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BACKGROUND PAPER

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The IMF and Fragile States: Human Resources Issues

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The IMF and Fragile States: Human Resources Issues

Prepared by Jung Yeon Kim

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Abstract

This paper analyzes the IMF's human resources (HR) policy and practice related to its work on countries in fragile and conflict-affected situations (FCS). The paper finds that HR issues pose a challenge for the effectiveness of the IMF's FCS work. Area departments often experience difficulty in attracting experienced staff to such work. The staff's reluctance to take on FCS assignments reflects the perception, supported by HR data, that such work is not sufficiently recognized in the institution and may even be detrimental to one's career. FCS officials generally gave high marks to the technical competence of the IMF staff but they expressed concern about its lack of experience and high turnover. Unless addressed at the institutional level, these and other HR problems could hamper the IMF's ability to maximize its support for FCS.

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ABBREVIATIONS

AE	advanced economy
AFR	African Department (IMF)
APD	Asia and Pacific Department (IMF)
APR	annual performance review (IMF)
CPIA	Country Policy and Institutional Assessment (World Bank)
DAC	Development Assistance Committee (OECD)
DFID	Department for International Development (U.K.)
EME	emerging market economy
EP	Economist Program (IMF)
EUR	European Department (IMF)
FAD	Fiscal Affairs Department (IMF)
FCS	countries in fragile and conflict-affected situations
FCV	Fragility, Conflict, Violence, and Forced Displacement Group (World Bank)
FIN	Finance Department (IMF)
FTE	full-time equivalent
FY	fiscal year
G20	Group of Twenty
GIZ	German Enterprise for International Cooperation
HR	human resources
HRD	Human Resources Department (IMF)
HRL	high-risk location
ICD	Institute for Capacity Development (IMF)
IEO	Independent Evaluation Office (IMF)
IMF	International Monetary Fund
LEG	Legal Department (IMF)
LIC	low-income country
MCD	Middle East and Central Asia Department (IMF)
MCM	Monetary and Capital Markets Department (IMF)
MRP	market reference point
OECD	Organization for Economic Cooperation and Development
RES	Research Department (IMF)
R&R	rest and recuperation
SPR	Strategy, Policy, and Review Department (IMF)
STA	Statistics Department (IMF)
RES	Research Department (IMF)
U.K.	United Kingdom
UN	United Nations
U.S.	United States
USSD	U.S. State Department
WHD	Western Hemisphere Department (IMF)

I. Introduction

1. This paper analyzes the IMF's human resources (HR) policy and practice related to its work on countries in fragile and conflict-affected situations (hereafter simply referred to as fragile states or FCS). It provides supporting evidence to the IEO evaluation "The IMF and Fragile States." State fragility is one of the urgent global issues of the day, and the IMF has a critical role to play in these countries by helping to establish macroeconomic stability and to build state capacity and institutions in areas of its core competence. In responding to recurrent calls to enhance its engagement with FCS, the Fund must keep in mind that the effectiveness of that engagement depends on the quality of human resources that it brings to bear in working with these countries.

2. Work on fragile states can be enriching and rewarding, allowing an individual staff member to achieve a distinguishable impact. Sixty percent of the FCS staff respondents to an IEO survey indicated that they would accept another FCS assignment (de Las Casas, 2018). Even so, the IMF has experienced long-standing and systematic difficulties in attracting experienced staff members to FCS assignments. Area departments have relied on mid-career external hires to fill some of the vacancies, and in some cases, research assistants have been sent on mission to do economist work. While bringing in outside recruits with FCS experience can be beneficial over the longer term, the initial costs of training them and developing their IMF-specific skills are high, and their lack of institutional knowledge increases the work load of mission chiefs. Functional departments, too, have faced difficulty in recruiting non-specialist (or fungible) economists to work on FCS. FCS positions are advertised when they become open, but they often remain vacant for an extended period.

3. These HR issues, and the need to address them, have long been recognized in the IMF. While not all fragile states have the same professional appeal, FCS work has generally developed a certain stigma, reinforced by the perception that such work is insufficiently recognized and may even harm one's career. A 2011 internal review of the Fund's FCS work called for a "culture" shift to change staff incentives in favor of FCS work (IMF, 2011). The staff subsequently proposed a number of measures, including linking career advancement to such work, in order to incentivize staff to take on FCS assignments. In the event, the Fund has not been able to develop a full institutional consensus on the priority FCS work should receive. In the absence of an IMF-wide solution, departments have largely used moral suasion and a patchwork of departmental measures to recruit staff to FCS assignments.

4. There is no fixed list of fragile states. For practical purposes, we take as fragile states the group of countries identified as such by the IMF's Strategy, Policy, and Review Department (SPR) in 2015 (see Appendix 1). Because state fragility has a high degree of persistence, the SPR list is a reasonable approximation to the broad universe of fragile states over the time period we examine, which roughly corresponds to fiscal years (FY) 2011–17 depending on data availability.

5. HR issues, in the context of the IMF's FCS work, have recently been addressed by IMF staff, most notably in its 2016 Risk Report (IMF, 2016b). This paper attempts to provide additional

insight by utilizing a wider and more recent set of data provided by the IMF Human Resources Department (HRD). It also reviews the HR practices of some IMF partner institutions, in order to obtain a comparative perspective. Country assignments in the IMF are influenced by individual preferences. This means that, to increase the likelihood of success in changing HR practice, HR policy must target staff incentives. By examining the personal profiles and behavior of IMF staff, and the IMF's HR practices and outcomes, the paper hopes to provide a basis for discussing how incentives could be changed to encourage more experienced staff to take on FCS assignments.

6. The remainder of the paper is organized as follows. Section II analyzes the personal background, performance, and interests of IMF staff members who work on fragile states. Section III discusses the institutional dimensions of staff deployment, including the allocation of resources, the length of assignments, benefits and compensation, and the skill mix of IMF economists. Section IV reviews HR management practices in IMF partner organizations, and Section V concludes. Appendix 1 lists the 39 countries that are considered as the universe of fragile states for the purposes of this study.

II. PERSONAL PROFILES AND BEHAVIOR

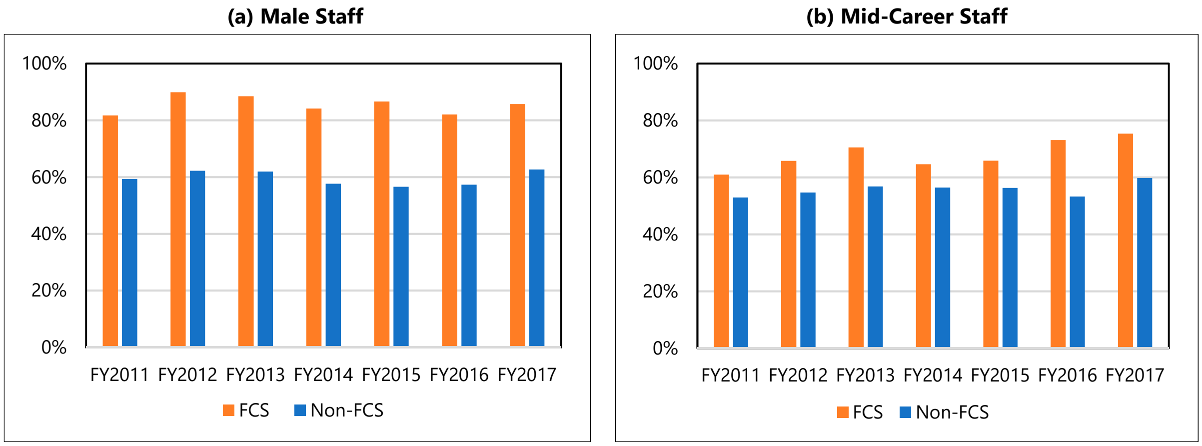
A. Staff Background

7. Just as there is no universal definition of fragile states, there is no universal definition of FCS staff. For the present purposes, this study considers a staff member to have worked on a fragile state if he or she has spent at least 30 percent of working hours on FCS issues during a given year as a fungible economist in an area or functional department. This definition is consistent with the demarcation that the IMF's functional departments often use to benchmark the allocation of staff time on country matters against other operational duties.

