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CONFIDENTIAL

COMMITTEE ON EXECUTIVE BOARD ADMINISTRATIVE MATTERS

Meeting 90/3

3:00 p.m., May 24, 1990

F. Cassell, Chairman

Executive Directors

G. K. Arora
D. S. Clark

A. Kafka
G. A. Posthumus

Alternate Executive Directors

C. Enoch
G. C. Noonan
Zhang Z.
M. B. Chatah, Temporary
L. M. Piantini

J. W. Lang, Jr., Secretary
S. L. Yeager, Assistant

Also Present

J. de Groote

R. Filosa

G. Grosche

C. S. Warner

L. B. Monyake
M. A. Fernández Ordóñez

I. H. Thorláksson
O. Kabbaj

J.-F. Cirelli

Administration Department: D. A. Anderson, A. D. Goltz,
F. E. John, M. Oka, P. D. Swain, H. Wiesner. Legal Department:
J. S. Powers. Secretary's Department: R. S. Franklin,
B. R. Hughes, M. J. Papin. Office of the Managing Director:
R. Noë, Director, Internal Audit. Advisor to Executive Director:
F. A. Quirós. Assistants to Executive Directors: B. R. Fuleihan,
R. Rouai.

1. STAFFING OF EXECUTIVE DIRECTORS' OFFICES

At the request of an Executive Director, Committee members considered a memorandum from the Chairman on a request by Mr. de Groote for an extension of the temporary additional position for an Assistant in his office, together with a staff paper containing background material (EB/CAM/90/29, 5/3/90, and Sup. 1, 5/16/90). An interim extension of a few days had been approved by the Executive Board on a lapse of time basis (EBAP/90/122, 5/5/90) to continue the position until the Committee could take up Mr. de Groote's request.

Mr. de Groote commented that the reasons for his request for the extension were the same as those he had put forward in requesting the position initially. However, he wished to correct a statement in the staff paper to the effect that the entitlement for staffing of offices of Executive Directors was the same in the World Bank and in the Fund. There was one difference. As stated in criterion (c) for considering requests for temporary assistance, in Attachment II to the staff paper, an informal increase in the number of countries in the constituency of an Executive Director of the World Bank--when a new member country requested informal representation pending the biennial election--was an appropriate criterion. He had been asked to represent Czechoslovakia's interests until it joined his constituency formally, and if the Fund had the same rule as the Bank, he would already be entitled to an additional assistant.

In response to a question by Mr. Posthumus, Mr. de Groote explained that he would be entitled to an additional assistant when Czechoslovakia formally joined because he would then have six members in his constituency. The temporary additional position would most probably be needed only until that time. He would already be entitled to an additional assistant, if the Fund's criteria were the same as the Bank's.

Mr. Arora, Mr. Mwakani, Mr. Zhang, and Mr. Chatah said that they could approve Mr. de Groote's request for an extension of the temporary additional Assistant position.

The staff representative from the Secretary's Department remarked that the Bank had in fact adopted slightly different criteria for determining requests for temporary positions, as shown in the background paper.

The Chairman proposed that the extension be approved until November 1, 1990, when the 1990 regular election of Executive Directors would apply.

Mr. de Groote said that until November 1 would be a reasonable period for the extension.

The Chairman said that a report would be submitted to the Executive Board, recommending approval of Mr. de Groote's request (EBAP/90/135, 5/25/90).

2. SECRETARIAL AND CLERICAL ASSISTANTS - PROMOTION GUIDELINES

Committee members considered a memorandum from Mr. Warner in which he made a proposal for a further amendment of paragraph (e) of the promotion guidelines for secretarial assistants (EB/CAM/90/30, 5/18/90), pursuant to his request that the Committee's report to the Executive Board following its previous meeting (CAM/Mtg.90/2, 4/19/90; EBAP/90/113, 4/25/90, and Sup. 1, 5/16/90) be remanded to the Committee.

