducted for this evaluation. This track record provides validation for the IMF's approach of relying wholly on its own experts, using a combination of staff and long-term contractual employees based at headquarters and in the field to deliver and "backstop" CD, complemented by short-term experts contracted for individual project delivery. This array of employee types allowed CD departments (CDDs) to fine tune their complement of expertise and gave them flexibility to adapt to changing CD needs, as well as fluctuations in available resources. Progression in appointment types also offered CDDs a way to help develop talent.

However, the evaluation identified some concerns about the availability and modes of technical expertise. For instance, access to particular skills and staff at any point in time posed challenges in some cases, and there were questions about availability of expertise in new or emerging areas for IMF CD. In addition, some stakeholders see the need for the IMF to develop expertise in sustained institutional change, in order to more effectively support countries implement and embed the IMF's CD.

There were also concerns that limits on the duration of contractual employment and constraints on the career opportunities for specialist economists on staff, who play a crucial role in CD, complicated the IMF's efforts to build and maintain expertise, as well as the continuity of engagement. The practicalities of human resource policies, combined with the need to match funding streams, allowed or encouraged CDDs to rely on employees with shorter horizons, even when they saw a permanent need, because of constraints in budgeted funding or positions. However, these terms were less attractive to some experts and in some cases hindered the IMF in attracting and maintaining expertise, especially on topics in high demand. The IMF is advancing plans to enhance talent management and career development for specialist economists but has made limited progress to date. More broadly, there remained a sense that work on CD issues was undervalued, despite some steps to address incentives and culture.

Some recent innovations, including during the COVID-19 crisis, have enhanced flexibility, for instance in the location of long-term consultants and the eligibility of IMF staff to serve as experts at Regional Capacity Development Centers. This paper concludes that the IMF should build on these steps, follow through on plans to strengthen the career track for specialists, and consider the balance between the need for flexibility with the importance of building and expertise and providing for continuity in delivery of IMF CD.



## I. INTRODUCTION

1. This paper examines the mobilization of human resources (HR) central to management and delivery of capacity development (CD) as part of the IEO's evaluation of IMF CD work, covering the period 2012–2020 (FY2012–2021).<sup>1</sup>
2. CD relies on high-level technical expertise in very specific areas. Unlike many other CD providers, the Fund delivers all CD directly, rather than outsourcing to other organizations. In doing so, it relies on staff (open-ended and term) and a variety of contractual employees, who may be based at IMF headquarters (HQ) or in the field and employed on a long- or short-term basis. As CD grew rapidly prior to and early in the evaluation period, human resource (HR) practices and policies evolved to help the IMF tap qualified experts to execute needed CD, as well as to support its administration. The extent to which these policies and practices are effective in attracting, developing, and sustaining expertise and experience to deliver high-quality CD is a critical element of the IMF's broader success in this area.
3. This paper will describe the IMF's approach to deploying expertise to deliver and support CD (Section II); explore issues and challenges related to the IMF's human resources policies and practices in the context of CD (Section III); and examine the overall performance of the IMF's in cultivating expertise for CD and nurturing and sustaining its CD human capital over the medium and long term (Section IV).
4. This paper relies on a review of IMF documents; interviews with IMF staff, Executive Directors, member country authorities, and other organizations that provide resources for IMF CD and/or are CD providers themselves; and results of IEO surveys of country authorities and IMF staff. The paper also draws on information and analysis presented in other/companion background papers prepared for this evaluation and in particular has important linkages to the paper on delivery of CD (Enoch, 2022).

## II. HR ISSUES: KEY FEATURES AND PRACTICES

5. As noted in the introduction, the IMF directly provides the expertise for its CD activities by deploying either its own staff or technical experts identified, vetted, contracted and supervised by the institution. This requires the IMF to match technical experts with the right skills and characteristics, in the right quantity and at the right time, with the needs of member countries. To respond to this challenge, the IMF relies on a combination of staff and long-term consultants based both at HQ and in the field to deliver and oversee ("backstop") CD, complemented by short-term experts (STXs) contracted for individual project delivery. An important contingent of employees is also devoted to management, administrative, and analytical work on CD, including donor engagement, resource management, monitoring of results, and development of technical materials.

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<sup>1</sup> The IMF Financial Year runs from May 1 to April 30.

## A. Evolution of the IMF Staffing Model for CD

6. Traditionally, the IMF has relied on “fungible macroeconomists” (FMs) to undertake its core surveillance and program work. FMs either enter the IMF after receiving PhDs in economics or enter at mid-career after accumulating relevant experience, often in finance ministries or central banks.<sup>2</sup> Fungible macroeconomists are expected to move through a variety of assignments to broaden experience with different aspects of the IMF’s country and policy work, to develop their skills, and to advance their careers; indeed, various HR policies require mobility over the course of an FM’s career. FMs also receive training to update or expand their knowledge or expertise, for instance to work on emerging issues such as climate or digital currencies. However, the requirement for frequent moves and diverse experience for career progression creates an incentive to avoid deep specialization in particular topics (IEO, 2019). As a result, and by design, the IMF cultivates a cadre of FMs who are seen to be essentially substitutable for each other in carrying out the main surveillance, lending, and policy functions of the institution that remain relatively consistent over time.

7. IMF CD work requires in-depth expertise and experience that often fall outside the scope of the IMF’s cadre of fungible macroeconomists. The IMF thus hires “specialist economists” (SEs), as well as “specialized career stream” professionals such as lawyers, with targeted skills and experience in particular topics, both as staff and contractual employees.<sup>3</sup> SEs make up about 17 percent of all IMF economists on staff (FY2021); but 28 percent of A14 economists (Figure 1).<sup>4</sup> The career pattern of SEs on staff, who need to make a sustained investment in knowledge and skills in particular areas, necessarily varies from that of fungible macroeconomists. (The implications for SE careers are discussed in Section III.A below.)

8. An additional challenge is the need for nimbleness in IMF expertise, given changing country CD needs as well as the potential for external funding to shift. This has required the IMF to maintain a degree of flexibility in its employment model for CD. Accordingly, as CD expanded, the IMF sought to balance the need to build expertise with the need for flexibility to respond to changing needs and resources by relying on contractual employees for the expanding delivery of CD.<sup>5</sup> The 2013 CD strategy review documented this trend, noting that increasing reliance on

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<sup>2</sup> These economists are initially hired on three-year term appointments and are eligible for open-ended appointments thereafter. Mid-career candidates are screened through a panel process (written test and interview) and then must be selected by a department.

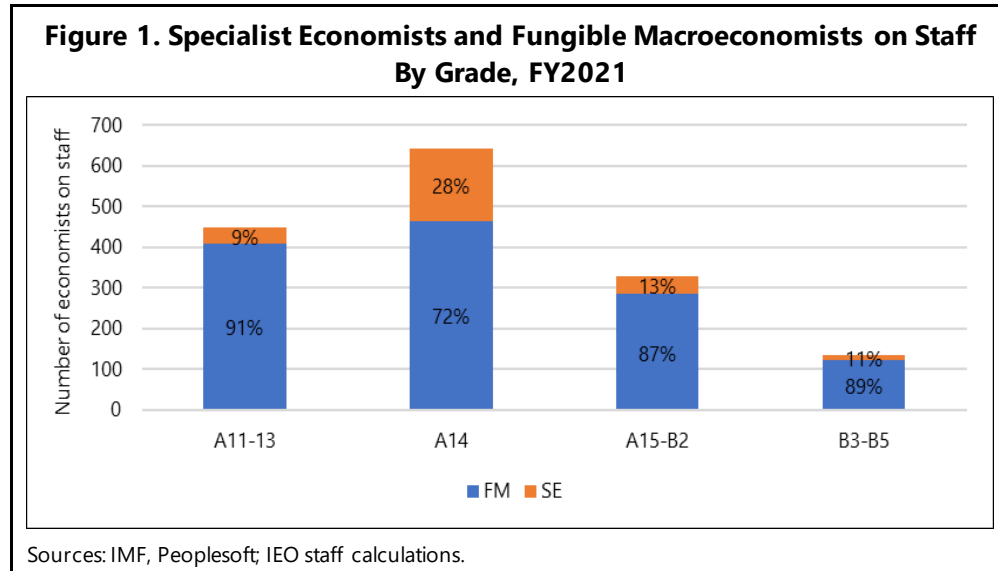
<sup>3</sup> Specialist Economists include Financial Sector Experts in Monetary and Capital Markets (MCM) and Legal (LEG) departments.

<sup>4</sup> Almost all economists hired as long-term contractual employees are also SEs; only those who are former IMF staff and qualified as FMs would be in that category as contractual employees.

<sup>5</sup> In addition to hiring independent experts, CD departments (CDDs) also draw experts from member government agencies; for instance, about half of the experts on the Fiscal Affairs Department (FAD) roster are active government employees. The IMF and the respective country do not pay these individuals simultaneously: either the individuals do not draw their normal salary while being paid by the IMF, or individuals do not receive pay from the IMF but continue to be paid by their government.



donor funding, along with tight budget/staffing constraints, and “hesitancy in departments to hire staff on open-ended basis in career streams with limited growth prospects in the institution” led CD departments (CDDs) to rely heavily on contractual employees to meet business needs (IMF, 2013). This led, according to the review, to “unintended adverse impacts on turnover, fairness, and transparency” (IMF, 2013).