8. Data limitations do not allow us to estimate the share of IMF economists who have ever worked on fragile states during their careers. For a given year, however, the share of FCS economists can be estimated as a percentage of all FCS and non-FCS economists. For FY 2011–17, our definition of FCS staff suggests that about 12–14 percent of all A11–14 economists had FCS assignments at a given time.[1] Males were more predominant among FCS than non-FCS staff members, with the difference between the two groups as large as 22–30 percentage points for FY 2011–17 (Figure 1a). Likewise, the share of mid-career hires was higher among FCS staff, though the difference between the two groups, at 8–20 percentage points, was less pronounced than the difference in the share of male staff (Figure 1b).

[1] IMF economist staff members are assigned to grade levels A11–15 and B1–5. The B1–5 designations are for senior managerial staff, while the A11–15 designations are for other professional staff.

Figure 1. Percentage Shares of Male and Mid-Career Staff: FCS vs. Non-FCS Assignments, FY 2011–17
(A13 and A14 staff)



Source: HRD and IEO staff estimates.

9. Looking at FCS economists' countries of origin, as of 2015 the largest numerical share came from Europe (Figure 2). Among the FCS economists at the A13–14 level (34 percent), the share of Europeans did not differ much from the Fund-wide average (35 percent), but among the economists at the A15 level, Europeans were overrepresented (52 percent). These patterns could in part reflect the large number of Francophone countries among fragile states, the general strength of the European staff members' French-language skills,[2] and the fact that European nationals represent the largest group of A15 staff. Also, overrepresented relative to the IMF averages were economists from Africa and the Middle East, in this case at both the A13–14 and the A15 levels. This could be in part due to their familiarity with, or personal interest, in the respective regions, given that many fragile states are in Africa and the Middle East.[3] In contrast, staff members from Asia and the Pacific were significantly underrepresented (despite the fact that that region had eight FCS), as were North Americans.

B. Staff Performance

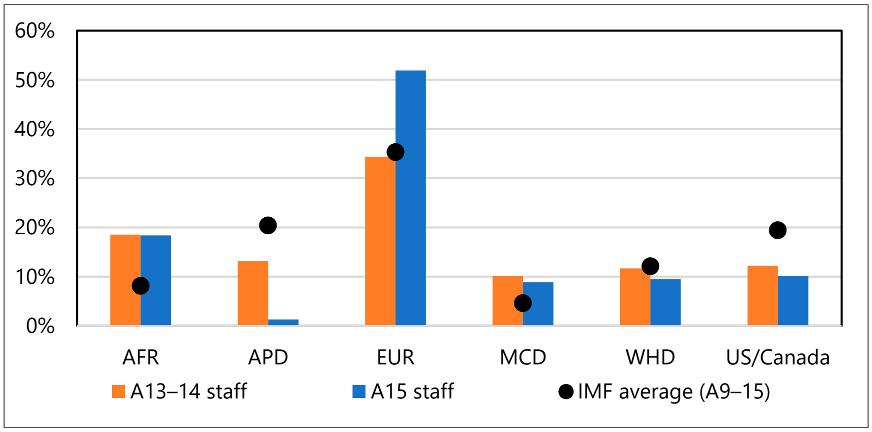
10. How is the performance of staff members working on FCS rated, compared to their non-FCS peers? The IEO analyzed the annual performance review (APR) ratings of FCS staff members relative to the IMF average. In the APR, staff members whose performance has been satisfactory during the past year is rated as "effective," "superior," or "outstanding." Among the satisfactory performers, the IMF's HR practice aims to assign "effective" ratings to 70 percent, and "superior" and "outstanding" to 15 percent each. Our analysis shows that during FY 2011–12, among FCS

[2] Thirteen out of 39 fragile states are Francophone countries, of which 12 are in Africa.

[3] Out of 39 fragile states on the 2015 SPR list, 20 are from Africa, 8 from the Asia and Pacific region, 2 from Europe, and 8 from the Middle East and Central Asia, and 1 from the Western Hemisphere.

staff members at the A13–14 level the share who received merely "effective" ratings exceeded the 70 percent norm (Figures 3 and 4). This gap significantly narrowed after FY 2013, but still a smaller percentage of staff members at the A13–14 level (26 percent) received "superior" and "outstanding" ratings during FY 2015–16 relative to the 30 percent norm.[4]

Figure 2. Composition of FCS Staff by Nationality, 2015
(A13–14 and A15 staff; in percent)



Notes: regions as defined by the country coverage of IMF area departments: AFR=African, APD=Asia and Pacific, EUR=European, MCD= Middle East and Central Asia, and WHD=Western Hemisphere; WHD excludes the U.S. and Canada.
Sources: 2015 Diversity Report and IEO staff estimates.

Figure 3. Percentage Share of FCS Staff with "Effective" Rating, FY 2011–16
(A13 and A14 staff)

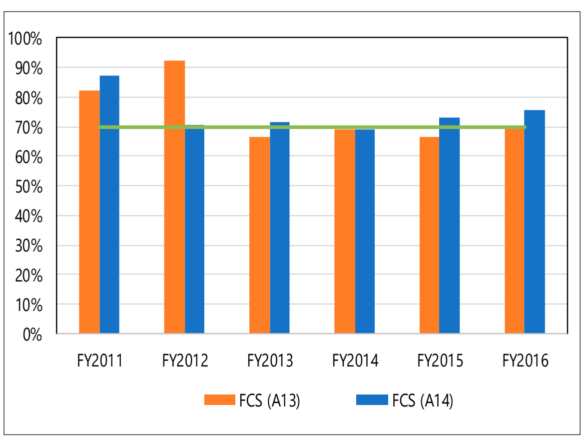
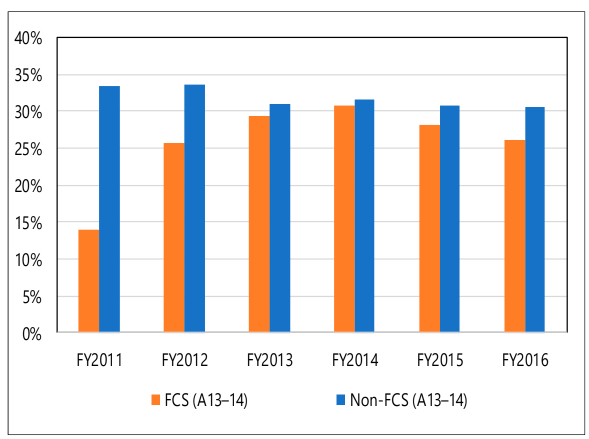


Figure 4. Percentage Shares of FCS vs. Non-FCS Staff with "Superior" and "Outstanding" Ratings, FY 2011–16
(A13 and A14 staff)

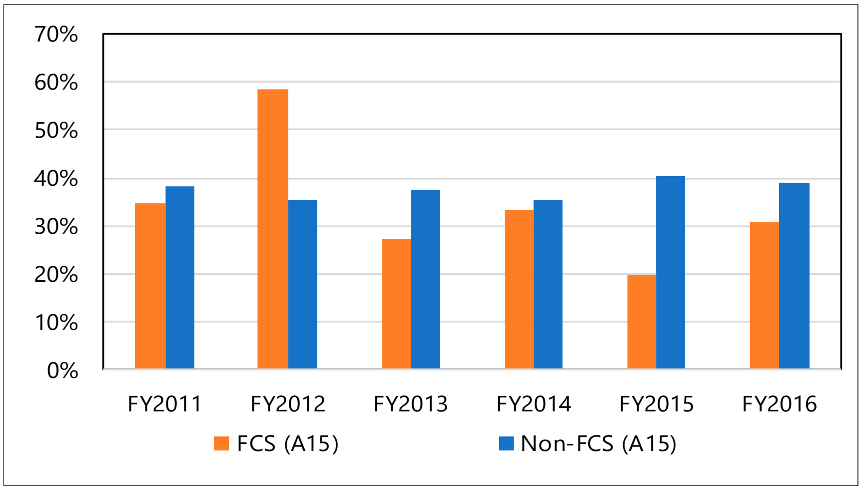


Source: HRD and IEO estimates.