The staff representative from the Administration Department said that Mr. Warner's proposal did not essentially change the principles agreed by the Committee at its previous meeting. In essence, the proposal provided for a waiver of the 10-year service requirement for the senior secretarial assistant in an office, but retained the requirement for 15 years of combined experience on the Fund staff and elsewhere, as well as the time in grade for progression from A6 to A7. The staff therefore would have no objection to Mr. Warner's proposal.

Mr. Posthumus said that he found it difficult to understand what basis there was for requiring a different number of years of service for promotion of the senior and other secretarial assistants in the revised promotion guidelines in Attachment III to EB/CAM/90/30. One senior secretarial assistant could be promoted to A8 after 2 years in A7, and 15 years of Fund or comparable service, whereas a second secretarial assistant needed to serve 4 years at A7 and to have 5 years of Fund service, or 2 years in A7 and 10 years of Fund service with a minimum of 15 years total service in the Fund or a comparable institution. The overall difference of 6 years for promotion to A8 seemed hard to justify, especially as two individuals might have the same number of years of service outside the Fund.

The staff representative from the Administration Department responded that the second secretarial assistant had always been on a slower track, and was required to serve at least 5 years at A6 before being promoted to A7, with 15 years of Fund or combined Fund and outside experience. The designation of an assistant as senior was intended to identify the assistant whose possibilities for progression were greater. It would be recalled that at the time of the job grading exercise, it had been decided that one secretarial assistant in an office should be able to progress considerably faster than the second or third assistant. While the senior secretarial assistant could be promoted without having to meet the requirement of 10 years of Fund service, she still had to meet the 15 years requirement of combined Fund and outside service, which had to be certified by the Committee as being relevant experience.

Mr. Posthumus added that the difference between 2 years of Fund service for a senior secretarial assistant to be promoted and 8 years for another assistant seemed to indicate that for the senior secretarial assistant, Fund experience was not relevant.

Mr. Warner explained that the idea was to set up a more flexible, faster progression track for the senior secretarial assistant. The second assistant's longer tenure was intended to approximate more closely the promotion guidelines for Fund staff. If the proposal he had put forward in paragraph (e) of Attachment III for promotion of one senior secretarial assistant after 2 years at A7, and 15 years of service in the Fund or elsewhere, was further liberalized, it would lead to a system in which the fast rate of progression in a Director's office could complicate the return of secretarial assistants to the Fund staff. He had attempted to respond to the staff's concern not to overcomplicate the Fund's personnel management by allowing too many secretarial assistants to be promoted on a fast track. The proposal was to provide a faster track for one secretarial assistant to give an Executive Director a certain flexibility in staffing the office without complicating the work of the Administration Department.

The Chairman remarked that difficulties were always created when proposals designed to meet particular situations in Directors' offices were written into the general rules.

Mr. Clark asked for confirmation of his understanding of the point made by Mr. Posthumus, namely, that two individuals with identical work experience would have to be treated differently under the revised criteria set out in Attachment III.

The staff representative from the Administration Department explained that ever since the introduction of the new job grading system in the Fund, Executive Directors had wished one secretarial assistant in their office to be able to experience a faster rate of progression, thereby establishing a hierarchy that fitted into the grade budget ceiling for Directors' offices. In fact, even further back in the history of secretarial assistant positions, one such assistant had always been able to move higher and faster than others. Even under the guideline originally proposed by the Committee, in paragraph (e) of Attachment II, one secretarial assistant could move faster than another. Although two secretarial assistants could move to A8, as indicated in paragraphs (c) and (d), one could move from A6 to A7 in one year, and the other had to have served a minimum of 5 years at A6 and have completed 15 years of service in the Fund or a comparable institution.

