CONFIDENTIAL

COMMITTEE ON EXECUTIVE BOARD ADMINISTRATIVE MATTERS

Meeting 83/2
3:30 p.m., July 28, 1983

M. Finaish, Acting Chairman

Executive Directors	Alternate Executive Directors
	W. B. Tshishimbi
	M. Teijeiro
R. K. Joyce	
A. Kafka	
R. N. Malhotra	
	C. Taylor
	Wang E.

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

Also Present

J. de Groote	
B. de Maulde	
R. D. Erb	
	T. Yamashita
	Jaafar A.
G. Laske	
	O. Kabbaj
F. Sangare	

Administration Department: C. Ahl, D. A. Anderson, J. D. Huddleston, J. G. Keyes. Legal Department: J. V. Surr. Research Department: M. D. Knight. Secretary's Department: B. R. Hughes, M. J. Papin. Treasurer's Department: R. W. Groettum. Advisors to Executive Directors: S. R. Abiad, J. R. N. Almeida. Assistant to Executive Director: J. C. Williams.

1. REMUNERATION OF ADVISORS TO EXECUTIVE DIRECTORS

The Committee members considered a paper on the remuneration of Advisors to Executive Directors (EB/CAM/83/25, 7/12/83).

The Acting Chairman remarked that the paper set out three possible ways of adjusting the remuneration of Advisors to Executive Directors. All of them had been discussed in the past. Mr. de Groote, Vice-Chairman of the World Bank Committee on Directors' Adminstrative Matters (CODAM) had told him that the Committee had the previous day discussed the same topic and it had recommended, subject to a corresponding decision in the Fund Committee, that Advisors' salaries should be raised by 6.4 percent, the same figure as was contained in the first alternative at the bottom of page 2 in EB/CAM/83/25. If the Fund Committee differed from the World Bank Committee, it was customary to be in touch with the Chairman of the World Bank Committee to try to formulate a common position before reporting to the Executive Board.

Mr. Joyce noted that the salary of Executive Directors had been raised by about 6.35 percent and that of Alternate Executive Directors by about 6.38 percent. He therefore wondered why the salary of Advisors should be raised by 6.4 percent. He would have preferred a figure of 6.38 percent.

Mr. Kafka commented that an increase by 6.4 percent would apparently retain the ratio of 83.7 percent between the remuneration of Advisors and the remuneration of Alternate Executive Directors that had been in force for the past four years. In any event, the difference between 6.38 percent and 6.4 percent was not great; he could accept either position.

Mr. Taylor said that he would support Mr. Joyce.

Mr. Tshishimbi commented that 6.4 percent was surely no more than a rounding of 6.38 percent.

The Committee Secretary said that the aim was to try to keep changes in the salaries of Executive Directors, Alternate Executive Directors, and Advisors to a round amount.

Mr. Tshishimbi remarked that in those circumstances he could accept the 6.4 percent increase, on the understanding that it was a rounding of an increase of 6.38 percent.

Mr. Teijeiro and Mr. Wang said that they had no problem with the proposal.

Mr. Malhotra, remarking that it had been said that three possible courses of action had been discussed in the past, inquired what decisions had been taken on those occasions.

The Committee Secretary explained that in the past three years, alternative (1) had been chosen in order to keep the ratio of Advisors' salaries to the salaries of Alternate Executive Directors the same. In 1982, the World Bank Committee had looked at a fourth formula, and the Fund Committee had also considered it. However, the reasons for examining that formula no longer seemed relevant, and it had not been included either in the Fund paper or in the World Bank paper.

Mr. Malhotra said that in those circumstances he could accept an increase of 6.4 percent in Advisors' salaries.

Mr. Joyce remarked that he could see that there might be some arithmetical explanation for the difference between 6.38 percent and 6.4 percent. He could accept 6.4 percent.

The Acting Chairman stated that he understood that the Committee members were prepared to accept alternative (1) set out on page 2 of EB/CAM/83/25, which was the proposal accepted by the CODAM of the World Bank. A recommendation to that effect would be made to the Executive Board. The effective date of the increase for Advisors would be the same as that for Executive Directors and Alternates, namely, July 1, 1983.

2. REPRESENTATION EXPENSES AT TIME OF 1983 ANNUAL MEETING

The Committee members considered a paper on representation expenses at the time of the 1983 annual meeting (EB/CAM/83/26, 7/20/83).

The Acting Chairman said that Mr. de Groote, Vice-Chairman of the World Bank's CODAM, had told him that that Committee had recommended that the World Bank should act in accordance with the proposal set out in the last paragraph on page 2 of EB/CAM/83/26.

Mr. Kafka suggested that the Committee should follow the same course.

Mr. Taylor, Mr. Wang, and Mr. Malhotra said that they could follow Mr. Kafka's suggestion.