[4] "Superior" rating is awarded to staff whose performance is assessed between top 71 percent and 85 percent of peers; "outstanding" rating is given to top 15 percent performers.

11. Among FCS economists at the A15 level, the share receiving the highest ("superior" and "outstanding") ratings fluctuated considerably over FY 2011–16 (Figure 5). In FY 2012, the share (58 percent) far exceeded the share of non-FCS economists receiving top ratings (35 percent), but subsequently it fell behind; in FY 2015, proportionately half as many FCS economists (20 percent) received "superior" and "outstanding" ratings as their non-FCS peers (40 percent). The gap remained wide in FY 2016, though smaller than in the previous year.

Figure 5. Percentage Shares of FCS vs. Non-FCS Staff with "Superior" and "Outstanding" Ratings, FY 2011–16
(A15 staff)



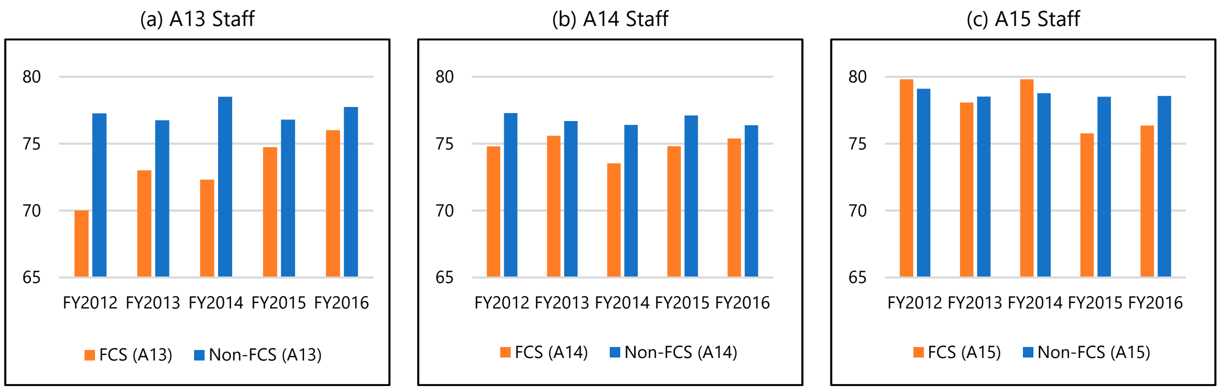
Source: HRD and IEO staff estimates.

12. To look at the performance history of the staff assigned to work on FCS, the IEO compared the five-year APR histories of FCS and non-FC staff members at the A13, A14, and A15 levels with the FCS/non-FCS designations identified as of the end of FY 2016. That is to say, we examined what the historical profile of annual performance had been for those staff members working on FCS at the end of FY 2016, relative to their non-FCS peers, from FY 2012 through FY 2016. For the purposes of this exercise, the rating of "effective" was converted to a numerical value of 70 (since the IMF aims to assess 70 percent of its satisfactorily performing staff as "effective"). Likewise, the ratings of "superior" and "outstanding" were converted to 85 and 100, respectively.

13. Comparison of the two groups of staff suggests that the average past performance ratings were generally lower for FCS staff than for non-FCS staff at the A13 and the A14 levels (Figure 6). At the A13 level, the gap in performance assessment between the two groups was wide during the first three years. In FY 2012, for example, the average APR rating of FCS staff was 70, compared to 77 for non-FCS staff. At the A14 level, a gap was observed but it was much smaller throughout. In contrast, the case of A15 staff was quite different: the past performance of FCS staff at this level was on par with, or better than, that of non-FCS staff, suggesting that competition for A15 (mission chief) positions was fierce, and that departments were able to

recruit A15 staff members with strong performance histories to work on FCS. However, in years after FY 2012—presumably after they took on FCS assignments—the FCS staff members at A15 received lower APR ratings than their non-FCS counterparts.

Figure 6. APR Rating History of Fragile vs. Non-Fragile Staff, as of FY 2016
(A13, A14, and A15 staff)

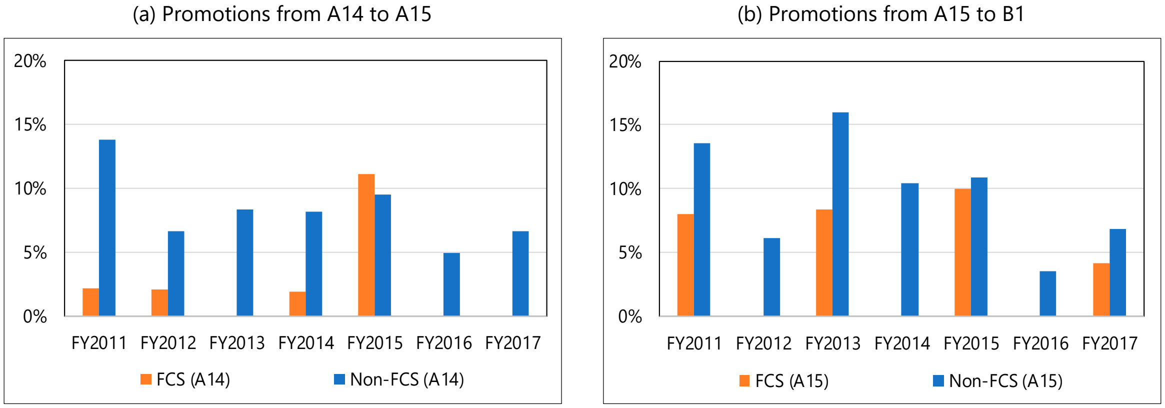


Note: APR ratings of "effective," "superior," and "outstanding" were converted to numerical values of 70, 85, and 100, repectively.
Source: HRD and IEO staff estimates.

14. Three interpretations are possible to explain these results. First, the generally lower average APR ratings of FCS staff members could reflect a higher share of mid-career staff at the A13 and A14 levels, who are still learning about IMF policies and practices. Second, FCS work, no matter how well it is performed, may be underappreciated in the institution. The somewhat lower current APR ratings of FCS staff at the A15 level support this view (Figure 6c). Third, it could also reflect FCS staff's weaker performance on the job and the possibility that weaker performers are typically given FCS assignments. Regardless, it must be kept in mind that the rating of "effective" under the APR system still conveys the assessment of high quality work, one that most IMF staff receive, and that there is a large variance in performance ratings across FCS staff members. Caution must be exercised in generalizing from these results about the relationship between the assessment of performance and the type of country assignment.

15. Another metric with which to compare the perceived performance of FCS and non-FCS staff is the rate of promotion, that is, the number of promotions divided by the number of economists in each group. Personnel data show that during FY 2011–17, significantly fewer FCS economists were promoted from A14 to A15, compared to their non-FCS peers (Figure 7a); in fact, only eleven FCS economists were promoted from A14 to A15, and in three individual years not a single FCS economist was promoted (Table 1). In terms of breakdown by department, AFR promoted four of its A14 FCS staff, while the other departments promoted at most one. Comparing the rates of promotion from A15 to B1 during FY 2011–17, there was also a significant difference between FCS and non-FCS staff (Figure 7b). In three out of the seven years, no FCS economist was promoted from A15 to B1, although the promotion review committee has reportedly placed more FCS economists on the candidate list for promotion in recent years.

Figure 7. Promotions of FCS and Non-FCS Staff, FY 2011–17
(In percent of total in each category)



Note: Non-FCS staff includes only area department staff.
Source: HRD and IEO staff estimates.