Mr. Posthumus commented that the fast track of the senior secretarial assistant, mentioned by Mr. Warner, had reference only to the requirement for experience outside the Fund. Yet it might equally well be argued that a person who had had longer Fund work experience should be promoted faster than one with shorter Fund work experience. He was inclined to agree with the Chairman that proposals to amend the general rules that were being made were designed to fit specific cases, with the result that two of those general rules would be inconsistent with each other. He wondered whether an alternative solution could not be found.

Mr. Warner stated that the only difference between the two versions of paragraph (e) was the time in grade for promotion to A8 once a secretarial assistant reached A7. It was a modest differential that in no way attempted to change the system greatly but that offered a certain measure of flexibility.

Mr. Grosche said that he did not find the guidelines to be generally very satisfactory. It would be better to abandon them and to leave it to Executive Directors to manage on the basis of a given budget for secretarial assistants.

At the same time, Mr. Grosche added, he recognized that some Directors, like himself, had to hire secretarial assistants from outside the Fund, in large part for reasons of language, and thus needed to offer sufficient incentive to work in Washington. He himself did not make a practice of recruiting from the Fund staff or using secretarial staff from the support group, a practice that also had the disadvantage of making it difficult for the Fund to reabsorb staff who had advanced on a fast track in a Director's office.

While Mr. Warner's proposal was quite helpful, from his own perspective, and he could thus support it, Mr. Grosche reiterated that he was not satisfied with the guidelines.

The Chairman remarked that it was unlikely, given that the existing system had been built up, ad hoc, over the years, that agreement could be reached on a totally new system, much as Directors might wish to make a fresh start. The question to be decided was whether Mr. Warner's suggestion would, at least marginally, improve the system.

Mr. Fernández Ordóñez said that he endorsed the proposal of Mr. Warner. As Mr. Grosche had said, it would solve the problem of those offices that had to hire from outside the Fund, but at the same time, offered the possibility of recruiting from within the Fund staff, which had advantages as well as the disadvantage that had been mentioned.

Mr. Arora recalled that it had been recognized during the Committee's previous meeting that some offices had to recruit outside the Fund, and thus needed suitable incentives to do so. At the same time, it had been felt that treating equally qualified persons in the same way could lead to too many senior secretarial assistants in an office. He suggested that Mr. Warner's proposal be accepted, because although it was a compromise solution, it did deal with the specific problem. The reservations expressed by some Directors should of course be noted.

Mr. Chatah said that he too could accept the amendment proposed by Mr. Warner, for the reasons mentioned by Mr. Arora.

Mr. Clark said that he also could go along with Mr. Warner's proposal.

Mr. Zhang stated that he was a little concerned about the situation of a second secretarial assistant who had more or less the same qualifications as the first assistant. The second assistant would seem to have to wait too long for promotion. However, he could go along with Mr. Warner's proposal.

Mr. Mawakani said that if there was a consensus that Mr. Warner's proposal was an improvement, he could support it. The guideline would be very little changed from the original one.

The Chairman observed that the staff representative was willing to propose that paragraph (e) as revised by Mr. Warner might be more acceptable if it referred simply to "one senior secretarial assistant in each office being eligible for promotion from A7 to A8, on the conditions described."

Mr. Posthumus said that that revision would meet his point, because there was no justification for stating that one assistant was senior and that the other was therefore not senior.

Mr. Warner said that he could accept the amendment to his proposal.

Mr. Monyake asked what criteria were used for allowing staff members to achieve a faster rate of progression. He also wondered whether it was necessary to retain the references to senior secretarial assistants in paragraphs (g) and (h).

The staff representative from the Administration Department said that he agreed that the word "senior" could be deleted from all the paragraphs in which it was used.

As for the progression of secretarial staff, the effective ceiling was A7, the staff representative noted. Only one secretary in each Fund department could progress to A8 as the senior administrative assistant. There was thus no scope for a fast rate of progression in the staff.

Mr. Chatah inquired whether a Director could promote a second assistant to A8 if, because of the passage of time, the first assistant became eligible for further promotion to A9.

