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CONFIDENTIAL

COMMITTEE ON EXECUTIVE BOARD ADMINISTRATIVE MATTERS

Meeting 83/1
4:00 p.m., January 20, 1983

M. Finaish, Chairman

Executive Directors	Alternate Executive Directors
	W. B. Tshishimbi
B. de Maulde	
A. Donoso	
	M. Casey
A. Kafka	H. Arias, Temporary
R. N. Malhotra	
	Jiang H., Temporary

A. Wright, Secretary
J. A. Kay, Assistant

Also Present

J. de Groote	H. G. Schneider
	T. Yamashita
	C. P. Caranicas
	O. Kabbaj
F. Sangare	

Administration Department: C. V. Bielaski, T. Cole, L. Garamfalvi, J. D. Huddleston. Legal Department: J. G. Evans, Jr., Deputy General Counsel. Secretary's Department: B. Hughes, M. J. Papin. Treasurer's Department: J. Demarteau, R. Noë. Advisors to Executive Directors: S. R. Abiad, I. R. Panday. Assistants to Executive Directors: L. E. J. Coene, J. G. Pedersen.

1. TRAVEL ALLOWANCE FOR EXECUTIVE DIRECTORS - REVIEW

The Committee members considered a staff paper reviewing the travel allowances for Executive Directors, circulated at the request of the Chairman (EB/CAM/82/43, 12/22/82).

The Chairman explained that the paper summarized the present system of travel allowances for Executive Directors and the new system for staff travel allowances introduced with effect from January 1, 1983. Committee members might wish to note that, since 1976, the procedure followed by the Committee had been to use the rate applicable to the staff, with the addition of a margin. The draft decision proposed on pages 5 and 6 of EB/CAM/82/43 would continue that procedure. However, the draft decision offered two alternatives for the division of the nightly allowance between the hotel rate and the subsistence rate. The first alternative reflected the present practice for the staff, namely, offering a somewhat higher rate for the hotel than for subsistence. The second alternative reflected the current practice for Executive Directors, namely, allocating half the allowance to hotel room cost and the other half to subsistence expenses.

The draft decision proposed that the new allowances should apply to travel commencing on or after January 1, 1983, the Chairman continued. Committee members would recall that in 1982 it had been agreed that the decision should be effective from the date of the Executive Board's approval, in order to avoid introducing an element of retroactivity. He understood that the World Bank's Committee on Directors' Administrative Matters would review Bank Executive Directors' travel and subsistence allowances during the first week in February. Committee members might be interested to know what proposal the World Bank Committee would be considering.

The staff representative from the Administration Department explained that the World Bank intended to discuss its paper after the Fund Executive Directors had considered the matter. The World Bank procedure at present consisted of four tiers equivalent to the four lowest tiers in the proposed Fund arrangement. The intention was to add a fifth tier at $145 per night and to raise the in-and-out allowance to $34, thus making their arrangements identical to those now proposed for the Fund.

Commenting on two points of fact, the staff representative explained that the present system of travel allowances for Executive Directors had been in effect since February 3, 1982, rather than November 1, 1981 as stated on page 1 of EB/CAM/82/43, and that the margin in favor of Executive Directors over the staff, insofar as the in-and-out allowance was concerned, was $4, rather than the $2 mentioned on page 4 of EB/CAM/82/43. It was noted also that the estimated annual cost of the proposal shown in paragraph 6 on page 4--$20,000--was probably on the high side; it seemed likely that the actual cost would be between $10,000 and $15,000.

Giving the background to the proposals, the staff representative from the Administration Department recalled that when the Executive Directors were first given the option of changing to actual hotel room cost plus subsistence allowance in 1977, the subsistence allowance was set at 45 per cent of the total allowance. In 1980 the subsistence allowance was changed to 50 per cent of total allowance, an arrangement that had been in effect at that time both for the World Bank Executive Directors and for the Fund staff. However, it should be noted that World Bank Executive Directors did not have the option to exceed the 50 per cent figure, whereas Fund Executive Directors did. Furthermore, the hotel room element in the allowance for Fund staff had been given a greater weighting, the subsistence element was now less than 50 per cent.

Mr. Malhotra remarked that the differences between the allowances proposed for Executive Directors and those in effect for the staff were marginal. He had no preference between alternative (i) and alternative (ii).

Mr. Casey stated that he had no difficulty with the proposed decision. His authorities had a slight leaning toward alternative (ii). In future they might wish to review the relation between travel allowances for Executive Directors and those for the staff, but they would prefer to do so in a broader context. He agreed with the Chairman that it was desirable to avoid any retroactivity.

Mr. Donoso observed that he too would support the proposed decision. He was indifferent as between the two alternatives. To maintain the status quo, he would opt for alternative (ii), unless overwhelming advantages were demonstrated in favor of alternative (i).

Mr. Arias stated that he would support alternative (ii).

Mr. de Maulde said that he would go along with his colleagues.

Mr. Tshishimbi commented that he too would go along with other Executive Directors. Before leaving for an official journey, Mr. Alfidja had told him that he would have liked to see the amounts of the allowances revised to provide a rather larger margin between Executive Directors and staff. However, in the hope that the whole system would be revised in the near future, he would join others in supporting the proposed decision. He had no preference between alternative (i) and alternative (ii).

Mr. Jiang stated that he too would follow the majority. Like others, he had no preference between the alternatives.

Mr. de Groote remarked that if Committee members wished to maintain the status quo in conditions of increasing prices, the $4 margin mentioned on page 2 should be raised to $5, and that the $5 margin for hotel and subsistence respectively should be raised to $6 each.

The staff representative from the Administration Department, replying to an observation by Mr. Kabbaj that the margin between staff allowances and Executive Directors' allowances had been unchanged since 1946, recalled that in that year the per diem for Executive Directors, department heads and mission chiefs had been $20, while that for staff had been $15. At that time there had been no reimbursement for actual hotel costs.

The Chairman observed that in those circumstances, the margin between travel allowances for Executive Directors and staff had fallen from 30 per cent in 1946 to no more than 3 per cent or 4 per cent in 1982.

Drawing the discussion to a close, the Chairman considered that Committee members had approved the decision with alternative (ii) in paragraph (a), with the effective date to be the date on which the Board approved the proposed decisions. The Committee's recommendation would be reported to the Chairman of the Bank Committee; and, if Committee members agreed, it would be circulated to the Executive Board of the Fund on a lapse-of-time basis.

The Committee members agreed to act as suggested by the Chairman and adjourned their meeting at 4:25 p.m.

APPROVED: July 14, 1983