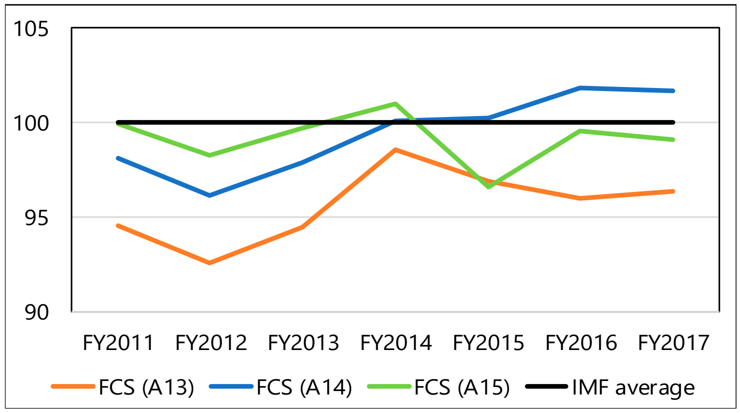
Table 1. FCS Staff Promotions from A14 to A15, by Department, FY 2011–17

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	**Total**
Area Departments								
AFR	1	1	0	0	2	0	0	**4**
APD	0	0	0	0	0	0	0	**0**
EUR	0	0	0	0	1	0	0	**1**
MCD	0	0	0	0	1	0	0	**1**
WHD	0	0	0	1	0	0	0	**1**
Functional Departments								
FIN	0	0	0	0	0	0	0	**0**
FAD	0	0	0	0	2	0	0	**2**
HRD	0	0	0	0	0	0	0	**0**
ICD	0	0	0	0	0	0	0	**0**
LEG	0	0	0	0	0	0	0	**0**
MCM	0	0	0	0	1	0	0	**1**
SPR	1	0	0	0	0	0	0	**1**
STA	0	0	0	0	0	0	0	**0**
RES	0	0	0	0	0	0	0	**0**
Total	**2**	**1**	**0**	**1**	**7**	**0**	**0**	**11**

Source: HRD and IEO staff estimates.

16. The final metric we use to compare the perceived performance of FCS and non-FCS staff is the compensation of the two groups. Here, the result depends on the grade level. At A14 and A15, the average salaries of FCS economists were roughly on par with or slightly above the IMF-wide average during FY 2011–17 (Figure 8, where the average is indexed to 100). In contrast, at A13, the average salaries of FCS economists (ranging from 92.6 to 98.5, depending on the year) were noticeably below the IMF average. The larger salary gap at the A13 level may reflect a larger share of new mid-career staff members among FCS economists at this level.

Figure 8. Median Salary: FCS Staff vs. IMF Average, FY 2011–17
(A13–15 staff; average indexed to 100)



Source: HRD and IEO staff estimates.

C. Staff Interest

17. Country assignments in the IMF are heavily influenced by personal preferences, limiting the role of institutional priorities. When a position becomes open, it is advertised and then filled by one of the applicants through a competitive process. Thus, the number of applicants for a particular position is an indication of staff interest. By this metric, FCS positions have attracted less interest from the staff than non-FCS positions. Over the period 2013–15, the number of applicants for available economist/senior economist vacancies was almost twice as large for non-FCS assignments as it was for FCS assignments (Figure 9). Data also indicate that FCS staff members were more actively seeking other assignments, indicating that they were less satisfied with their current assignment than were their non-FCS colleagues. Figure 10 shows that, on average, just about every FCS economist at the A14 level was looking for another assignment in FY 2016–17. These findings are consistent with the generally negative attitude of IMF staff toward FCS work as less desirable for career progression, as shown in an IEO staff survey (de Las Casas, 2018).

Figure 9. Applicants Per Position in Area Departments, 2013–15

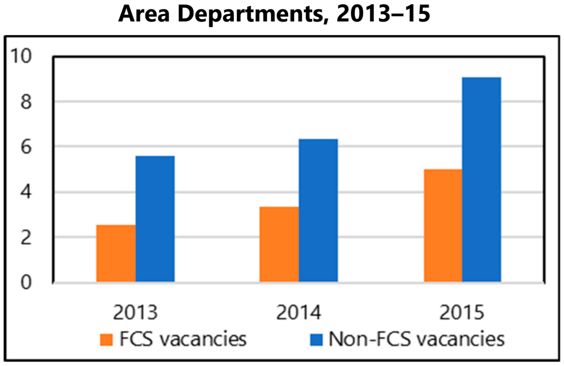
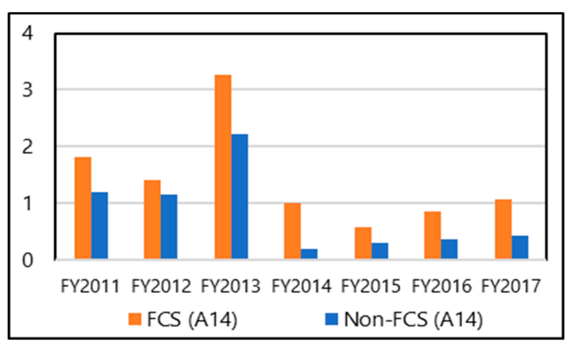


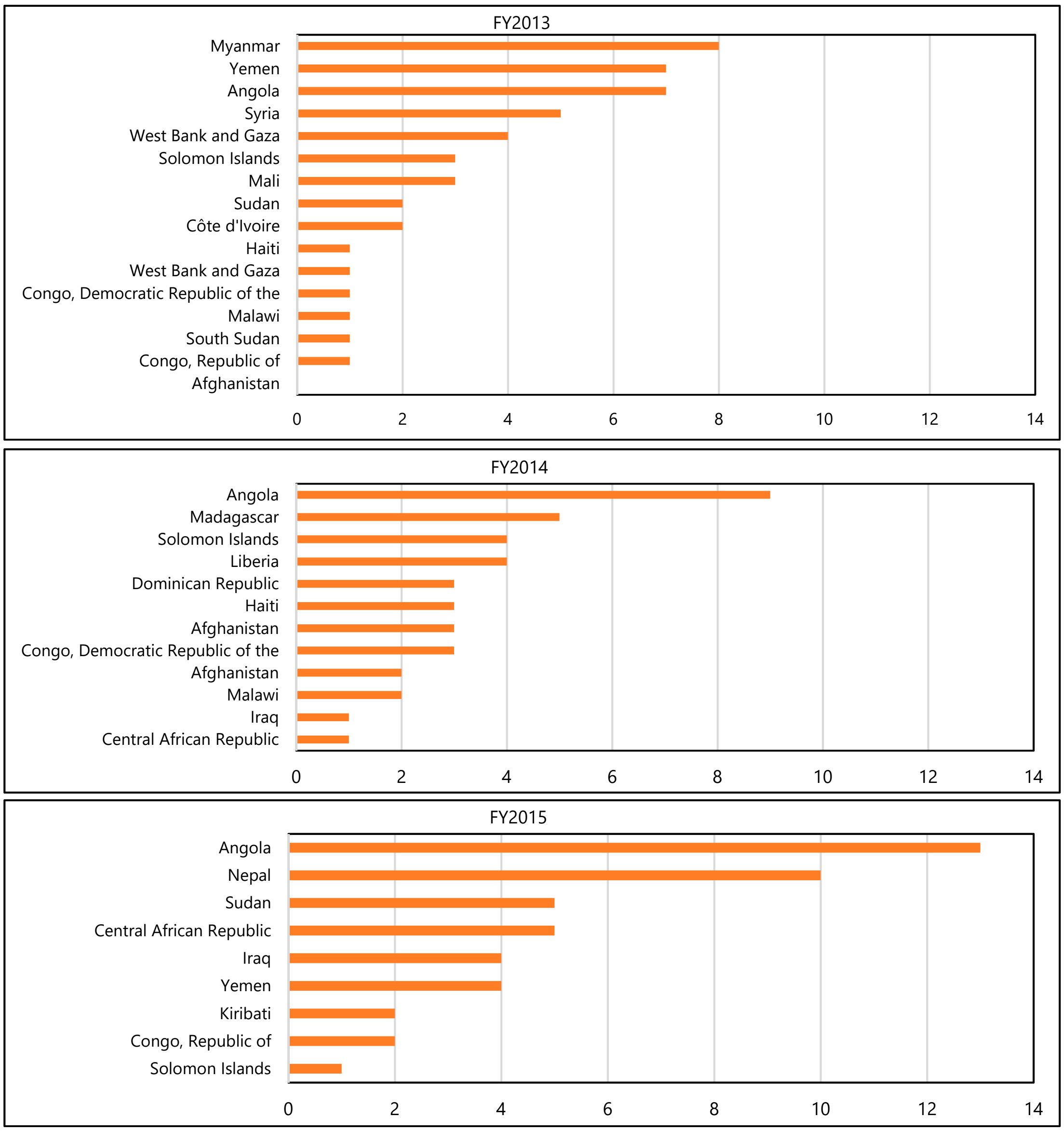
Figure 10. Applications Per A14 Economist, FY 2011–17



Source: HRD and IEO staff estimates.