The staff representative from the Administration Department replied that the second assistant--or the third--could take the place of a first assistant who left the office. If the first assistant remained, the second assistant would have to meet the criteria laid down for promotion to A8.

The Committee accepted Mr. Warner's proposal, as amended.

The Chairman said that a report and recommendation would be submitted to the Executive Board for its early approval (see EBAP/90/113, Sup. 2, 5/25/1990).

3. ASSISTANTS TO EXECUTIVE DIRECTORS - COMPENSATION SYSTEM

Committee members resumed from a previous meeting (CAM/90/1, 4/5/90) their consideration of a staff paper on a flat rate compensation system for Assistants to Executive Directors (EB/CAM/90/11, 3/7/90), together with a note by the staff circulated at that meeting. ^{1/} They also had before them a paper that had been circulated on May 22, 1990 by the Chairman of the World Bank's Committee on Directors' Administrative Matters (CODAM), containing a recommendation for a flat rate system of compensation for consideration by CODAM on May 30, 1990 (EB/CAM/90/31, 5/22/90).

The Chairman recalled that at its previous discussion, in April, the Committee had been unable to reach a consensus on either a flat rate system or the continuation of the existing interim system, and it had been suggested that the Chairman of the Committee on Executive Board Administrative Matters (CAM)--who was at that time Mr. Finaish--consult with the Chairman of CODAM. He himself had also talked to Mr. Al-Sultan, Chairman of CODAM, and he believed that the general feeling was that the CAM would have to come forward with a more concrete and agreed proposal before the two Committees could even begin to move toward each other's position.

Mr. Chatah said that Mr. Finaish had also had the impression that further discussion in the CAM would be necessary to make further consultation between the two Committees useful.

The Chairman commented that in proceeding to discuss the matter further, the Committee should note that the World Bank was recommending what was essentially a flat rate system, the structure of which raised two problems. The first was that it set the single flat salary at a high level; and the second was that the system would be introduced with retroactive effect, although thought was apparently being given to ways in which the move to the new system could be phased in on the World Bank side. The fact that CODAM had wedded itself formally to the structure of a flat rate system meant that its position was different from that of CAM, which had been divided more or less evenly on the desirability of such a move.

Mr. Kafka stated that after careful consideration, including discussions with his authorities, he maintained his strong opposition to a flat rate system. He had never had any problem with the existing system, and had accepted the staff's recommendations with respect to the remuneration of his Assistants, taking advantage only of the flexibility built into the rules which allowed him to increase the amount by 3 1/2 percent.

If the Fund moved to a flat rate system, Mr. Kafka continued, there would not only be transitional problems--as he understood it, the World Bank had already considered two or three recommendations for the transition--but, and what was more important, Assistants would also inevitably be recruited

^{1/} See Annex.

at only one level of ability. The Governors for the countries in his constituency chose to send people of different caliber--younger or older, with more or less academic preparation, or more or less practical experience--and the existing system suited them well. His Governors found the argument that a flat rate system already existed for Executive Directors, Alternates, and Advisors to be irrelevant, because of the semi political nature of their election or appointment.

Mr. Posthumus said that he took the same position as Mr. Kafka. He failed to see what advantage a flat rate system would have, unless the starting salary level was set on the low side to match the type of work being done by most Assistants. Of course, no agreement could be reached on that basis, because most Directors who supported a flat rate system could only do so if the salary was set definitely on the high side, to avoid difficulties in their offices. The high salary level would in itself create problems, including possibly for the staff of the Fund, since Assistants in Directors' offices did work that was more or less comparable with that done by the staff, a fact that underlay the existing system.

In response to a question by the Chairman, Mr. Posthumus agreed that joint offices would have problems if the Fund and the Bank adopted different systems. But he was not prepared to accept a flat rate system simply because the Bank was about to do so, at least not without further information from the Bank on its reasons as well as on its response to the position taken so far by the CAM.