9. The 2013 review contributed to the impetus for a review of the IMF’s Categories of Employment (COE) in 2014, which tackled broader staffing/HR issues across the IMF. This review concluded that the IMF employment framework should be revised to “better balance the need for flexibility in the workforce with the Fund’s ability to attract and retain a highly qualified, diverse, and motivated group of specialists” (IMF, 2014). Resulting reforms implemented across the institution sought to shift the expectation for all staff about appointment to open-ended (permanent) positions following a term appointment, in order to increase the IMF’s flexibility to adjust the composition of its workforce to changing circumstances.<sup>6</sup> Under the new policy, open-ended appointment decisions are made by an Institutional Review Committee, based on an assessment of existing business needs as well as performance and suitability for long-term employment. The COE reforms also sought, inter alia, to alleviate operational risks and address perceptions of unfairness related to reliance on contractual appointments in a range of IMF activities, since these hires were found to be performing core work that was not temporary. Steps were taken to reduce reliance on contractual appointments and convert some existing contractual employees to staff. Additional staff positions were approved by the Board in this

<sup>6</sup> Under the new policy, all staff are initially hired on three-year term appointments. After three years, departments choose whether to allow each employee’s appointment to lapse, to extend the appointment for a maximum of one additional three-year period, or to nominate them for appointment to open-ended status. In unusual circumstances, appointment to open-ended status can be considered ahead of the normal three-year cycle. Staff extended for an additional three-year term appointment can also subsequently be nominated for appointment to open-ended status.

context, most of which were assigned to CDDs. The reforms also limited the circumstances in which contractual appointments could be used and put in place time limits on these hires, which would initially be undertaken for two years, with the option for one two-year extension.<sup>7</sup>

10. Given the special circumstances of CD, and reliance on funding from external resources, the COE review concluded that “the appropriate mix of staff and contractual appointments in capacity building are not clear-cut and will necessarily involve some degree of judgment” (IMF, 2014). Accordingly, the COE allowed that it may be “necessary and appropriate” for CDDs to hire key experts on contractual appointments when term or open-ended positions were not available (IMF, 2014). These considerations applied only to experts based at headquarters, since experts based in the field were not examined as part of the COE nor covered by its reforms.

11. Resulting reforms applied across the institution for all work functions aimed to deliver greater transparency (even if still complicated) and relied on the basic principles that: (i) all new staff are hired on term appointments; (ii) appointment to open-ended status would be considered with a view to the broader needs of the institution, with no presumption; (iii) and temporary needs and rotational work (i.e., ongoing work that does not require deep institutional knowledge) are to be undertaken by contractual staff (IMF, 2014). The shift applied to all staff but had less practical effect for fungible macroeconomists, given the ongoing business need for their skill set, so that open-ended appointments depended solely on performance, and staff interviewed for this evaluation indicated that the expectation of “life-time employment” largely remained intact.

12. Following the COE policy reform, the categories of employees involved in CD consisted of:

- Open-ended staff, both FMs and SEs, with an expectation of continued employment based on satisfactory performance until retirement or a choice to leave the institution.
- Term staff with all the benefits of open-ended staff but on three-year appointments that can be renewed once, for a total maximum service in this category of six years.
- HQ-based contractual employees (HQBCs) hired on two-year contracts renewable for a maximum of two additional years, some of whom are hired as HQ experts (HQXs) with expatriate benefits while others are hired under more traditional consultant contracts (CTR).
- Long-term experts (LTXs) stationed in RCDCs or as resident experts in regions or individual countries who are hired on contract (typically five years). Such experts are eligible for consecutive new contracts, for instance in a different country or RCDC, with no overall limit on IMF employment.

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<sup>7</sup> LTXs in the field are eligible for serial contracts in different locations.

- STXs hired on contract for variable terms for up to a total maximum of 150 days each year but with the option to engage in multiple contracts and to continue to serve for unlimited years. STXs are identified and vetted by departments and included on a roster pending need.

13. Some CD roles are also carried out by non-economists in the Specialized Career Stream (SCS); this includes lawyers involved in delivery of CD as well as staff engaged, for instance, in technical assistance management and donor engagement roles.

14. Attracting high-quality expertise and cultivating it over time also depends on the institution appreciating the value of the work these experts carry out. The 2018 CD strategy review acknowledged a “need to ensure that the work of staff on CD issues ... is valued on an equal footing with those contributing to other core activities of the Fund” (IMF, 2018a). The 2018 CD review indicated that these cultural issues would be taken up in broader work on the IMF’s institutional HR strategy, which was launched in 2017 “to ensure that the Fund’s HR practices are aligned with the Fund being an agile, integrated, and member-focused institution” (IMF, 2022). The HR strategy has proceeded on several fronts, including workforce planning, talent sourcing/recruitment, and career development/training. Actions in this area are considered in Section III.A below as part of the discussion of specialist economists.

## **B. Key Players and Mechanics**

15. Departments responsible for CD delivery and management (CDDs) select and manage most open-ended and term staff and HQBCs involved in CD—applying the wider IMF HR policies and practices, for instance governing the length of appointments and appointment to open-ended status, as well as performance management and promotion. An important exception is Regional Technical Assistance Center (RTAC) directors/coordinators, who are selected by area departments that oversee the RTACs. CDDs also identify and hire LTXs who are posted in the field; they consult with RCDC directors/coordinators before the final decision is made. The Human Resources Department (HRD), in collaboration with the hiring CDD, administers the hiring process as well as other employment services for these categories of staff, including verification of credentials.

16. CDDs also develop and maintain a roster of STXs, which they have the discretion to hire on terms that fit their needs.<sup>8</sup> In the absence of Fund-wide policies, practices vary considerably across departments, as documented in a 2018 Office of Internal Audit (OIA) report (IMF, 2018b). For instance, departments used different methodologies to determine salaries and had different policies for limiting over-reliance on a small group of experts. CDDs formed a working group in 2019–2020 to work together to align their practices on STX hiring and management while

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<sup>8</sup> The IMF decided in 2012 to decentralize the hiring of STXs, so that HRD is not involved in this process.

preserving flexibility given the different types for expertise they tap and projects that they staff; this work was ongoing in 2021.

17. Departments operate within a dollar budget and a head count for open-ended and term staff that are set by the Office of Budget and Planning (OBP) to help ensure that staffing and thus spending are sustainable within the budget, including external funding in the case of CDDs.<sup>9</sup> These constraints govern all hiring but are more flexible for contractual positions, which can be accommodated by new external funding flows. In addition, LTXs and STXs funded from RCDC resources are governed by the program planning and budget for each center.

18. Hiring and other HR issues for open-ended and term staff involved in CD is undertaken, as for the IMF's other work, by each department in partnership with the IMF's Human Resources Department (HRD). A senior HR professional for each department coordinates with HRD, and screening and selection are led by functional CD divisions. LTX hiring is also organized by each department, which identifies candidates and screens their technical expertise, with HRD providing general oversight to ensure compliance with HR rules and procedures. Responsibilities for screening and hiring LTXs are typically carried out by the relevant operational divisions involved in providing CD in each department, with CD or resource management divisions handling budgeting and administrative issues, including resource allocation and engagement with RCDCs.<sup>10</sup> On the other hand, hiring of STXs is the sole responsibility of departments, without HRD oversight or involvement. Operational divisions typically recruit and assess STXs, while logistical issues related to hiring and maintenance of STXs rosters is undertaken by resource management divisions.

19. The COVID-19 crisis raised a number of HR issues for departments. Headcount limits for open-ended and term staff created some rigidities in redeploying staff to meet changing needs. Money saved on cancelled travel could be used to hire more contractual experts but not to increase delivery by staff. For its part, the Institute for Capacity Development (ICD) temporarily loaned some staff to other departments (primarily area departments) in order to help ease work pressures related to the sharp rise in members' needs for IMF financial support; this put some short-term pressure on ICD. The pandemic also created opportunities, however. In particular, CDDs pursued and gained approval of the option to hire experts who could reside in a third country and deliver CD remotely. This helped attract well-qualified experts who did not find it easy or desirable to relocate. It was also cost-effective for the IMF, for instance since it did not involve expatriate allowances.

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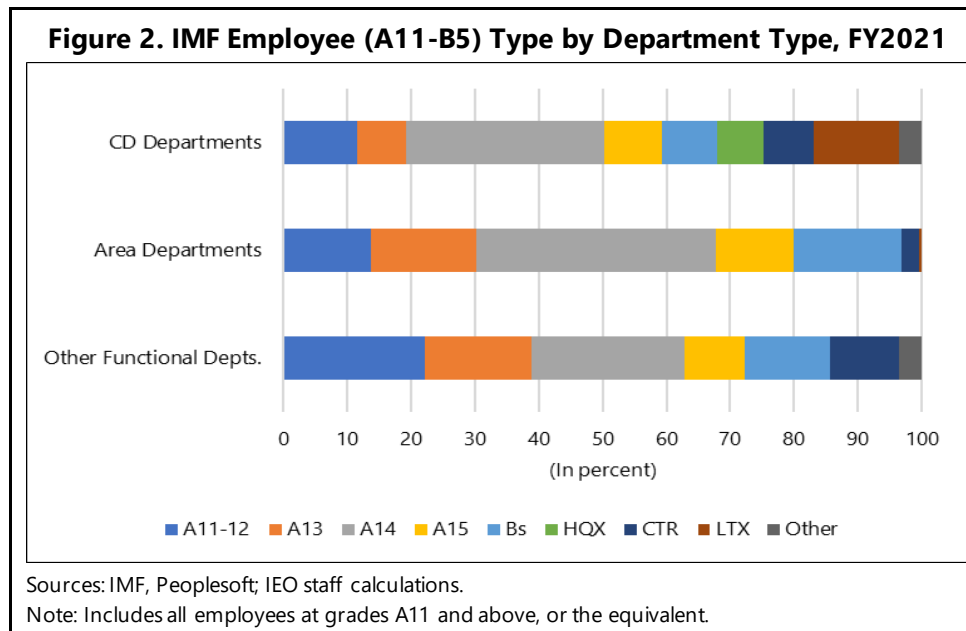
<sup>9</sup> Other departments occasionally also hire a limited number of staff relying on external funding. For instance, both Research (RES) and Strategy, Policy and Review (SPR) departments have a program funded by the UK to undertake research on low-income country-related issues.

