

Dear Hasan:

Please refer to the emails we have exchanged on the above subject.

There are three issues on which you want our views: first the introduction of a "cooling off" period between the date of retirement of a staff member and subsequent reappointment as an STC and also the application of such a "cooling off" period, even for those who have already been re-employed as STC's, at the end of their present contracts : second, a reduction in the number of days a retiree can be employed as an STC from 190 days to 150 days, on par with non-retiree STC's; and third, the timing and transitional arrangements for such decisions, if taken.

We benefitted from an useful briefing by Christopher Lerner and engaged in a candid discussion at the 1818 Board on December 14th, 2011 on these matters. The views of the 1818 Society are below.

The central guiding principle should be " How does the institution optimize its return on investments - current and past - in human capital". And the issue here is how to improve Bank's development effectiveness through better management of skills, knowledge and experience possessed by staff and as well as ex-staff. To address this issue is a high priority not only to HR, but also to the 1818 Society, which has a high stake in the Bank's success. Decisions that sensibly address this issue would be welcomed by the Society.

On the matter of "cooling off" stipulations and limiting the number of days, it is obvious that mechanically re-employing Bank alumni in situ on retirement as STC's can potentially affect opportunities for younger staff. But eliminating this by administrative fiat will not automatically lead to such opportunities being realized.

HR management must first put in place a realistic succession planning process; develop robust career development plans for staff; make transparent and timely appointments, promotions, and terminations of staff; and have an effective mentoring program in place. The experience of senior and retiring/retiree staff needs to be transferred to serving staff in a timely and effective way to prepare them for career advancement. It is sad to note that 66 years after its founding, no serious mentoring program has been put in place in the WBG.

Unfortunately, the present HR systems, policies and practices are not adequate, as highlighted in the recent Pulse Survey of staff, which reveals that the improvements required in HR systems, policies and practices figure much higher as a staff priority than the need to limit retiree re-employment. Therefore, these management failures, for which some Society members also have to share the blame in their previous incarnations, call for immediate remedial measures that must be initiated before sanctions are invoked on the re-employment of retirees.

Let us not forget that the 1300 retirees who currently contribute around 478 staff-years, (or about 6% of total WB staff years) provide critical support at the leadership and processing ends of the work spectrum ie: D and H levels. In the present context of weak HR performance, they make an indispensable contribution to Bank outputs, which are rising fast despite a flat budget. The suggestion of

the Managing Director, articulated at the December 14th Town Hall meeting, of implementing immediately, for retirees engaged as STC's, a cooling off period of a year and 150 days of contracting per year instead of 190, would seriously affect the quality and knowledge content of Bank products and the cost-effectiveness of Bank operations. It would create even more stress among Bank managers, already not well served by Bank HR systems. Management should therefore shift attention to immediate remedial measures to improve HR functions in the Bank, introducing better ways of assessing the value provided by retirees employed as STC's and its link to the duration of STC appointments and investigate broader measures for tapping alumni resources more productively. Surprisingly, the newly established Knowledge and Learning Council has so far ignored the pressing need to harness alumni resources.

The 1818 Society has already suggested some innovative ways of utilizing alumni resources better and is ready to engage the Bank on these matters. These include establishing an "arms length" knowledge entity that WBG could sponsor in partnership with the Society and other Washington based knowledge institutions, to harness the Bank's remarkable development knowledge base and tap the grey cells of alumni and the tacit knowledge that resides in them. Also the establishment of a Senior Professional Program that could harness alumni skills and experience to improve the Bank's development effectiveness.

The 1818 Society would therefore urge that any remedy to the negative impacts created by the immediate continuation of retirees as STC's should be addressed not in isolation but within a framework that includes revamping of Bank HR policies, systems and processes, introducing a better system for evaluating the value proposition offered by retirees engaged as STC's and arrangements for broader knowledge partnerships with Bank alumni.

While developing this framework, it is necessary to manage carefully the negative impacts of the changes and the unintended hardship imposed on individuals, by putting in place appropriate transition arrangements. These are long standing issue and phasing in any improvements in a realistic time frame is the right thing to do.

The 1818 Society's suggestions would include: (i) reduce the cooling off period to 6 months. This would force managers to make succession arrangements in time. Yet, it would allow the special skills or knowledge of a retiree to be accessed without too much initial delay: (ii) making this cooling off period effective for those retiring only after July 1, 2014 to provide time to managers to make alternate arrangements. Managers and imminent retirees who have planned ahead (a trend that should be encouraged) would not be disadvantaged, particularly those managers who face pressure from work overload and those staff who deserve special consideration such as ACS staff and those on G-4 visas: and (iii) doing away with prescribing a cooling off period for staff already employed as STC's. This proposal makes no sense as the purpose is to encourage managers to make timely decisions on succession and not punish retirees who have responded to the call of the managers.

Incidentally, sanctions on managers may be quite appropriate if they resort to the pernicious and opaque practice of entering into "sweetheart" deals with retiring staff. The resentment to this is widespread. In cases where such suspicion arises, it behooves senior management to ask the questions:

Is the consultancy of clear value to the Bank's mission ? Are there not staff who can do the same work? If not, why not? Are the terms and conditions of the contract fair?

Finally, if there is a proposal to raise the retirement age to 65, it should be considered now, so that transition problems can be better handled. If 60% of retirees return as STC's, this bolsters the argument for raising the retirement age, albeit with appropriate screening for performance and potential value from the point of view of the Bank's business requirements.

Effectively what we are saying is that without putting in place constructive measures to improve Bank management, value staff and retiree resources better, tap more effectively alumni knowledge resources and design a sound transitional arrangement that is efficient and fair, immediately reducing input from retirees would not be in the best interests of an institution which we have all served proudly. A strategic plan to improve HR policies and practices is long overdue and it would be best to base this plan on a quick but truly independent professional review of current management practices within the WBG.

We appreciate being consulted on the matter and hope that our views are helpful.

With best regards

Shiva

(J Shivakumar,

President, The 1818 Society)