Mr. Clark said that like Mr. Kafka and Mr. Posthumus, he had been opposed at the previous Committee meeting to a flat rate system, because of the need for parallelism. To have one system of remuneration at the Bank and another in the Fund would create difficulties not just for joint offices, but for all other offices, too. All offices drew Assistants from the same pool of talent in capitals, and no office could afford to pay significantly more than another for an individual with the same background and qualifications.

As Mr. Kafka had observed, under a flat rate system, the Assistants would have to be chosen to match the salary, Mr. Clark went on. It was always preferable, in his view, to provide a degree of flexibility that permitted a Director to pay one wage to a younger person and another, somewhat higher wage to a more experienced person. The current system operated in that way by establishing certain major qualifications, related inter alia to education and work experience, based on which a certain salary could be determined.

At the previous meeting, part of the problem confronting the Committee had been that the World Bank had taken a decision, two days previously, and the feeling had been that the CAM was expected to acquiesce in the Bank's proposal, Mr. Clark recalled. According to the Chairman's opening remarks,

the CODAM continued to take the position that it would proceed with its own proposal unless CAM could improve upon it.

He himself had no specific proposals to make, Mr. Clark commented, other than to state that the two systems would, in the end, have to be harmonized. At the same time, a salary of \$60,210 seemed high, although as Mr. Posthumus had remarked, some Directors would want to be able to offer such an incentive to attract an appropriately qualified assistant, whereas others, like himself, would find themselves unable to recruit the type of individual they preferred. Therefore, he wondered whether there was any scope for negotiation with the World Bank on the salary level.

The Chairman responded that he hoped that a distinction could be drawn between structure--whether or not to have a flat rate system--and the level at which the flat rate would be set. He had the impression that it might be easier to arrive at some movement on the salary level, which the Bank had set at what appeared to him to be a costly level, than on the structure. However, Committee members first had to decide on the system they would prefer for Assistants to Fund Directors. The World Bank was not likely to take a final decision until the Fund's own position became clear, but until then, no attempt could be made to reconcile the two positions, should that become necessary.

Mr. Chatah recalled that as Committee Chairman, Mr. Finaish had expressed the hope, at the Committee's previous discussion, that a consensus could be achieved. As far as the position of his constituency was concerned, the existing system had not presented any serious problems, and it could be retained. At the same time, a flat rate system would have potential advantages for some offices, depending on their working and recruiting practices. In the final analysis, it was a question of trying to cater to different needs through a unified system, which was by definition difficult to achieve, especially when the two systems under consideration were diametrically opposed. The perception that the existing system gave some offices the greater flexibility they sought had perhaps led his chair to express reservations about the flat rate system. But if the majority felt that the flat rate system would be more useful for most people, and especially since the World Bank was moving in that direction, his chair was prepared to keep an open mind.

Mr. Zhang stated that his chair continued to prefer the existing system. At the same time, parallel arrangements seemed unavoidable, and for all practical purposes, the World Bank had opted for a flat rate system. The lack of adequate preparation and discussion had left the Committee without any real choice in the matter, a situation that should not be allowed to recur. His chair could be flexible, and, largely in the interest of ensuring parallelism, could go along with a flat rate system.

The Chairman, in response to a question by Mr. Kafka, confirmed that CODAM had not yet reached a final decision, although there seemed to be a

significant majority on that Committee in favor of the flat rate system. There was more scope for flexibility in CODAM's position with respect to the level at which the salary would be set and the way in which the system would be phased in.

Mr. Monyake remarked that Mr. Kafka and Mr. Posthumus had highlighted the problems well. Directors with many countries in their constituencies had to deal with different situations, including the existence of a greater number of countries with programs, from those of Directors with only a few members. The more developed the members of the constituency, the easier it might be for Directors to benefit from information and background preparation in capitals; the less developed the countries, the more work the Directors had to do in their own offices. The difference between the work of Assistants and of staff members was so marginal that it was difficult to make any distinction in their respective salaries. In sum, it would be very difficult for some Directors to accept a flat rate system, and he hoped that the Committee was not confronted with a "fait accompli."