<sup>10</sup> In LEG, this work is coordinated by senior staff in the front office. In MCM, a Technical Assistance Strategy Division leads, manages, and helps implement CD, including hiring LTXs (MCM had 40 in May 2021), with technical vetting undertaken by operational divisions; a separate Resource and Information Management Division carries out the budget, operational and administrative work related to CD as well as FSAPs.

## C. CD Staffing Patterns

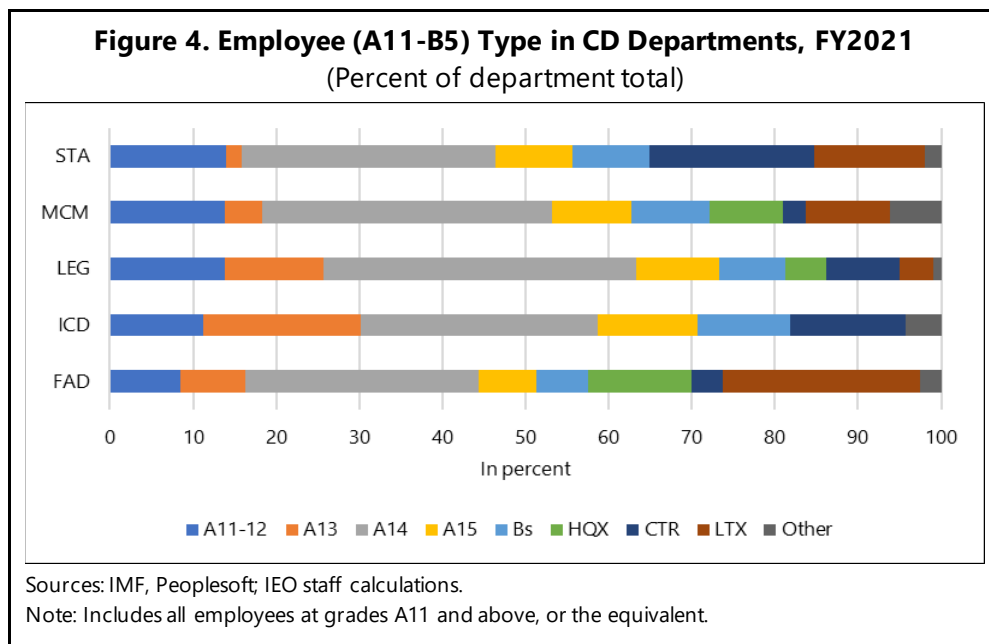
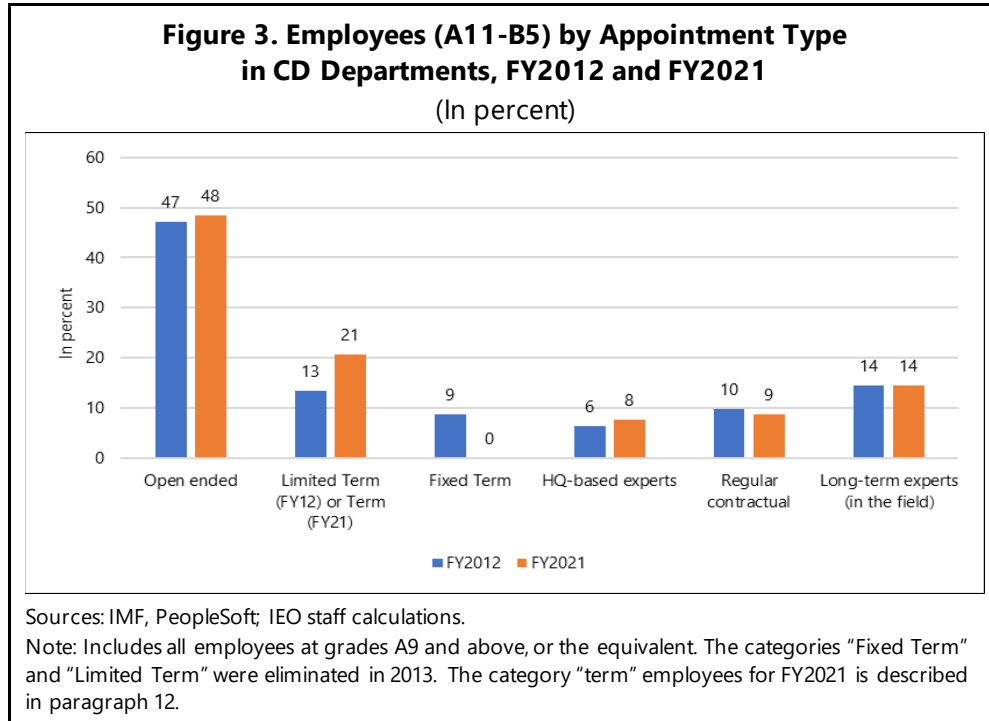
### Composition of CDD Workforces

20. CDDs are staffed differently than area and other functional departments in the IMF, including because CDDs rely more heavily on contractual staff based at HQ and because they deploy LTXs and STXs in the field. In looking at the former, it is important to recognize that not all employees in CDDs are engaged in CD, as these departments also participate in both bilateral and multilateral surveillance as well as program work; indeed, some employees are involved in both CD and surveillance/program work. Nonetheless, a snapshot in FY2021 of the distribution of professional employees across resource types shows the clear differences between CDDs and area and other functional departments (Figure 2). In FY2021, HQBCs (including HQXs and other contractuels) made up 15 percent of CDD professional-level employees, compared to 3 percent in area and 11 percent in other functional departments. LTXs made up another 13 percent of CDD professional level staff. CDD staff on open-ended and term contracts were, like other department types, concentrated at the A14 level, but there were lower shares of entry-level staff and managerial positions, and much lower shares of A13 staff in CDDs than in area and other functional departments—reflecting the fact that many specialists are hired after having gained expertise and experience at other organizations. In addition, CDDs draw as needed on STXs, as described above and as explored in more detail in Enoch (2022).

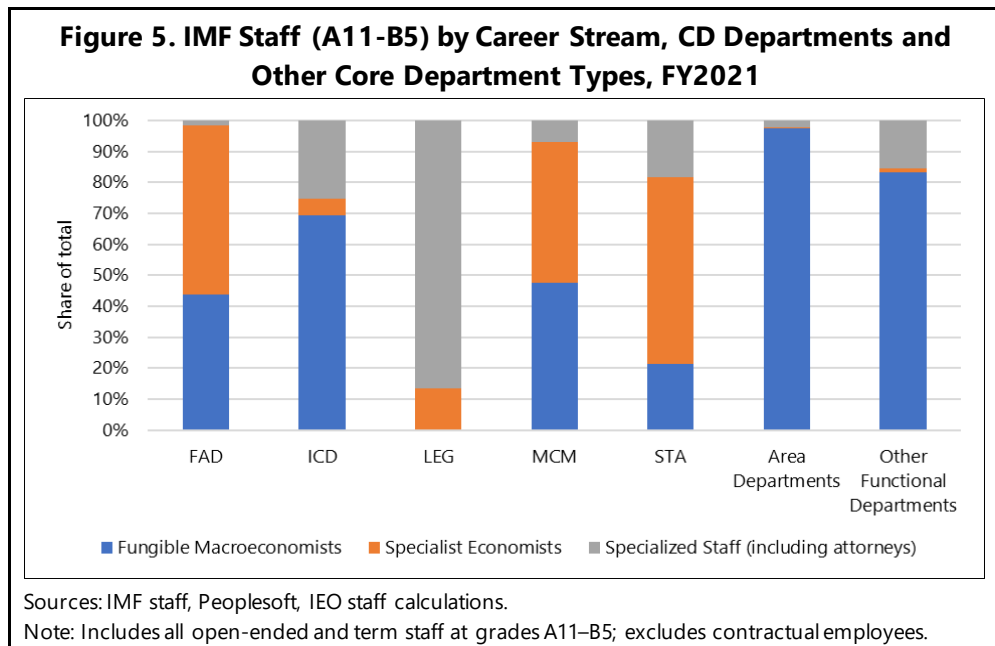


21. CD-delivery divisions and departments juggle the balance among appointment types based on budgeted staff slots, available funding, and CD demand. Over the course of the evaluation period, CDD reliance on different appointment times shifted only slightly (Figure 3). Long-term contractual employees held relatively steady as a share of A9–A15 CDD employees; HQXs increased from 6 percent to 8 percent, regular contractual employees fell from

10 percent to 9 percent, and LTXs held steady at 14 percent. The share of employees on term appointments in FY2021 was virtually equal to the combined share of fixed and limited term appointments, and the share of open-ended employees also remained relatively steady. The configuration of appointment types in FY2021 varied across CDDs, with Fiscal Affairs Department (FAD) employing the largest share of LTXs and HQXs, and Statistics Department (STA) relying most heavily on CTR appointments, which are generally used for mid-level experts (Figure 4).



