

EBAP/83/145
Supplement 1
Correction 1

CONFIDENTIAL

June 3, 1983

To: Members of the Executive Board
From: The Secretary
Subject: Submission to the Board of Governors of the Report of the
Standing Joint Committee on the Remuneration of Executive
Directors and Their Alternates

The following correction has been made in EBAP/83/145, Supplement 1
(6/2/83):

Page 4, footnote 1: last line should read "\$840, assuming that they are
married with two dependent children."

A corrected page is attached.

Att: (1)

considered whether the gap between the two should be narrowed in view of the heavy responsibilities borne by Alternates in many constituencies. The Committee concludes that the relationship established in 1980, whereby Alternates' salary plus supplemental allowance amounts to approximately 83% of that of Executive Directors, continues to be appropriate at the present time. The total net direct remuneration of Executive Directors and Alternates, which includes spouse and dependency allowances, is currently \$81,040 and \$68,035 respectively. ^{1/}

9. In formulating its recommendations the Committee has taken into account all of the considerations outlined in the preceding paragraphs, together with:

- (a) The results of the consultants' survey of the remuneration of the eight economic and financial minister positions in Washington, D.C. embassies, together with one U.S. economic minister position which, as indicated in paragraph 4 above, the Committee considers to be the most appropriate basis for determining Executive Directors' remuneration. The average annual total net direct remuneration of the nine positions as of March 1, 1983 amounted to \$83,290. The average for the group was 6.7% higher than at the time of the 1982 survey.
- (b) The evolution in the real incomes of Executive Directors as indicated in Annex II. In the twelve months to March 1983, the consumer price index (CPI-U) for Washington, D.C. went up by 3.7%. As of that date, the real incomes of Executive Directors were well below the levels of earlier years.

^{1/} The total net direct remuneration of Executive Directors and Alternates is comprised as follows:

	<u>Executive Directors</u>	<u>Alternates</u>
Salary	\$ 69,200	\$ 57,900
Supplemental Allowance	8,000	6,400
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Plus (assuming the average incumbent is married with two dependent children)	\$ 77,200	\$ 64,300
Spouse Allowance	3,000	2,895
Dependency Allowance	840	840
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Total Direct Remuneration	\$ 81,040	\$ 68,035

- (c) As a result of the increases in salaries for the staff of the Bank and the Fund effective May 1, 1983, the numbers of staff with higher remuneration than Executive Directors and Alternates have risen substantially. As pointed out in paragraph 5 above, the Committee believes that it is important that Executive Directors' pay should be established so that it is not likely to be exceeded by the salaries of more than a moderate number of staff.

Recommendations

10. The Committee recommends:
- (a) an increase effective July 1, 1983, in the salaries of Executive Directors of \$4,400 to \$73,600 per annum, and an increase in the non-pensionable supplemental allowance of \$500 to \$8,500 per annum;
 - (b) an increase effective July 1, 1983, in the salaries of Alternates of \$3,700 to \$61,600 per annum, and an increase in the non-pensionable supplemental allowance of \$400 to \$6,800 per annum;
 - (c) that, effective July 1, 1983, Executive Directors and Alternates should receive home leave allowances for their spouses and dependent children in the same amount as it is paid in respect of the families of the staff.
11. As a result of the recommended increases:
- (a) the relationship between the total net remuneration of Executive Directors and that of the average of the nine comparator positions would change from 1.038 to 1.032; ^{1/}
 - (b) the real incomes of Executive Directors would improve as indicated in Annex II;
 - (c) the numbers of staff with salaries above the remuneration of Executive Directors would rise only slightly as shown in Annex III.
12. Draft resolutions covering the above recommendations are attached as Annex IV, and we recommend that they be adopted by the Boards of Governors of the Bank and the Fund, respectively.

^{1/} The net remuneration of Executive Directors comprises salary, supplemental allowance and spouse and dependency allowances. Because of the way in which they are computed, the spouse and dependency allowances for both Executive Directors and their Alternates would be at the maximum level, namely, \$3,000 and \$840, assuming that they are married with two dependent children.