18. Staff interest in an FCS assignment varied widely across countries. During FY 2013–15, the number of applicants per vacant FCS position ranged between 0 and 13 (Figure 11). In addition to security concerns, several factors may have influenced the attractiveness of particular assignments. For example, some staff members may find working on an undiversified small state professionally unappealing, while others may perceive career advantages from working on a country for which a B-level mission chief is assigned (e.g., Angola, Yemen) or which is receiving a lot of attention from the international community (e.g., Myanmar, Sudan). Countries covered by the Asia Pacific Department (e.g., Nepal) may be seen as more attractive, as such positions could lead to opportunities to work on larger emerging or advanced economies in the region.

Figure 11. Applicants Per FCS Position, FY 2013–15



Note: The same country may appear twice if two positions were advertized in a given year for that country.
Source: HRD and IEO staff estimates.

III. Institutional Practice and Outcomes

A. Allocation of Staff Resources

19. Given its acknowledged demand on staff time,[5] has FCS work received adequate staff support? At the IMF, area departments are allocated staff resources for each country based on the intensity of the country's engagement with the IMF. All member countries are classified into ten groups, ranging from 24-month surveillance countries that receive 0.5 full-time equivalents (FTEs) of staff resources to crisis/intense program countries that receive 5.0 FTEs plus a resident representative. As of the end of 2017, 15 of 39 fragile states were under IMF-supported programs or in near program mode (for which the staffing norm is 4.0 FTEs). In addition, in 2016 the IMF adopted the principle of a risk-based allocation of resources for surveillance purposes, which allows more resources to be steered towards countries that are assessed as highly vulnerable and those assessed as systemically important either regionally or globally (IMF, 2016a).

20. Given these guidelines, fragile states may receive fewer resources than larger and more systemically important countries, even though the workload may still be heavy. Allocating fewer staff resources can hamper the quality of the Fund's work and make FCS assignments less attractive because of the high work burden. Twenty-three percent of the staff respondents to the IEO survey with FCS experience gave "too intense workload" as the reason for not wanting to accept another FCS assignment, as did 12 percent of those without FCS experience for not wanting to accept an FCS assignment in the first place (de Las Casas, 2018).

21. In practice, the allocation of staff resources to a country is left to the discretion of area departments within their overall budget allocations. At the end of FY 2016, on average, fragile states received 2.9 FTEs of staff resources (excluding the mission chief), compared to 3.8 FTEs for non-fragile states (Figure 12). Looking only at program cases, FCS received an average of 3 FTEs, compared to the Fund-wide average of 4 (Figure 13).

22. As noted earlier in passing, the grade level of mission chiefs matters to the professional appeal of FCS assignments to A-level staff members, because exposure to (B-level) senior staff is seen as career-enhancing. During FY 2012–15, the majority (29 out of 39) of FCS teams were led by A-level mission chiefs, of whom 23 were at A15 and 6 at A14 (Figure 14). Figure 14 stacks fragile states according to the mission chief's grade level (in progressive order from right to left, in different colors for transparency). While the relationship is not strong, there is some tendency for the number of applicants for vacant positions to increase as the grade level goes up.

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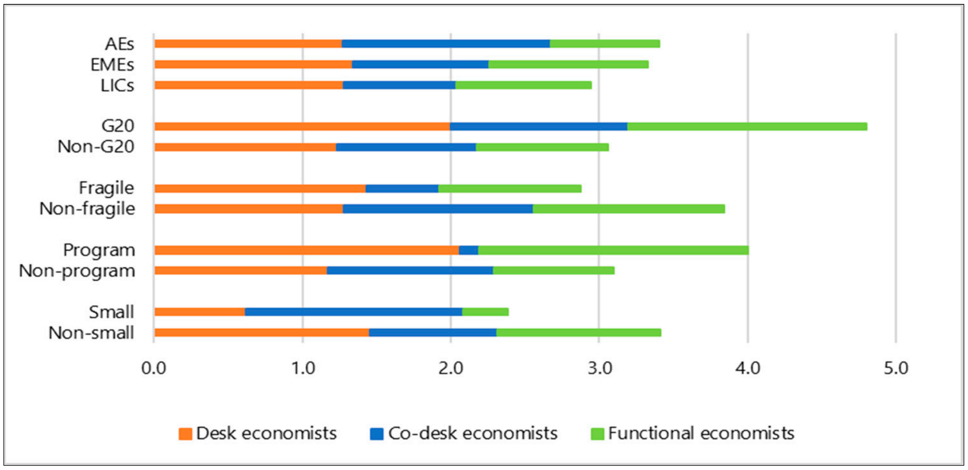
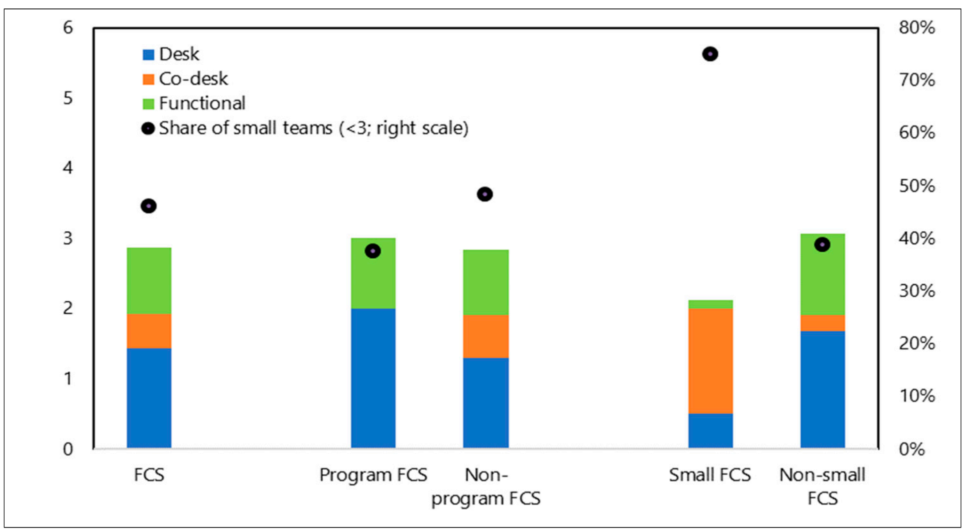
[5] Seventy-nine percent of staff respondents to the IEO survey either agreed or strongly agreed that working on FCS was time-consuming (de Las Casas, 2018).