22. Among CDD economist staff, SEs represented about half of the total in FY2021 (up from 45 percent in FY2012). These staff focus on areas such as revenue administration, central bank operations, or government finance statistics, depending on the department. The share of SEs varied across CDDs—with SEs making up 60 percent of A11–B5 staff in FAD and STA, 45 percent in MCM, 13 percent in LEG, and 5 percent in ICD. Specialized career stream staff at the A11–B5 level also played a larger role in CDDs than in area departments or other functional departments, representing about 20 percent of the total, compared to 11 percent in area and other functional departments combined. Figure 5 shows the varying composition of A11–B5 staff in each CDD, as well as for area departments and other functional departments. Nearly all SEs were employed in CDDs.<sup>11</sup>



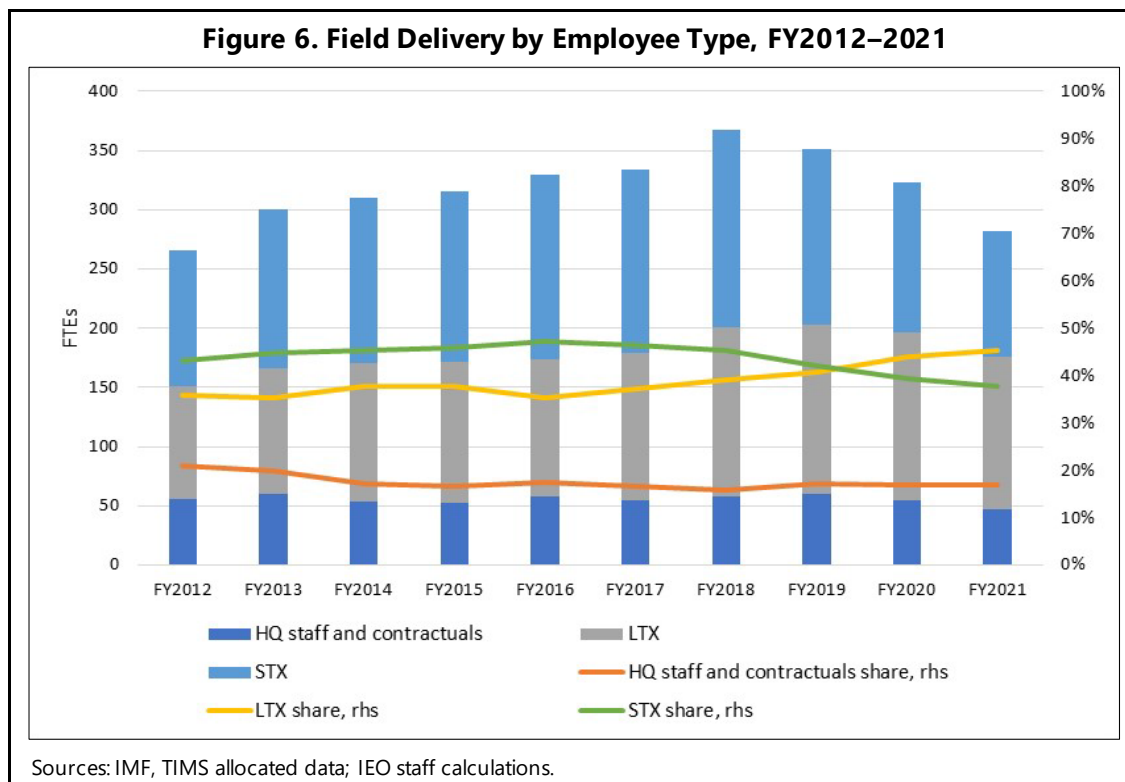
### Which Employees are Involved in CD Delivery?

23. Separate systems provide information about the role played by employees of different appointment types in delivering CD in the field and the full range of activities involved in CD delivery, including backstopping and other support at HQ. Field delivery of CD is tracked through the travel reporting system (TIMS, in full time equivalents or FTE), while overall spending on CD delivery including backstopping and other HQ support (also referred to as “direct delivery”) is tracked through time reporting (ACES, in US dollars), which includes time spent at HQ on backstopping and other support for direct delivery.<sup>12</sup>

<sup>11</sup> Most HQ-based contractual employees and LTXs are also classified as SEs.

<sup>12</sup> Because TIMS collects information in FTE and ACES in dollar terms, the data they produce are not directly comparable. Shares of the total can be compared but are also affected by the different costs associated with different employee types. In addition, because it is derived from travel data, TIMS it is not reliable for activity during the pandemic, when the IMF relied heavily on virtual delivery.

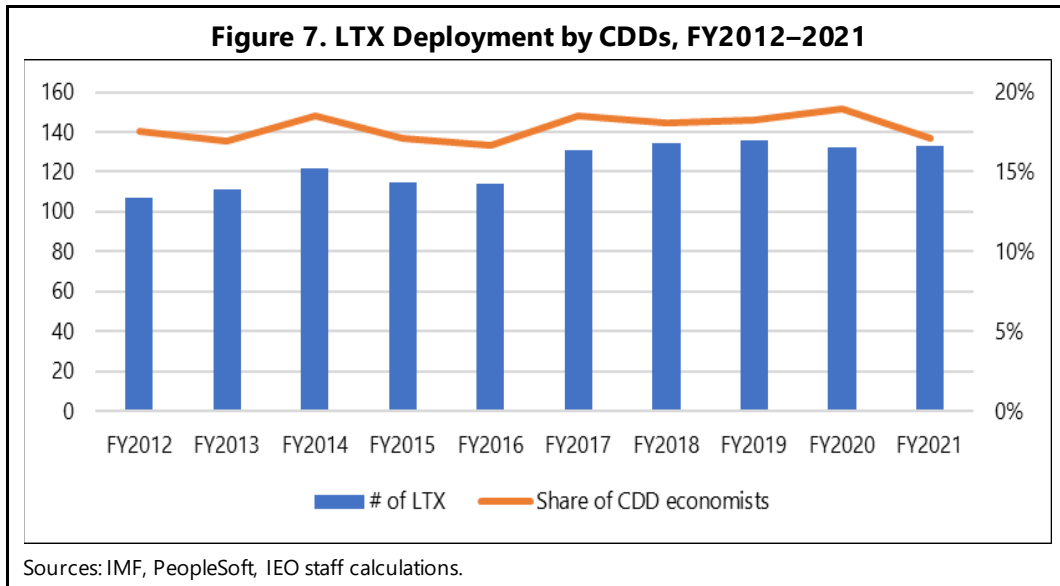
24. Delivery of CD in the field, i.e., in country or via RCDCs, is dominated by LTXs and STXs (Figure 6). The role of LTXs has expanded, to account for 45 percent of field delivery in FY2021, up from 36 percent in FY2012. The number of LTXs increased somewhat over time but remained relatively steady as a share of CDD economists on staff (Figure 7), even as LTXs shifted from resident adviser roles based in individual countries to RCDCs (see Enoch, 2022). The share of CD delivered by STXs initially rose during the period, from 43 percent in FY2012 to 47 percent in FY2016 before declining to 38 percent in FY2021. Delivery by HQ-based staff and contractuales who travelled to the field accounted for about one-sixth of the total in FY2021, having declined slightly over the evaluation period from 21 to 17 percent.



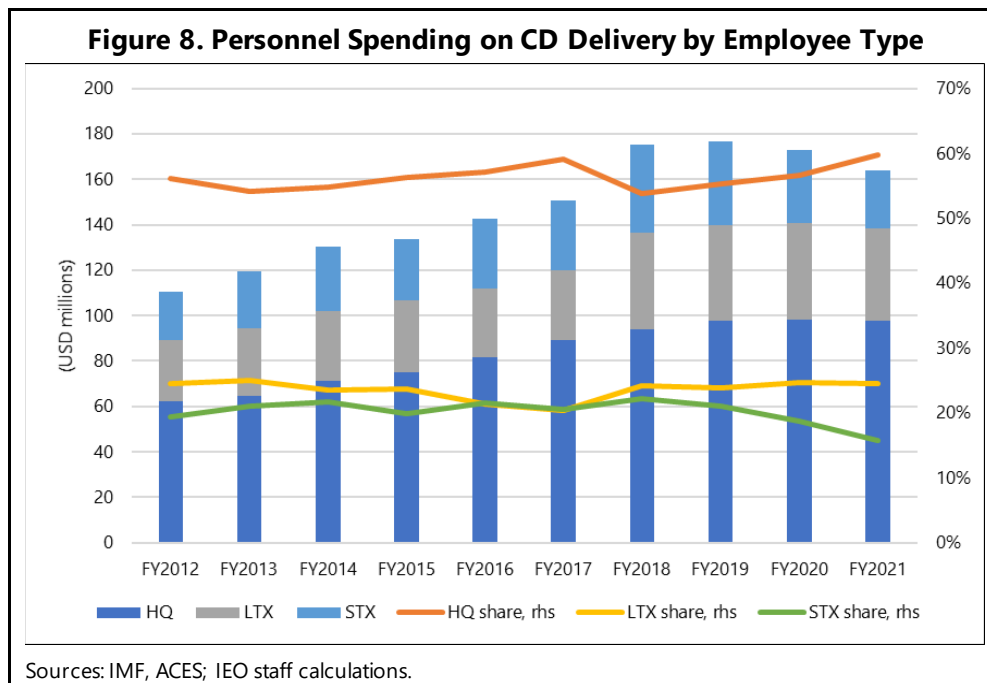
25. The pattern varies across departments. For instance, focusing on FY2018–2020, more than half of ICD delivery of CD in the field was undertaken by HQ-based personnel, while in other departments this share was 13–22 percent. Other CDDs relied more heavily in this period on LTXs and STXs, with MCM most heavily reliant on LTXs (55 percent) and LEG most reliant on STXs (51 percent). Consistent with their design, RTAC delivery was undertaken primarily by long- and short-term experts in the field, with LTXs accounting for about 30 percent and STXs about 65 percent on average across the RTACs; HQ-based personnel accounted for a very small share – related to training or diagnostic work, according to interviews.<sup>13</sup>

<sup>13</sup> RTCs not included here because this delivery is not consistently reported in TIMS.