In response to a remark by the Chairman, Mr. Monyake said that he agreed on the need for a parallel salary structure. That was why he had set great store by the Chairmen of the two Committees coming to some understanding.

Mr. Warner considered that the remarks of Mr. Kafka, Mr. Posthumus, and Mr. Clark reflected a position that had the great merit of attempting to maintain the Fund's standards, namely, a system that established certain qualifications but offered flexibility. As for the issue of harmonization or parallelism, the Committee could do no better than to set another standard, that of leadership, by asking the World Bank to reconsider what he believed to be an erroneous position.

Mr. Grosche said that he joined Mr. Warner and others in their support of the existing system. He had never understood parallelism to mean accepting the World Bank's lead, or to mean completely identical salary systems. The problems that joint offices might have should not assume such importance as to lead the Committee to follow in every detail the World Bank's lead.

The Chairman observed that joint offices would most definitely encounter serious problems.

Mr. Filosa remarked that he agreed that the Fund should not passively follow the Bank's lead. Therefore, it was important to negotiate, without rigidity on either side, a parallel system. He had some preference himself for a flat rate system, even though it would be necessary to define an appropriate salary level. If some offices preferred, as his own authorities did, to select younger assistants, it might be useful to give some thought to a graduated salary scale, based on age or years of experience, especially as comparisons of academic qualifications were difficult to make. The

proposals by the staff had not given sufficient weight to the difference that ten years of age made in terms of experience.

It was of paramount importance to have the same system for both Fund and Bank offices, all of which drew their Assistants from the same pool of candidates, Mr. Filosa stated. To have a salary system that penalized people in one institution compared with the other would prove very detrimental.

Mr. Cirelli said that, speaking for a joint office, he fully shared Mr. Filosa's position that, in the final analysis, the Bank and the Fund must adopt the same system. Apart from the question of the level of the salary, he saw drawbacks and advantages in both systems. His chair could live with the existing system, but it was also open to exploring the possibility of reaching a consensus on another system.

Mr. Fernández Ordóñez said that he too shared Mr. Finaish's view.

Mr. Kabbaj stated that like Mr. Kafka and Mr. Posthumus, he maintained his opposition to the flat rate system.

Mr. Thorláksson said that his chair had a strong preference for the flat rate system, which better suited his constituency's way of recruitment. Harmony with the World Bank's system was also important.

Mr. de Groote stated that he had heard no new arguments in favor of maintaining the existing system. The arguments he had proposed in favor of a flat rate system were as valid as ever. He had difficulty with Mr. Kafka's view that Directors, their Alternates and Advisors, had a different, semipolitical function; Assistants might undertake more work of a technical nature, but they nevertheless had official functions, speaking in the Board in the name of their authorities, traveling to member countries, and taking part in negotiations. It was for that reason that he saw a great deal of sense in applying the same remuneration system to all delegates or officials of member countries, as opposed to staff members.

Likewise, the arguments put forward by Mr. Posthumus and Mr. Monyake on the similarity of the work of Assistants and staff members did not take into account the distinction between work and functions, Mr. de Groote considered. It could be said that the type of work done in the Fund, from that of Executive Directors down to the most junior economists, was exactly the same; the problems, and the analysis, all had to do with balance of payments adjustment. But Assistants did that work from a different angle--from the viewpoint of the member and its Government.

Perhaps the most important argument in favor of having the same system in both institutions was that of administrative simplicity, Mr. de Groote stated. Once a fixed salary scale was adopted, Governments would select

candidates accordingly, and the Committee would no longer have to discuss at length the relative merits and qualifications of Assistants, based on their age and academic background.

Mr. Kafka commented that practical considerations carried more weight than considerations of simplicity. He had experienced no practical problems with the existing system, and saw no reason to change it.