Figure 12. Size of Country Teams by Type of Country, End-FY 2016
(Average number of economists, excluding mission chiefs)



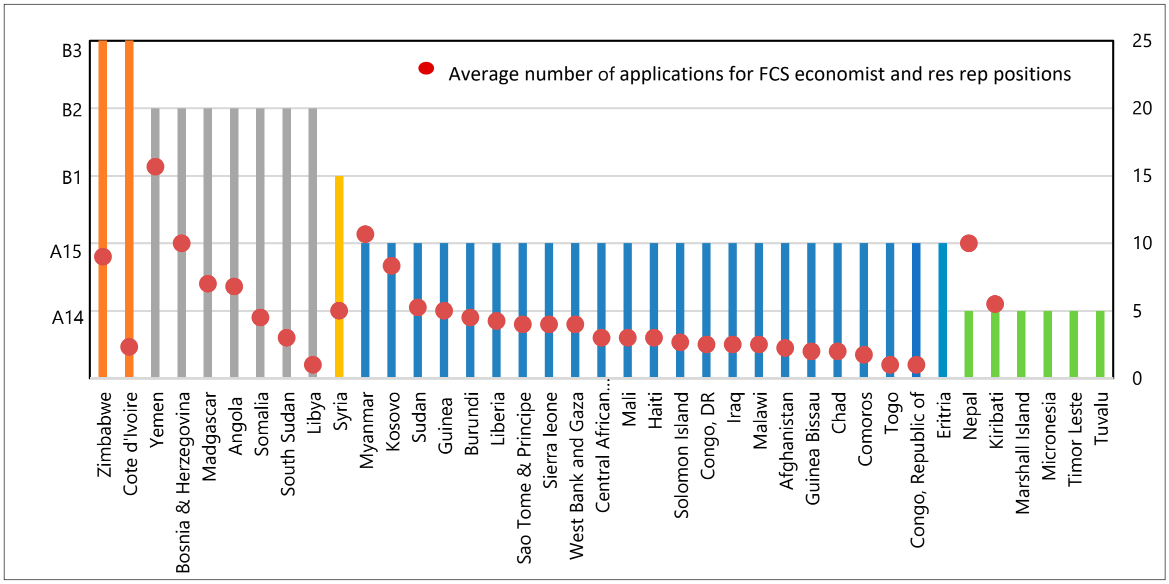
Note: Eight of 34 small states were fragile states (Comoros, Kiribati, Marshall Islands, Micronesia, Sao-Tome & Principe, Solomon Islands, Timor-Leste, and Tuvalu).
Source: HRD and IEO staff estimates.

Figure 13. Size of FCS Teams, by Type of Country, End-FY 2016
(Average number of economists excluding mission chiefs; percent of total in each category)



Note: Eight of 34 small states were also fragile states (Comoros, Kiribati, Marshall Islands, Micronesia, Sao-Tome and Principe, Solomon Islands, Timor-Leste, and Tuvalu).
Source: HRD and IEO staff estimates.

Figure 14. Mission Chief Grades and Vacancy Applications, FY 2012–15
(Grade level indicated on left scale; average number of applications on right scale)



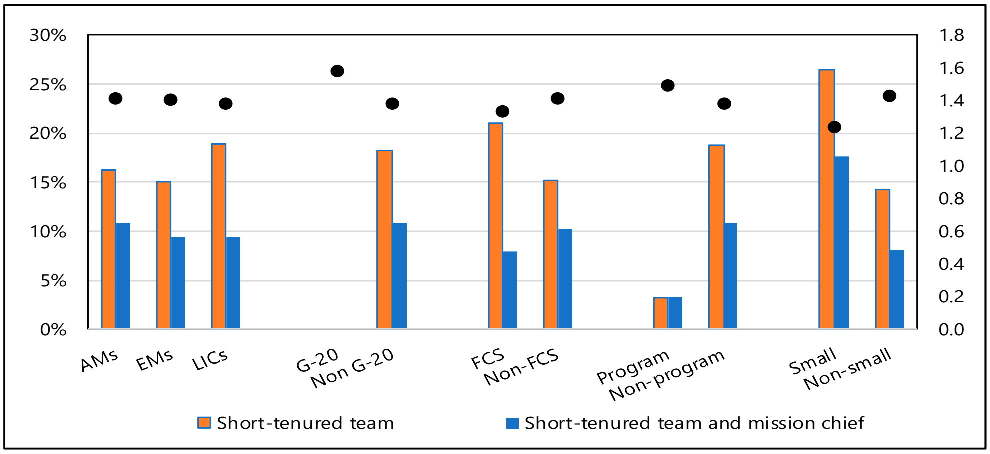
Source: HRD and IEO staff estimates.

B. Staff Tenure

23. In interviews for this evaluation, officials in fragile states generally spoke highly of the dedication and technical competence of mission chiefs and resident representatives assigned to their countries (Takagi and others, 2018a, 2018b). However, they expressed considerable concern about the high turnover of staff and the lack of experience of mission members. High staff turnover is an institution-wide phenomenon at the IMF, and is costly for the institution as it leads to higher training costs. Officials' concerns are borne out to some extent by personnel data, which indicate that the incidence of short-tenured country teams—defined as teams with every member having less than one year of experience in the current assignment—was higher for FCS than for non-FCS at the end of FY 2016 (Figure 15). Turnover was particularly high in small FCS, where 50 percent of the staff teams were short-tenured, compared to 25 percent for small countries generally (Figure 16).

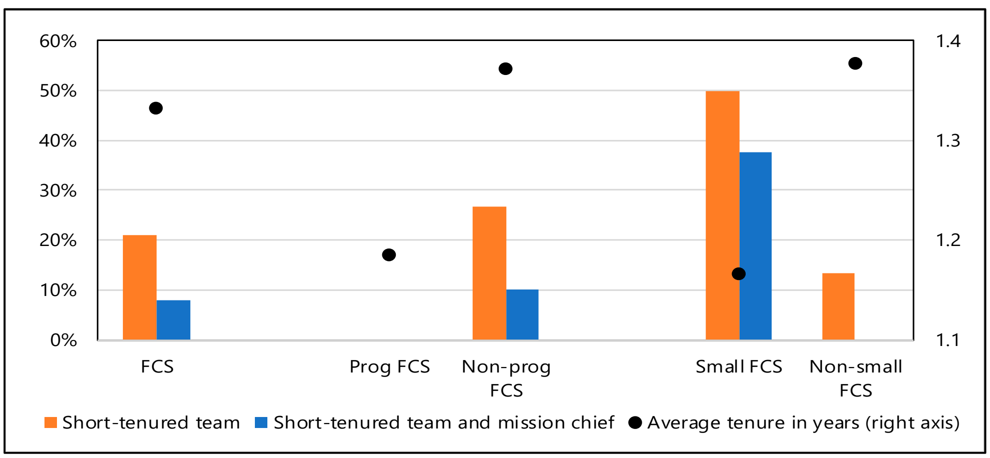
24. In addition, the average tenure (in number of years) of FCS desk and co-desk economists was 1.3 compared to 1.4 for their non-FCS counterparts. Strikingly, the average tenure of FSC desk and co-desk economists was shorter for program countries (at 1.2 years) than for non-program countries (1.4 years)—which could reflect the hardship of FCS assignments in a program context (e.g., frequent travel to risky or less comfortable locations) and the possibility that the Fund was not engaged in program relationships with some of the larger and more complex FCS during this period. However, program cases involved no incidence of short-tenured teams, meaning that at least one team member had more than a year of experience on the current assignment.

Figure 15. Short-Tenured Teams by Type of Country, End-FY 2016
(Percent of all countries in each category on left scale; number of years on right scale)



Notes: Short-tenured teams have all their members with less than one year of experience on the current country assignment.
Source: HRD and IEO staff estimates.