26. Looking at the full range of direct delivery activities, including backstopping, oversight, and related work, HQ-based personnel play a dominant role, as this contingent of the workforce consistently accounted for about 60 percent of these direct delivery CD activities throughout the FY2012–2020 period (Figure 8). This pattern was consistent across most CDDs, but with ICD again relying primarily on HQ-based personnel. It is also worth noting that HQ-based personnel carry out virtually all management, administration, and analytical/development activities (about 97 percent).



### III. HUMAN RESOURCE ISSUES: ASSESSMENT

27. Management of human resources generally includes recruitment, performance management, and talent or career development, with the goal in the IMF of “strengthening the IMF’s capacity to serve all members” (IMF, 2022). In the case of CD, this requires identifying, attracting, developing, and maintaining high-quality technical expertise with the necessary flexibility to meet country needs and demands as they evolve. This section examines the IMF’s record in this respect, considering the role and experience of specialist economists, the use and implications of different appointment types, the approach to CD experts in the field, and broader cultural issues affecting talent management for CD.

#### A. Building and Maintaining Expertise: Specialist Economists on Staff

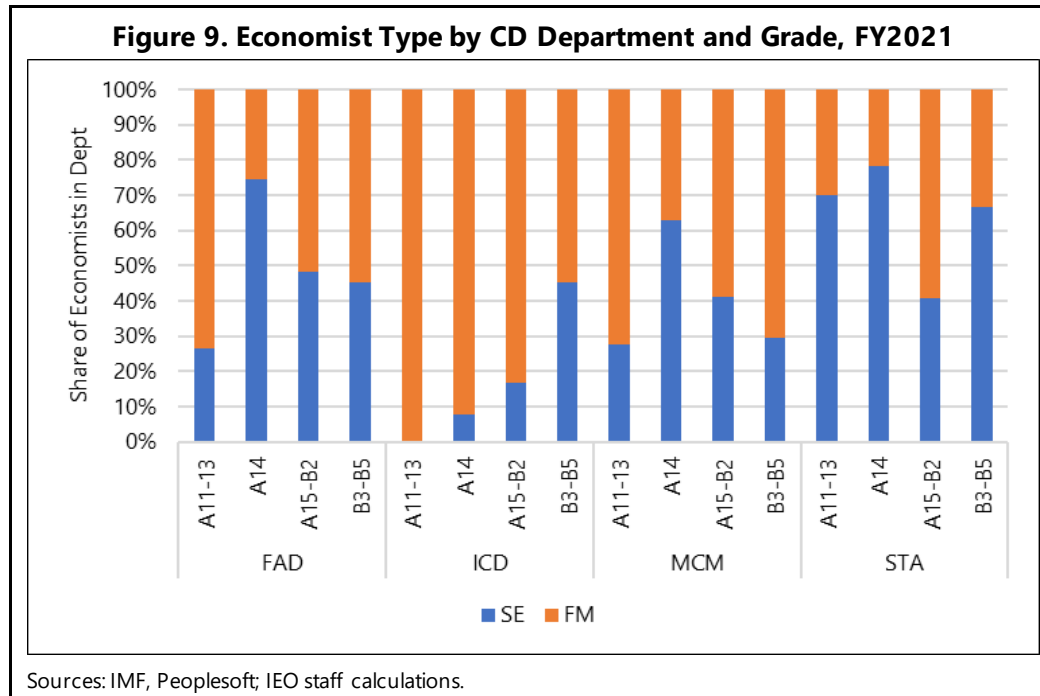
28. As discussed above, SEs comprise a critical source of expertise for CD. Yet SEs on IMF staff face a variety of mobility and career development challenges in the IMF, and even within CDDs, with their opportunities for growth and mobility constrained compared to fungible macroeconomists.

29. SEs are hired for their deep knowledge and expertise in particular areas within CDDs. These include: expenditure policy, public financial management, revenue administration, and tax policy within FAD; anti-money laundering and countering the financing of terrorism, financial and fiscal law reform, governance and anti-corruption, and insolvency in LEG; financial sector experts in MCM; and external sector and government finance in STA. While their functions and activities in delivering CD might have commonalities, there is generally little if any overlap in the areas of expertise, so that SEs are typically only well-qualified in one area. That said, these specialists may have broader educational backgrounds and experience that could enable them to make contributions in other areas of the IMF, for instance in the management or governance of CD or in FM roles.

30. Consequently, most SEs are hired and generally remain in CD roles, sometimes the same one, their entire time at the IMF. As noted above, about half of A11–B5 economists in CDDs are SEs, although this varies substantially across CDDs. Their distribution varies across grades and departments (Figure 9). FMs often play a prominent role in CDDs, in some cases leading divisions that deliver CD and often serving in front office management positions. SEs occupy one-third of A15–B5 positions compared to more than half of A11–A14 economist positions in CDDs as a whole—although this also varies substantially by department.<sup>14</sup>

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<sup>14</sup> Data for FMs includes staff that joined the IMF as part of the Economist Program and that joined at Mid-Career.



31. SEs can generally only fill positions in their area of speciality, generally in departments involved in CD delivery. This policy reflects the principle that, unlike FMs, specialists are needed only for particular roles, with the number managed via workforce planning. Area department positions in particular have traditionally been open only to FMs.

32. There are also limits on employment of SEs in ICD, which was initially set in 2012 to be staffed solely by FMs. (This explains the very small share of SEs shown in Figure 8.) This means that Division Chief and other positions involving CD policies, strategy, and fundraising, for instance, have historically been filled by FMs, often with limited or no experience in CD. Over time, as ICD's role expanded, for instance to include CD governance for the institution, training policy, and implementation of the Capacity Development Management and Administration Program (CDMAP), the department concluded that it needed the skills and expertise of SEs to complement those of FMs and help the department effectively serve its delivery and larger institutional roles.

33. In 2019, ICD sought flexibility from HRD for a limited number of its economist positions to be filled with SEs and received approval to do so for ten percent of about 100 such positions. The number is limited because SE skills are seen as a complement to those of FMs, which remain the main focus in the IMF consistent with its workforce planning. ICD has discretion about where to deploy these SEs within the department, provided that the distribution across grades is generally proportional.

34. The policy limiting SEs to CDDs has been softened more recently to allow more flexibility in very limited circumstances. This has including allowing on an exceptional basis for SEs to serve

in RTAC Director positions, which are attached to area departments. In addition, as part of the staff augmentation in the FY2023–2025 budget, IMF staff is considering how to accommodate the need for SEs with expertise in emerging areas such as climate, gender inclusion, and digital money.<sup>15</sup> This is expected to involve provisions for a few SEs in non-CD functional departments, such as Research (RES) and Strategy, Policy and Review (SPR). However, these steps are not intended to substitute for creation of an expert track (discussed below).

### **SE Careers: Appointment Type, Promotion Rate, and Turnover Pattern**

35. SEs are more likely to be on term appointments than FMs. According to HRD data, about 59 percent of SEs on IMF staff in FY2021 were on open-ended appointments and about 41 percent were on term appointments.<sup>16</sup> In comparison, 85 percent fungible macroeconomists had open-ended appointments and 15 percent term appointments. HRD staff explained that the higher share of term appointments among SEs was a consequence of a higher turnover rate among this group, which created the need to build a pipeline of term employees to fill behind those who move on.

36. However, making the transition to open-ended status depends not just on performance and budget space but also on the medium-term business need for their skills/expertise, suitability for ongoing career success in the IMF, and flexibility to move into different roles and adjust to the institution's evolving needs. While the ongoing business need and flexibility to meet evolving needs are generally a given for FMs, this presents a significantly higher bar for SEs. For SEs, this determination is made based on workforce analysis notes that have now been prepared for all specialist job functions.<sup>17</sup> These notes consider, *inter alia*, whether demand for expertise is expected to change, whether there are risks to delivery of a department's work program related to the job function, and whether the employment type mix for the function is appropriate. The workforce analysis note for the new specialist job function in ICD also explained ICD's need for the skills and expertise of specialist economists as a complement to that of macroeconomists.

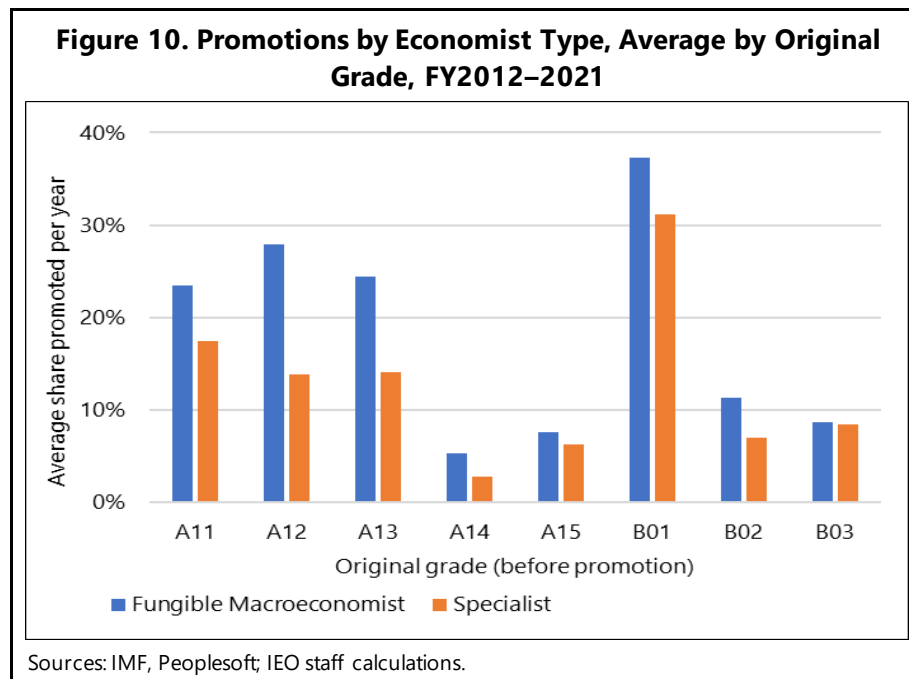
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<sup>15</sup> In July 2022, IMF staff reported that candidates to fill recent digital money vacancies had been identified internally and that they have a "promising" roster of financial sector experts who could potentially fill future climate vacancies.