Mr. Laske remarked that it was evident from the table on page 3 of EB/CAM/83/26 that the principle on which representation allowances for Annual Meetings had been determined had remained unchanged since 1972. The principle might not be as equitable as it seemed at first sight; Executive Directors from the single-member constituencies, for instance, seemed to be rather short-changed. He would like to propose that allowance for an Executive Director for a single-member constituency should be the same as that for the Executive Director from the multi-member constituency with the smallest number of countries.

The Committee Secretary explained that when the arrangements for representation allowances for Executive Directors at the time of Annual Meetings had been introduced in 1969, the formula had been a lump sum of $400 plus an allowance of $25 for each member country. The basis for that formula had been an examination of actual expenditure at the 1968 Annual Meetings by Executive Directors of the World Bank. The purpose of the formula had been to provide an allowance that was equitable for all Executive Directors, taking account of the number of countries that each represented. It had been thought that the arrangement would help Executive Directors with large constituencies. The matter had been discussed again in 1972 because Executive Directors with large constituencies still found themselves in difficulty. At that time, an alternative consisting of a larger allowance for each member country but no lump sum had been introduced to meet the difficulties of Executive Directors with the largest constituencies. The matter had been discussed again by the World Bank Committee in 1979, but it had been found that the pattern of actual expenditures incurred by the Executive Directors had varied so greatly that it was not possible to draw general conclusions. It had been felt reasonable to retain the formula whereby Executive Directors with large constituencies could be permitted to spend larger amounts.

Mr. Yamashita and Mr. de Maulde said that they agreed with Mr. Laske. Perhaps the staff could prepare a paper on the point.

Mr. de Groote noted that, if Mr. Laske's formula were accepted, the result would be that Mr. Laske would be permitted to spend $1,024, the same as Mr. Malhotra with a four-country constituency, instead of $856. The amount involved was not large, but would the arrangement be equitable?

Mr. Erb stated that he saw some difficulty in allowing the same expenditure for single-member as for four-member constituencies. In the long run, the total outlay would probably tend to rise. He would therefore prefer to stay with the present arrangement.

Mr. Joyce stated that while he sympathized with Mr. Laske, it might be unreasonable to suggest parity between the allowance for a single-country Executive Director and a multicountry Executive Director. As a compromise, he would suggest the adoption of a formula by which the single-country Executive Director could receive an allowance consisting of the lump sum plus 50 per cent of the allowance available to the Executive Director with the smallest multicountry constituency. In the present instance, Mr. Malhotra's constituency consisted of four countries; Mr. Laske, for instance, would receive a lump sum plus the individual country allowance for two countries. He could accept the proposal on page 2 for the present year.

Mr. Taylor said that he was attracted by Mr. Joyce's proposal.

The Acting Chairman remarked that he understood that Committee members were prepared to accept the proposal set out in the final paragraph on page 2 of EB/CAM/83/26 for the 1983 Annual Meeting on the understanding that Mr. Joyce would be free to raise his proposal at a future meeting of the Committee, and that it would be brought to the attention of the CODAM of the World Bank.

Mr. Tshishimbi supported the Acting Chairman's suggestion, and Mr. Laske said that he could support any consensus by the Committee members.

The Acting Chairman said that he would report to the Executive Board the recommendation for action set out in the final paragraph of page 2 of EB/CAM/83/26. The representation allowance would apply from September 24 to September 30, 1983, inclusive.

3. ASSISTANTS TO EXECUTIVE DIRECTORS FOR LANGUAGE PURPOSES

Mr. de Groote reported to the Committee that, at the meeting of the World Bank's CODAM the previous day, the Executive Director for Japan had raised the question of the possibility of Executive Directors' employing editorial assistants for language purposes. Some of them had considerable difficulty in preparing documents for submission to the Executive Board, and in transmitting documents in their own language to the countries that had elected or appointed them. The matter had been discussed at length, and the Executive Director for Japan had been supported by the Executive Directors for France and Thailand. The World Bank staff had been asked to prepare a paper on the subject. In reporting the matter to the Committee, he recalled that the number of assistants that Fund and Bank Executive Directors could appoint took into account special language needs.

The Committee members took note of the statement by Mr. de Groote.

4. REPRESENTATION EXPENSES FOR EXECUTIVE DIRECTORS

Mr. Joyce noted that the Committee had discussed the rules for representation expenses on several occasions in the past. As the rules now stood, an Executive Director might entertain outside the period of the Annual Meetings both government officials and academics, but not commercial bankers. While he understood that there might be several views on the desirability of contacts between Executive Directors and commercial bankers, he had found that such entertainment would be helpful. He also understood that the Fund staff was permitted to entertain representatives of commercial banks if it was found necessary to do so in the normal course of business. He hoped that the Committee would discuss the matter on a future occasion, when the members had had an opportunity to study the present practice.

The Committee Secretary said that it would not be difficult for the staff to prepare a paper giving the data on present practices, not only for Fund Directors but also for Fund staff and for World Bank Executive Directors.

The Committee members concluded their meeting at 4:15 p.m.

APPROVED: October 13, 1983