Figure 16. Country Teams: Incidence of Short Tenure and Average Tenure Length, End-FY 2016
(Percent of total in each category on left scale; number of years on right scale)



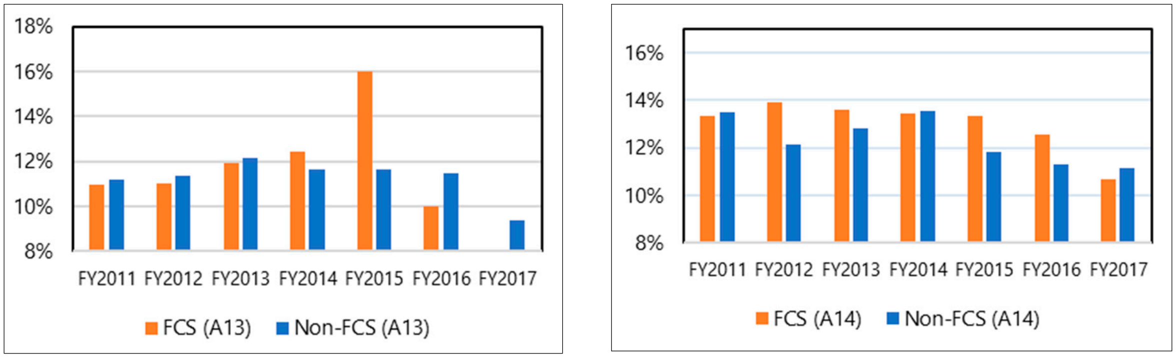
Notes: Same as for Figure 15.
Source: HRD and IEO staff estimates.

C. Staff Benefits and Compensation

25. FCS staff respondents to the IEO survey characterized FCS work as labor-intensive and time-consuming (de Las Casas, 2018). Overtime data are consistent with work pressure being higher for FCS staff, particularly at the A14 level (Figure 17). Security was another concern of survey respondents. FCS assignments often require staff to take on a risk of physical danger.

Figure 17. Staff Overtime Work: FCS vs. Non-FCS, FY 2011–17
(Percent of total regular hours)

(a) A13 Staff (b) A14 Staff



Source: HRD and IEO staff estimates.

26. Yet the IMF has only a patchwork system for rewarding FCS work. Resident representatives stationed in high-risk locations (HRL) receive certain types of hardship compensation and rest and recuperation (R&R) benefits, but these benefits are not as comprehensive as those offered by comparable institutions (Table 2). Moreover, staff members based at headquarters do not receive such benefits even though they take on some of the same risks during mission work.

27. In 2015, HRD, in consultation with other departments, proposed that IMF management make a concerted effort to achieve a culture shift in the way the institution incentivizes staff to work on low-income countries (LIC), FCS, and high-risk locations (Box 1). The proposal recommended that an FCS assignment be linked to a promotion decision;[6] a move to a non-FCS assignment be facilitated after two years of FCS work; and monetary incentives be provided. These recommendations did not receive full management support, although the Fund did upgrade its existing R&R policy for resident representatives. Management instructed HRD to develop an IMF-wide system for career incentives linked to promotion. HRD's forthcoming Career Playbook is part of this effort.

[6] Promotions to mission chiefs for low-income countries and fragile states would require substantial experience (two years or more) on such countries. This requirement would be reflected in the required qualifications section of new vacancy postings.

Table 2. Hardship Benefits for FCS Assignments: The IMF vs. Selected Partner Institutions

Benefits	IMF	World Bank	U.S. State Department (USSD)	United Nations (UN)
Hardship allowance	4–35% of A14 mid-point pay for USSD classifications 1–7	8–25% of mid-point pay (market reference point (MRP) for grade GG) for UN classifications A–E	5–35% of GS 14–15 salary for USSD classifications 1–7	Based on hardship, grade, family status for UN classifications B–E
Fragile state premium	No	20% of mid-point pay if CPIA<3.0; 10% if 3.0<CPIA<3.2	15% of GS 14–15 salary, not to exceed 35% when combined with hardship	Additional hardship allowance for non-family duty stations depending on security level
Danger pay	5–25% of A14 mid-point pay for USSD classifications 1–7	Hazard pay premium (approximately 10% of MRP)	15–35% of GS 14–15 salary for USSD classifications 1–7	$1,600 per month, where staff is likely to be targeted
Mobility allowance	18% of A14 mid-point salary	No.	No.	Yes.
Rest and recuperation (R&R) allowance	Ticket to R&R location every two years for family	Grant plus 3–10 days R&R leave	Similar to IMF.	Paid travel to R&R site, plus 5 days R&R plus travel days, every 6–12 weeks
Enhanced R&R allowance	7 or 14 days plus travel grant every 60 days for countries with hardship and danger pay	R&R leave and grant for six countries	Up to three 22-day trips to U.S.	As above.
Accelerated home leave allowance	No.	No.	No.	12-month cycle for duty stations with hardship levels C–E
Family travel	No.	No.	No.	Travel to residence of family when away
Additional education grant	No.	No.	No.	Travel to duty station twice yearly
Additional freight entitlement	No.	No.	No.	50 kg per year per family member as assessed necessary
Assignment bonus	No.	15% of mid-point pay if CPIA<3.2	No.	No.
Separate maintenance allowance	No.	N.A.	For non-family posts and for personal reasons	N.A.

Note: CPIA=Country Policy and Institutional Assessment. The World Bank calculates CPIA scores for most low-income countries against a set of 16 criteria in four clusters: economic management, structural policies, policies for social inclusion, and public sector management and institutions. Each country is assigned a rating from 1 (low) to 6 (high).

Box 1. The 2015 Staff Proposal to Increase Incentives for Work on Low-Income Countries, Fragile States, and High-Risk Locations

In July 2015, the IMF Human Resources Department, in consultation with departments with a heavy concentration of LIC/FCS work (AFR, MCD, MCM, SPR, and FAD), proposed a set of measures to management designed to enhance the attractiveness of country work on LIC/FCS. Specifically, the staff proposed that:

- Management communicate clearly (e.g., through town-hall meetings) that it is an institutional imperative that all country work be equally valued and that the skills and experiences gained from LIC/FCS work are applicable to other Fund work;
- Heads of departments be held accountable to support this culture change, and management and department heads discuss how all departments throughout the IMF can contribute to the change.

The staff also recommended that a LIC/FCS assignment be linked to promotion. In particular, *effective immediately*:

- Promotion to LIC/FCS mission chiefs should require minimum two years of experience in these countries, and this prerequisite be reflected in the required qualifications section of new vacancy postings;
- The Review Committee and the Senior Review Committee should include LIC/FCS experience in the assessment and development of talent pools, including in the identification of candidates for promotion.

Over the course of the fiscal year:

- The Review Committee and the Senior Review Committee should set a target range for identifying LIC/FCS economists for promotion;
- A Next Assignment Plan be introduced to ensure that staff working on LIC/FCS can access other assignments subsequently.

Over the medium term:

- HRD should work with departments to refine the competency framework and career guide for A14 fungible economists, including the assessment of potential and readiness for A15 positions.

28. In the meantime, AFR and MCD have adopted departmental measures, including: (i) requiring A15 vacancy announcements to state the expectation of at least two years of prior FCS/LIC experience; and (ii) introducing a mechanism across AFR and MCD to facilitate a move to a non-FCS assignment for desk economists whose work has been satisfactory. AFR and MCD had previously introduced a shorter expected tenure (of two years, rather than the customary three) for FCS assignments, a more equitable recognition of FCS work in annual performance review ratings, and allocating more departmental resources to teams not adequately supported by functional departments. AFR has granted extra compensatory leave for missions to FCS. Even so, in the absence of an IMF-wide solution, staffing difficulties remain for FCS assignments.