<sup>16</sup> As noted above, almost all economists on contractual appointments, whether at HQ or in the field, are SEs. When these employees are included, 28 percent of SEs are on open-ended appointments, 20 percent are on term appointments, and about 52 percent are on contractual appointments.

<sup>17</sup> These notes are discussed and approved by the Corporate Workforce Planning Board including senior personnel managers from all departments and representatives from OBP, LEG, and the Staff Association.

37. The rate of promotion for SEs was lower than for FMs across all grades during the evaluation period, though less so at higher grade levels (Figure 10).<sup>18</sup> Focusing on “competitive” promotions, about 2.7 percent of SEs achieved promotion from A14 to A15 during the evaluation period, compared to 5.2 percent for fungible macroeconomists; the rates of promotion from A15 to B1 were 7.6 and 6.3 percent, respectively. In addition, about 14 percent of A12 and A13 SEs were promoted to the next grade during the evaluation period, compared to 28 percent of A12 and 24 percent of A13 fungible macroeconomists.



38. Further, according to HRD estimates, SEs have an annual turnover rate of 10 percent on average compared to less than five percent for fungible macroeconomists. HRD also estimates that SEs have shorter average tenure at least in some functions (e.g., Expenditure Policy SE tenure is about 3.5 years, compared to overall Fund staff average of 10 years). HRD analysis attributes this higher turnover at least in part to the fact that SEs are typically hired at mid-career (and sometimes after having spent time as contractual employees), making them closer to retirement. Specialist expertise may also make them more mobile outside the Fund. However, it may also be related to the limited prospects for career advancement beyond the senior economist level for most SEs, given the limited number of promotion opportunities.

39. Higher turnover among SEs may be consistent with the goals of bringing greater flexibility so that the IMF can be nimble in the face of changing needs for CD and changing availability of resources. However, CDDs staff in interviews expressed concerns that the relatively

<sup>18</sup> As noted above, data for FMs includes staff that joined the IMF as part of the Economist Program and that joined at Mid-Career. According to IMF staff, the experience of the latter with respect to promotions is more analogous to that of SEs, including because of the value placed on experience within the IMF.

high turnover of SEs, for instance in public financial management, could hamper the smooth delivery of CD, as well as the ability to deploy the most experienced and insightful experts. And in some areas, there are concerns about competition with other international institutions. This raised the question of whether enough is being done to develop and retain such SEs as valued employees.

40. The IEO survey for this evaluation provides some insights about the impact of these disparities. About 60 percent of all survey respondents disagreed/strongly disagreed that the career opportunities and promotion prospects for SEs in the IMF were sufficiently attractive to build and sustain the specialist expertise needed at the IMF for high-quality CD work (Pedraglio and Stedman, 2022).<sup>19</sup>

### **Movement Between SE and FM Status**

41. SEs can seek to gain fungible macroeconomist status, and thereby significantly expand the potential career opportunities in the IMF. But this is a challenging process, involving a written exam and a panel interview, as is the case for outside candidates hired as FMs at mid-career. One issue is that the roles for which SEs are hired do not generally facilitate exposure to and understanding of the broader work of the institution, which could help SEs prepare for the process of transitioning to FM status. Specialists from CDDs may participate in area department missions or cross-cutting work within departments, which can help them gain helpful exposure and experience. However, interviews conducted for this evaluation indeed suggest that making the transition to FM was not straightforward, as IEO found in the 2019 IEO evaluation of *IMF Financial Surveillance* (IEO, 2019).<sup>20</sup>

42. CDDs also look for ways to borrow or build needed specialist skills from the broader pool of fungible macroeconomists. This can help build expertise, although to maintain FM status, such economists must move to a different role within a given number of years. This also illustrates the unequal playing field between specialist and FMs, since the former face a much higher hurdle for breaking into FM roles, as they must first pass the mid-career written and oral/panel process and then be selected by a department.

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<sup>19</sup> On the other hand, 40 percent agreed with the statement. These results exclude survey respondents who indicated that they did not know. (Including those respondents, 44 percent disagreed or strongly disagreed with the statement, 29 percent agreed, and 27 percent did not know.) Surprisingly given these results, SE respondents had a more positive perception of their opportunity for advancement and of the fair application of HR policies and procedures for all employees than did FMs. See Pedraglio and Stedman (2022).

<sup>20</sup> The 2019 evaluation reported that while conversion to FM could offer financial sector experts the potential to compete for a wider range of positions outside MCM, offering them greater mobility and promotion potential, the process was not straightforward. Mid-career hiring data showed that 12 FSEs sought to convert to fungible macroeconomists in the four years from mid-2013 to mid-2017; 10 passed the panel and 5 were hired. Some FSEs who passed the panel and were eligible to be hired for fungible macroeconomist roles reportedly had difficulty finding suitable positions; other FSEs who passed the panel reportedly chose to continue to develop their expertise rather than to pursue mobility to help gain promotion (Stedman, 2018).

43. While some FMs may welcome the opportunity to develop more specialist skills, CD work was not widely seen as a way to enhance career progression, according to the results of the IEO's survey for this evaluation: among staff respondents who had not previously engaged in CD work, one-third of staff respondents perceived that a CD assignment would have had a positive or somewhat positive effect on their progression, while one-quarter felt it would have made no difference, and one-fifth felt CD work would have had a negative or somewhat negative impact (Pedraglio and Stedman, 2022). In addition, the IEO evaluation of *IMF Financial Surveillance* (IEO, 2019) found that gaining specialist knowledge and experience could limit future options for fungible macroeconomists by undermining their perceived value as generalists (Stedman, 2018). There were also reports in interviews for this evaluation that some FMs who had moved CDDs, including to manager roles, faced difficulty finding a next assignment back in the "core" work of the institution—even though mobility requirements for FMs encourage such shifts.

### **Enhancing the Career Potential of Specialist Economists**

44. The IMF has taken steps to enhance the career development of SEs, including as part of HR strategy as well as the follow-up on the IEO evaluation of *IMF Financial Surveillance* (IEO, 2019). For instance, "Playbooks" to help guide SEs in career development were recently published internally for fiscal, financial, and statistical economist job functions, as a component of the HR Strategy launched in 2017.<sup>21</sup> These playbooks include sections on "navigating your career" with a map of commonalities in technical competencies across different functions. However, there are limited matches in technical competencies between specialist roles and the FM role, and the playbooks offer little if any insight into whether or how one could move between job functions.

45. Another element of the HR strategy has been a shift to focus on tracking and managing skills. To facilitate this, the IMF has sought to create an enhanced talent inventory, including for SEs. Capturing talent profiles and building an inventory is expected to facilitate better workforce analysis. According to IMF staff, work on the foundation for the Talent Inventory is advancing and has begun to feed into HR policy design and implementation. However, the system to date has largely depended on IMF staff voluntarily completing their talent profiles in the new HR technology system, Workday. IMF staff concluded in 2021 that making the inventory fully

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<sup>21</sup> Each playbook has a section on "navigating your career" with detailed descriptions of key technical competencies for each job function and a basic map indicating the degree of overlap across different functions. The economist job functions, including fungible macroeconomist, share several common technical competencies, in data analytics, knowledge of IMF operations and policies, and strategic communications. For each function, there are sub-specialty areas particular to that function. All the specialist job functions also include a technical competency in CD management, which is not included in the FM list.

functional will require stronger commitment by staff to complete their profiles, as well as the capacity to categorize skills, which is delayed pending the full rollout of Workday (IMF, 2021b).<sup>22</sup>

46. Related to this effort to enhance the focus on skills, the HR strategy has sought to strengthen workforce planning by shifting to a position management approach. The idea is to identify needed skills and attributes for each department, and positions therein, and fill positions on that basis, rather than planning around individuals. Departments will still be able to close out a position and open a new one with a different set of designated skill needs, but this will require engagement with HRD and potentially OBP to help understand how skill needs are changing and ensure that the change is aligned with broader institutional objectives.

47. This change was intended, in part, to allow departments to carve out positions for SEs and to help with their career progression, because there will be a set of positions that could provide future opportunities for them. However, CDDs expressed concern that implementation of such position management will constrain their freedom, since the position management approach will promote backfilling a specific set of skills, rather than allowing departments to think creatively about how replacement candidates might fit into a division/department, leaving departments with less flexibility.

48. IMF staff (HRD) is also developing an “expert track” to provide a career path to some SEs in “areas of strategic importance” to the Fund, which would be based on a validated need for long-term expertise in those areas (IMF, 2021b).<sup>23</sup> This could build on a previous Technical Track Initiative (also known as the “guru track”) that aimed to help retain economists with valuable skills by offering them promotion opportunities outside of traditional managerial positions but created only a handful of positions across the IMF, for instance with only two in MCM (Stedman, 2018). The expert track could seek to increase the potential for SE career development vertically, including but not limited to the potential for SEs to rise to higher grades without moving into managerial roles, and also horizontally, for instance across departments and into roles suitable to their skills. It could also make an important contribution by enhancing transparency about potential career paths for SEs. Work on this expert track was targeted for completion by April 2022, as part of follow-up on the IEO’s evaluation of *IMF Financial Surveillance* but has been delayed to the second half of FY2023.