Mr. Monyake remarked that the existing system seemed sufficiently straightforward and easy to operate.

The Chairman remarked that the existing system perhaps seemed to function adequately more because, in order to avoid complications, its application was not questioned rather than because it was simpler and easier to operate. His own position, which was heavily influenced by the fact that his office was joint, was that parallelism was of the utmost importance. He was inclined to favor a flat rate system, although he would wish to reopen with the Bank a number of features of its package, including the unrealistic starting level for the salary.

It seemed to him, as Chairman, that Committee members attached considerable importance to parallelism or consistency between the two remuneration systems for Assistants, irrespective of the system they preferred, the Chairman commented. But an agreed view in the Committee would have to be reached before further discussions with the Bank could take place.

Mr. Posthumus said that if the stated objective was to reach agreement, the outcome would be agreement with the Bank, which had already taken a firm position. As he understood it, most Directors did not favor the flat rate system, and that fact should be clearly indicated to the World Bank, which did not appear to be willing to modify its position.

As far as he was concerned, Mr. Posthumus remarked, parallelism was not paramount; the overwhelming objective should be to retain the existing system, and to see if it was possible to make it work.

Mr. Kafka commented that parallelism was by no means a rule as far as the benefits of the staff of the two institutions were concerned. He saw no reason why a joint Executive Director could not recruit his Assistants at salaries that were in line with different systems.

Mr. Filosa said that although his authorities had been able to live with the existing system, the introduction of two separate systems would obviously lead Governments to send less qualified personnel to the institution having a lower salary scale. He could be flexible as between the two systems, but not on the introduction of two different systems. Therefore, the Committee must agree on one of the two: the flat rate, or the existing, interim system.

Mr. Kafka stated that the choice should in any event not be allowed to depend on an accident of timing, namely, the fact that the CODAM had reached a decision before the CAM had had an opportunity to discuss the matter. If the situation had been reversed, the outcome might have been different.

Mr. de Groote commented that the existence of two different systems would not present him with insuperable difficulties. In fact, he wondered whether it would be possible for the Bank to implement its decision to introduce a flat rate system on a trial basis, say, for one year. The Fund could then decide, based on the Bank's experience with the flat rate system, whether or not to introduce the same system.

The Chairman remarked that Mr. de Groote's suggestion would be easier to implement at some future date, say, in a year or two, in order to avoid opening up a large differential between Assistants already employed in Directors' offices and future Assistants.

Mr. de Groote said that he agreed that it would be helpful to give governments notice of the need to recruit Assistants with qualifications that matched the flat salary rate.

In response to a question by Mr. Kafka, Mr. de Groote said that the advantages of the flat rate system had been explained very convincingly by Mr. Fogelholm, at the Committee's previous meeting.

Another fundamental argument in favor of the flat rate system, Mr. de Groote considered, was that it made no sense to compare the remuneration of staff with the remuneration of individuals who came to Directors' offices from ministries of finance or central banks, and who might continue their careers in the private sector. Public sector employees were usually remunerated according to rank, under a flat rate system, with some variation around the rate. In addition, whether or not an individual had a Ph.D. was not necessarily a relevant criterion in the selection of Assistants, whose work consisted of analyzing Board papers, taking part in negotiations with authorities, and speaking effectively in Board meetings.

Mr. Kafka observed that academic qualifications played a role in determining the entry level, as well as the promotion, of a civil servant.

Mr. Monyake remarked that Mr. Kafka had made a valid point.

The Chairman noted that there was a range of salaries for each rank of the British civil service, and progression within the rank was based on years of service. In that sense, the system was a flat rate one.

Mr. Warner considered that the merits of the current system had also been well articulated during the Committee's discussions. Not only had the case for the existing system as opposed to the flat rate system been made, but the fact that it had should be used to provide the right signal to the

World Bank to re-examine what might well have been a flawed decision on its part. The dialogue could then begin, starting with the meeting of the CODAM scheduled for May 30.