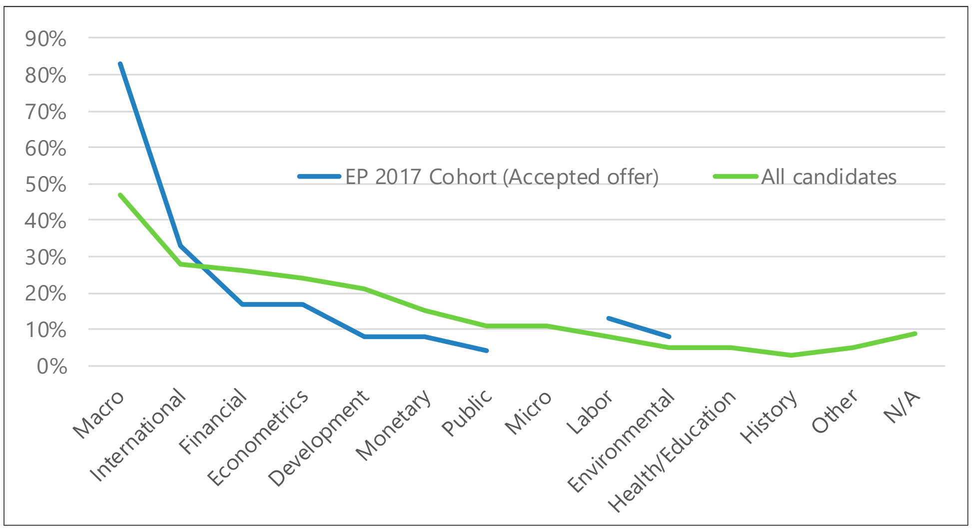
D. Staff Skills

29. Most economists hired through the IMF's Economist Program (EP) have broad training in international macroeconomics but limited educational or professional background specifically in FCS/LIC issues.[7] A review by the IEO of the curricula vitae of new EP entrants from FY 2014 to

[7] The Economist Program is an entry-level recruitment scheme in which economists under the age of 33 are hired typically out of graduate school.

FY 2017 indicates that at most 30 percent had had some previous exposure to development, labor, social, or related issues. None had specific experience with conflict and fragility issues in their academic or prior professional work. This could in part be because candidates did not disclose their entire background, mindful of the IMF's macroeconomic focus. But self-reported areas of specialty among applicants and hires in the Economist Program also suggest limited exposure to FCS/LIC issues. Figure 18 shows the pool of candidates who applied to the Economist Program and those who were offered and accepted positions in the FY 2017 cohort. The figure clearly suggests that the applicants displayed a wide range of specialty areas, including development, microeconomics, labor, health, and education, and even economic history, but the selection process narrowed the fields largely to macroeconomics, international economics, financial economics, and econometrics.

Figure 18. Primary Areas of Specialty Identified by 2017 Economist Program Applicants and Hires
(Percent of all candidates at each stage)



Note: As identified by candidates. Each was asked to list up to two primary areas of specialization in graduate work.
Source: HRD.

30. Another way to strengthen the IMF's skill set to engage effectively with FCS is through training staff in relevant areas. The IEO survey of IMF staff indicated that more than 50 percent of respondents expressed interest in more in-house training as means to improve their effectiveness to work on FCS (de Las Casas, 2018). Yet, opportunities for in-house learning on FCS issues appeared to be rather limited at the IMF. For example, within the Joint ICD-HRD curriculum for fungible macroeconomists at the A11–13 level, the IMF offered courses on corruption, inclusive growth, and growth policy, but more could be done to prepare staff to do "different things and things differently" in the field and at the technical level (e.g., peace operations, cross-cultural awareness, experience of other FCS with data and technical issues, negotiation skills, and stress management in the context of working in FCS; see OECD, 2015).

IV. HR PRACTICE IN PARTNER ORGANIZATIONS

31. HR challenges for FCS assignments are not unique to the IMF, but many partner institutions appear to have implemented policies and arrangements that are more effective than the Fund's in incentivizing work on fragile states. A recent OECD report discusses the experience of some of them and provides lessons that may be relevant across institutions (Box 2). We highlight below salient features of HR policies and practices related to FCS work in four partner institutions: the World Bank, the OECD, the UK Department for International Development (DFID), and the German Enterprise for International Cooperation (GIZ).

Box 2. OECD Report—Human Resource Management in States Affected by Fragility and Conflict

Key Messages:

- Effective engagement in FCS requires different knowledge and skills.
- Development partners need to understand their engagement more explicitly in political terms.
- Many development partners are seeking to increase their reliance on locally hired staff to mitigate the risk of high turnover. But development partners may need to invest more in building their capacities, while taking care not to distort the local labor market.
- Performance management systems need to be customized to the specific needs of engagements in FCS.
- HR management professionals need to be involved at the outset of strategic engagement and operational planning. Integrated business planning ensures that objectives and approaches are in line with available resources. Development partners also need to understand that HR management in FCS may be costlier.
- Incentive packages designed to minimize turnover should create opportunities for professional growth and recognition and should not be limited to cash.
- Improving opportunities for reintegration at headquarters or for posting to a non-FCS not only provides an important incentive but is also a way to cross-fertilize knowledge and experience across the organization.
- Development partners may want to consider more joint training initiatives as part of pre-field preparations for staff members who are about to start an FCS assignment. This particularly makes sense for risk and security management.

Source: OECD (2015).

32. The World Bank has a dedicated group focusing on FCS issues. The Fragile, Conflict, Violence, and Forced Displacement Group (FCV-Group) is one of the World Bank's five cross-cutting solution areas and employs about 40 people, consisting of micro-fiscal experts, social scientists, political scientists, governance specialists, and public policy specialists. The group engages early with country teams in designing programs and country-partnership strategies. The group has a presence in most FCS, including Somalia and South Sudan where the IMF has no field presence. The Bank has made FCS work a prerequisite for promotion and has set a goal to have 50 percent of its managerial staff to have prior FCS experience by 2020.

33. At the OECD, FCS issues are closely followed by a specialized team of experts called the Conflict, Fragility, and Resilience Group under the Development Assistance Committee (DAC). The OECD's annual report, "States of Fragility," is a principal source of information and analysis on financial flows to fragile countries. In addition, the OECD-chaired International Network on Conflict and Fragility is a forum for international partners to exchange knowledge and good practice on FCS topics. DAC also conducts periodic peer reviews of the work of other DAC members on FCS issues, in which HR issues are also addressed.

34. At the DFID in the United Kingdom, the competency framework has supported the process for better identifying and recognizing the skill set required for (and gained by) engaging in FCS, and for linking such skills to professional development and mobility opportunities. The framework seeks to address the concern of many individuals about the risk of failure and to ensure that they obtain the career development they need to perform well, and that their enhanced competence is recognized when they leave an FCS assignment.

35. Finally, the GIZ in Germany aims to enhance consistency and continuity in its FCS work by developing diagnostic tools focusing on identifying resilient personnel to meet the challenging environments of fragile states. To acquire specific and rare skills, the GIZ recruits risk-management advisers through a separate process to support development practice in fragile states.

V. CONCLUSION

36. The IMF has an important role to play in fragile states in helping to achieve macroeconomic stability and in building state capacity and institutions in areas of its core competence. Its ability to perform that role effectively hinges on the quality of human resources working on these countries. Officials of fragile states generally appreciate the technical competence of the IMF staff, but have expressed concerns about its high turnover and lack of country-specific experience. These HR challenges stem in part from the lack of institutional mechanisms to incentivize experienced staff members to take on FCS assignments. Staff members continue to feel that FCS work is not sufficiently recognized in the institution and may even be detrimental to their careers. This paper has provided quantitative evidence supporting such perceptions.

37. HRD is currently developing a Career Playbook, which includes measures to strengthen staff incentives to work on FCS in part by linking such experience to promotion decisions. While details are yet to be announced, the HRD staff has explained that the new strategy reflects the IMF's commitment to enhance the attractiveness of FCS assignments with an incentive-based approach.

APPENDIX 1. 2015 LIST OF FRAGILE STATES AS IDENTIFIED BY THE IMF STRATEGY, POLICY, AND REVIEW DEPARTMENT [1]

Africa

Angola, Burundi, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Côte d'Ivoire, Eritrea, Guinea, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Republic of the Congo, Sao Tome & Principe, Sierra Leone, South Sudan, Togo, Zimbabwe

Asia-Pacific

Kiribati, Marshall Islands, Micronesia, Myanmar, Nepal, Solomon Islands, Timor-Leste, Tuvalu

Europe

Bosnia & Herzegovina, Kosovo

Middle East and Central Asia

Afghanistan, Iraq, Libya, Somalia, Sudan, Syria, West Bank & Gaza, Yemen

Western Hemisphere

Haiti

[1] Source: IMF (2015).

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