49. Some staff interviewed for this evaluation expressed hope that development of an expert track might help retain specialist experts and attract new ones in emerging areas. Others expressed concern that this initiative would focus only on a very small number of exceptional

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<sup>22</sup> IMF staff also reported in July 2022 that they were beginning “in a phased manner” to collect and aggregate information on staff country team experiences using travel data and Workday information.

<sup>23</sup> “If deemed feasible, the expert track will seek to provide a career path to certain specialists, including financial sector experts, with a clear expectation that they will support the work of the Fund and build institutional capacity. Positions in the expert track could cover areas of strategic importance to the Fund and would be based on a validated need for long-term expertise in those areas” (IMF, 2021b).



individuals, like the guru track, and thus not have much broader impact. The expert track could be accompanied by more flexibility in position management, so that SEs could compete for more positions in the institution. This could serve both SEs and CDDs, some of which emphasized in interviews the desire for increased flexibility to make selections based on who was the best fit for a position, rather than being constrained by the categorization of individuals as specialist or fungible macroeconomists.

50. There may also be other avenues to expand opportunities and potential for SEs. As one example, a recent change in policy allows IMF staff normally based at HQ to undertake RCDC expert assignments while remaining in active IMF employment (and not taking leave without pay)—thus offering potential opportunities for growth, including for SEs.

### **B. Building and Maintaining Expertise: Appointment Types and Terms**

51. The flexibility needed to match evolving country CD needs, as well as to align with shifting financing availability, traditionally came from contractual appointments, which the COE reforms across the institution sought to reduce. However, the COE also specifically recognized that CDDs would need to hire key experts on contractual appointments, when term or open-ended positions were not available, in addition to, as a matter of policy, preserving flexibility in expertise and matching CD demand as well as resource availability (IMF, 2014).

52. The balance of staff that departments deploy to deliver and manage CD reflects a combination of budgeted staff position slots and available resources for contractual hiring—as well as by the COE guidelines. Resource Management teams in CDDs continually monitor demand for expertise, supply, and the available budget slots and funding to meet needs within the context of these and other policies, according to IEO interviews for this evaluation. Departments use scenario planning to determine when they will have open-ended and term positions available, when they can aim to move proven employees to term or open-ended status, and how much of their needs must be filled with contractual hires.

53. Some staff in interviews saw the flexibility to use different employment categories as a positive since hiring for shorter terms allows departments to bring in new skills and test the abilities of individuals before making long-term commitments. This flexibility is important, as it can be difficult to adapt experts in existing areas to new topics, given that experts tend to be narrowly specialized.

54. Some departments used the more flexible contractual appointments as a path towards building expertise that they could later hire as term or open-ended staff. This was particularly the case with field-based expertise, as departments reported hiring experts as STXs for limited assignments under the supervision of LTXs and then drawing on these individuals as potential candidates for LTX roles. This was cited in particular as a way to help increase use of expertise from the regions and countries in which the IMF is providing CD. There were also examples of this practice at HQ in which departments would hire experts on a contractual basis, shift them to

term staff as they proved themselves if and when positions became available, and then looking to convert them to open-ended staff should openings become available within the limit set by the departmental budget. However, while using appointment types as a ladder may be helpful to departments seeking to build expertise, there were questions about whether this was strictly consistent with the COE, which sought to move away from the expectation that coming to the IMF would lead to open-ended employment.

55. Nonetheless, limits on the IMF's longer-term commitment to employees with specialized expertise also creates rigidities that may hamper the institution's ability to build and sustain expertise that continues to be in demand. These limits can affect hiring, as experts with policy experience and deep technical expertise may prefer permanent positions, or at least the potential to gain open-ended status, and want to see prospects for promotion to higher managerial positions. This concern resonated among staff responding to the IEO survey, 64 percent of whom agreed or strongly agreed that the limits undermine the IMF's ability to build expertise and experience (19 percent disagreed or strongly disagreed (Pedraglio and Stedman, 2022)). IMF staff also provided examples in interviews of difficulties attracting qualified experts due to limits on career opportunities in the IMF, for instance for statisticians. In addition, staff reported facing competition from other CD providers or private sector entities for candidates with appropriate backgrounds, particular in emerging areas such as fintech. Further, unpredictability of funding has also led some departments to hire LTXs on shorter contracts, for instance one year rather than the more customary five.

56. Further, the limits on extension of term hires and contractuels can lead to undue loss of expertise, since CDDs may face continued demand for the expertise of a high-performing contractual but be unable to further extend their engagement, so that they must seek to identify a new expert. This can also bring transition and quality control issues. While a new expert may bring fresher skills, they require time and training to fully substitute for an expert who is highly familiar with the IMF, the country, and past or ongoing CD. Indeed, several of the country case studies for this evaluation found that the continuity of experts, who could develop knowledge of country circumstances as well as personal relationships with counterparts, was a key element to the success of CD (Citrin and Legg, 2022; and Chopra, 2022).

57. In interviews, some CDDs reported losing experts that they wanted to retain due to the limits, primarily on the length of contracts but also on term employment. For instance, STA has a large share of contractual staff, in order to fulfil the requirement of matching committed external funding. However, because such contracts are limited to 4 years, turnover is higher than optimal for the department, and staff reported challenges in rolling over expertise. Another example is found in recent "workforce analysis notes" (discussed below) for four specialist functions in FAD, which referred to risks to IMF expertise related to turnover of SEs on contractual appointments or constraints on their length of their service.

### C. Building and Managing Field-Based Expertise

58. As noted above, LTXs and STXs play a major role in delivery of CD in the field, together accounting for about 85 percent of field delivery and 45 percent of overall direct delivery in FY2012–2020.<sup>24</sup> The number of LTXs in the IMF workforce also increased over time, from 107 in FY2012 to 137 in FY2020 and 133 in FY2021. Country authorities appreciate in particular the knowledge of country circumstances and hands-on delivery provided by these experts, as is reported in country case studies and documented in Enoch (2022) as well as the IEO survey (Pedraglio and Stedman, 2022). The process of identifying, developing, and managing this talent is thus a critical task.

59. LTXs play multiple roles, as they both deliver CD themselves and oversee the work of STXs on projects in their area of expertise. As noted above, LTXs are contracted for set terms but can move between RCDCs or in country placements without an overall limit on IMF employment. This was seen as a plus in IEO interviews, since it allowed for the build-up of skills and experience over time and across countries/regions. However, it raises questions about the appropriateness of them being on contractual appointments, since they may be engaged by the Fund for many years. These issues would be appropriate fodder for HRD's planned review of the IMF's "model for field-based employment ... following a period of rapid growth under a wide range of employment arrangements" (IMF, 2021a). Some innovations have been introduced during the COVID-19 crisis, notably an exception to duty station restrictions for LTXs to allow them to work remotely from a third country, enabling them to serve the same or even a broader group of countries at a lower cost to the IMF. Interviews suggested that there was interest among CDD staff in using such an approach more consistently going forward.

60. IMF staff shared with IEO in interviews some concerns about the process for hiring and managing LTXs. For instance, some CDDs found the HRD rules and procedures involved in LTXs hiring, which are the same as for IMF staff, to be cumbersome; one reported relying on more flexible STX appointments as a result. Some RCDC directors questioned the process in which they were only consulted on LTX selection just before the final decision, despite the fact that LTXs effectiveness was central to the execution of the RCDC work programs. Finally, there is no institution-wide policy for evaluating the performance of LTXs. Department decisions about whether to renew two-year contracts provide an opportunity to assess performance and determine whether to continue to engage LTXs. Departments do not have consistent practices for evaluating LTXs; the IMF's new HR systems provide the platform to deploy the same performance management system for LTXs that is used for staff, but departments take different

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<sup>24</sup> LTXs accounted for about 40 percent and STXs about 45 percent of field delivery (TIMs, FTEs) in FY2012–2020, while LTXs accounted for 25 percent and STXs 20 percent of the cost of overall direct delivery (including all staff time such as backstopping, ACES, \$ basis). FY2021 is excluded because of the impact of the COVID-19 crisis on delivery.

approaches, including because of concerns about the time involved for HQ-based CDD staff to prepare such assessments.<sup>25</sup>

61. For STXs, hiring and management is de-centralized to CDDs. As noted above, departments are now aligning practices (e.g., overall limits on the number of days each STX may be contracted each year; validation of experience/skills to protect against reputational risks; guidelines to avoid nepotism); and building a database across departments to include all CDD rosters and maintain common records—while allowing for differences to reflect department needs. CDDs have also reportedly normalized the vetting process for the inclusion of new experts on the roster.

62. As discussed by Enoch (2022), a range of concerns continued during the evaluation period about the functioning of the STX system. For instance, rosters are fed primarily through informal networks, for instance among departmental staff with prior government experience in member countries and among STXs currently on the roster. Departments typically maintain large STX rosters but draw on a small fraction of those experts regularly for assignments, making delivery dependent on a narrow group and limiting the access of new candidates as well as the development of new talent. Further, there were reports of unmet demand for greater local expertise and language abilities. Some staff suggested that the IMF could address this need by increasing local recruiting of expertise. For instance, MCM is working to use local organizations and draw on local expertise to deliver CD and has made progress in the areas of debt management and banking supervision, but central banking is more difficult. They are also encouraging LTXs on the ground to work with local staff to develop their skills and knowledge, so that they might be potential future STX and eventually LTX candidates.

#### **IV. HUMAN RESOURCES: LESSONS AND FUTURE CONSIDERATIONS**

63. Assessed against whether it is tapping high-quality expertise for CD delivery, the IMF measures up well. The IEO survey of member country officials and country case studies undertaken for this evaluation consistently report a high level of satisfaction with the quality of CD and the expertise of personnel delivering CD. For instance, authorities were reported to “especially value IMF technical expertise and background knowledge of international experiences”—particularly in areas traditionally considered core to the IMF mandate, where the Fund is generally considered to provide the highest quality CD support (Ter-Minassian, 2022). Donors interviewed also share confidence in the quality of IMF expertise and experience. This track record reflects the strengths of the IMF’s “in-house” rather than “out-sourced” model for tapping expertise, along with careful backstopping from HQ.

64. Nonetheless, there were a range of concerns about the availability and modes of expertise for delivery of CD. Case studies prepared for this evaluation provided examples of

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<sup>25</sup> Some departments like MCM have a formal process, but there is no formal requirement to have one. The LTX performance cycle is aligned with each LTX’s appointment date, rather than on that of staff, and thus allows for staggering of the assessment workload throughout the year.

issues that have arisen during the evaluation period, and interviews and surveys also pointed to similar concerns in some areas.

- Some case studies for this evaluation (for countries such as Albania, Brazil, Georgia, Indonesia, Liberia, Moldova, Peru, Somalia, and Ukraine) reported that recipient authorities would have liked greater continuity amongst IMF CD experts, as well as more CD follow-up. Limits on the length of appointments of HQ-based contractual employees and turnover among SEs on staff described can undermine this kind of continuous engagement. Indeed, CDD staff in interviews expressed concerns that the relatively high turnover of specialists, for instance in public financial management, could hamper the smooth delivery of CD, as well as the ability to deploy the most experienced and insightful experts.
- Access to particular skills and staff at any point in time has been a problem in some cases. For example, Legg and Sembene (2022) noted that this had been the main operational constraint in areas such as extractive industries taxes, an issue relevant to both Nigeria and Uganda.
- Expertise in new or emerging areas for IMF CD was seen as a particular concern. For example, Ter-Minassian (2022) found that authorities had less confidence in Fund staff expertise in areas such as climate change and gender than in traditional, core areas. Some observers in Europe noted that the IMF faced the challenge of continuously upgrading its expertise in the face of rapid developments, particularly in technology, with the result that IMF staff was not seen by authorities as a major CD partner in some new areas such as fintech (Everaert, 2022). Respondents to the survey of IMF staff were less confident that the IMF had the right complement of employees to deliver high-quality CD in new or emerging areas such as climate, gender, and digital money, with only 26 percent agreeing or strongly agreeing with this statement and 55 percent disagreeing or strongly disagreeing. Similar sentiments were expressed by IMF staff, donors, and recipient countries in interviews. There were also reports of unmet demand for greater local expertise and language abilities, particularly from countries in MCD but also other countries. Executive Directors also emphasized the need for more expertise in digital money (July 2021 discussion of budget augmentation).
- Some donors and staff raised the question of whether the IMF had or valued the needed skills to support sustained institutional change. In particular, they suggested that the IMF should consider adding some complementary skills, such as understanding up change management in order to help enhance its effectiveness/impact. (This possibility is discussed further in Radelet (2022)).

65. The practicalities of HR policies, combined with the need to match funding streams, mean that departments depend significantly on appointment types that require less commitment on the part of the IMF. In particular, departments may look to hire contractual employees, even when they see a permanent need, because of constraints in budgeted funding or positions. For some experts hired on a contractual basis, the IMF offers expatriate benefits, as mentioned

above, with the goal of attracting high caliber talent. However, CDDs indicated that the fact that these are contractual positions may make them less attractive to some experts, which can affect departments' ability to attract and maintain expertise, especially on topics in high demand.

66. While flexibility is essential to be able to match expertise to country needs, continuity in expertise and engagement is also important to facilitate effective delivery of the IMF's CD program. There are questions about whether current constraints on contractual hiring or term employees are well suited to sustaining the expertise needed. The additional flexibility provided to CDDs under the COE to use contractual employees to undertake work that is externally funded, even if it is not temporary and requires deep expertise, was a practical step. While respecting the many considerations, including fairness across different categories of staff, that went into the COE and the current employment framework, it may be worthwhile to consider further adaptations given the nature of CD work and its funding. This might include, for instance, changes to allow HQXs to serve more than the current maximum of four years, to allow departments to renew term employees for more than two 3-year terms, or to expand the practice of allowing experts such as LTXs to be based in third country locations.

67. Further, there are limited career opportunities for SEs who are so fundamental to CD. While some SEs have risen to senior staff positions, overall there is not a clear strategy for cultivating SEs, who are seen as fulfilling discrete needs focused in narrow specialist areas, rather than a broader pool of talent of central importance to the IMF fulfilling its mandate. As one staff member expressed, the IMF has made a policy commitment to providing CD but is not fulfilling that commitment on the staffing side.

68. Attention is also needed to some policies for employees in the field. For instance, the exemption of LTXs from COE rules has clear advantages for the Fund, in that it facilitates the build-up of experience and expertise across LTX assignments, but also raises questions of consistency and fairness for employees who are clearly engaged in ongoing rather than temporary work. Decentralized hiring of STXs has advantages, and steps to align but not standardize departmental practices should address many of the risks. Moreover, there is potential to build more diversity into the STX pool, including by increasing local recruiting of expertise and creating incentives for LTXs to help identify and cultivate such talent. These issues could be taken up in HRD's planned review of the "model for field-based employment over the next 2 years" to take stock "following a period of rapid growth under a wide range of employment arrangements" (IMF, 2021a).

69. Notwithstanding the changes to HR policies and practices that are still ongoing, it is not clear to what extent the IMF has developed a coherent approach or undertaken broader strategic thinking about how best to nurture talent needed for CD across the institution over the medium term. For instance, the discussion of COE in 2014 recognized the different realities/needs of CD and accordingly allowed for greater reliance on contractual employees in this area. However, this evaluation has found little overall analysis of how this flexibility has been used, and what the impact has been across different specialist functions and CDDs, and how to balance the need for

continuity in CD engagement with authorities with the need for flexibility to respond to changing CD needs. As noted in Section II.C, over the course of the evaluation period, the appointment types in CDDs have evolved only on the margin, with little broader consideration of whether this is appropriate. Workforce planning for CD thus far has mostly focused on narrow specialty areas without looking at these together to discern what might be learned about developing a CD workforce over time.

70. The IMF's internal risk assessment identification of HR issues—including retention, resilience, and skills gaps—among critical risks for the institution (IMF, 2021a), underscores the importance of a considered approach to the cultivation of the workforce for delivering CD. The current approach appears to be driven largely by the practicalities of matching resources and appointment types and on preserving flexibility for evolving needs and protecting against the potential for financing to decline. It would also be worthwhile to consider more broadly the calibration of policies in light of the competing needs for flexibility and continuity, and the best approach to cultivating CD expertise over time, could be helpful. This would need to go beyond workforce planning to consider, for instance, the appropriateness of appointment terms.

71. More broadly, there remains a persistent perception inside the IMF that CD work is less valued than “core” surveillance and program work. This issue was identified in the 2018 CD review, which indicated that the HR strategy would take steps to ensure that CD work is valued on par with other IMF activities. Indeed, some steps have been taken to address incentives and perceptions with respect to CD work. For instance, CD mission experience is included as one of several ways that staff can achieve some of the necessary requirements for FMs to be considered for promotion to A15 and B3. The move to allow HQ-based staff to undertake RCDC expert assignments while remaining in active IMF employments has also helped to incentivize CD experience, in addition to offering career development and growth opportunities for SEs.

72. However, culture and perceptions about CD work continue to be a concern. This was raised by some IMF staff in interviews, with one staff member calling CD work largely “unheralded” in part because progress is slow and intangible and others citing the limited opportunities to progress to senior positions. In addition, some CDDs expressed concern about the lack of interest in other departments in CD-related skills, which they felt were important for area department economists and managers to build in order to help the IMF be effective. The IEO survey of IMF staff for this evaluation also pointed to lingering issues. About 45 percent of IMF staff respondents expressed the view that CD work has been moderately or strongly undervalued in the IMF in the last two years, although 37 percent felt that it was fairly valued and 5 percent took the view that it was moderately or strongly overvalued. Most respondents (64 percent) felt that the perceived value of CD work was no stronger in the last two years than previously, while 28 percent thought that the perceived value had increased and 8 percent thought that it had declined (Pedraglio and Stedman, 2022). Inconsistencies in the presentation of CD work in surveillance documents, as discussed in De Lannoy (2022), and the lack of

incentives to make these connections (Citrin and Legg, 2022) also suggest the subordination of CD engagement in IMF culture.

73. The analysis presented here suggests that practical steps to support the IMF's ability to sustain the needed expertise to deliver high quality expertise would include:

- Prioritizing development of the expert track. This initiative should move forward expeditiously and without further delay. It should focus on increasing opportunities for specialist economists in the IMF to move into suitable roles horizontally, including across departments as possible, as well as vertically. This should include but not be limited to increasing the potential for SEs to rise to higher grades without moving into managerial roles, which may merit additional budget resources. It could also involve relaxing restrictions on opportunities available to SEs, including RCDC Director roles, and potentially increasing flexibility for SEs to gain broader experience and allow departments to benefit from their specialist skills. Design of the initiative should also take into account the important role for specialists envisioned as part of the staff augmentation—for instance, by facilitating moves across departments given the surging demand for specialist skills in new areas.
- Taking steps to ensure that the talent inventory is sufficiently completed in a timely way to underpin workforce planning.
- Building on innovations introduced during the pandemic, for instance examining whether the definition of duty station could be adapted to allow location of experts in third countries in some cases.
- Re-examining HR policies and practices related to appointment terms for employees engaged in CD, given the tension between the need for both flexibility and continuity in expertise, for instance by considering the potential for extending the limits on appointments (such as an additional two-year renewal of CD contractual employees, and an additional extension possibility for term staff).



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