Mr. Arora reiterated his support for the flat rate system, for the reasons mentioned by Mr. Fogelholm and Mr. de Groote. An Executive Director's office was a political office that operated according to the guidelines and policy advice received from governments. The staffing of the office was structured according to the type of work performed; it would be unreasonable to compare the work with that of a staff member. The Assistant would not be making a permanent career in the Fund, but would return to his home country after a certain period. If the Assistant received a flat rate salary during that period of service, there would be no awkwardness when the individual reassumed his official position in the home country. It was for that reason that his chair would prefer to link the salary of the Assistant to that of the Advisor, in the same way as the Advisor's salary was linked to that of the Alternate Executive Director.

The starting salary level under a flat rate system should be kept open for further discussion, Mr. Arora considered, although it could not be set too low, given that most governments wished to appoint well qualified individuals. In conclusion, he strongly supported the flat rate system being adopted by the World Bank.

Mr. Mawakani recalled that for several years, including the period during which he had served as Chairman of the Committee, he had supported the retention of the current system. At the time of the Committee's previous discussion, some of the countries in his constituency had indicated that they could accommodate themselves to the flat rate system, but others had since expressed opposition to it. His own support for the existing system had been based on the lack of any adverse experience with it in his office, which employed three Assistants; it had provided him with sufficient flexibility to find the type of Assistants he wished to employ. However, since some countries in his constituency shared the preference of Mr. Arora and Mr. de Groote for a flat rate system, along the lines of the one already in existence for Executive Directors, Alternates, and Advisors, he could go along if there was a consensus in favor of adopting such a system in the Fund. Other Directors who might be elected by his constituency in the future might after all hold different views or have a different experience.

The Committee Secretary, in response to requests by the Chairman, noted that 10 Directors had a preference for the existing system, and 6 Directors had spoken in favor of a flat rate system. Some of those Directors had expressed, to a greater or lesser extent, the need to agree on a parallel system. One Director had an open mind as between the two systems. As far as the members of the Committee were concerned, 6 Directors had expressed a first preference for the existing system, and 2 preferred the flat rate system.

The Chairman observed that the Committee was thus less evenly divided than it had been at its previous meeting.

The staff representative from the Administration Department remarked that the differences of view seemed to reflect different perceptions about the role of Assistants. One or two Directors had indicated, however, that a flat rate might be acceptable, if more thought could be given to a lower rate.

In response to questions by the Chairman, the staff representative explained that the Fund had introduced an interim system, which would remain in effect until it was either changed or confirmed as the permanent system. However, if the Fund retained the existing system, which was essentially tied to the salary scale for staff members, decisions would have to be reached on merit and salary adjustments for Assistants, effective as of May 1, 1990.

The Chairman observed that the matter could not be taken any further until he had had an opportunity to discuss it with the Chairman of CODAM. He would have to inform him that there was a majority on the Fund side for retaining the existing system. He foresaw considerable difficulties if the two Committees could not move closer together.

In response to a question by Mr. Clark, the Chairman observed that CODAM would eventually make a recommendation to the Executive Directors of the World Bank. Parallelism was important to CODAM also, and he felt sure that it would not act until the matter had been discussed further.

Mr. Clark remarked that CAM would not need to submit a recommendation to the Executive Board if it decided to retain the existing system. Such a decision would send a signal to the CODAM which, if it then made a different recommendation to its Board, would raise other problems.

The Chairman remarked that that was why it was important for joint Directors, and all other Directors, to talk to their counterparts at the World Bank, in an effort to persuade them of the advantages of one or the other system. A reconciliation of views was essential.

Mr. Filosa observed that the positions that had been taken were very different, and no precise proposals had been made for reconciling them. He himself had perceived a strong desire for parallelism, and wished to repeat his suggestion for a possible compromise based on a flat rate that would be differentiated by age in a more detailed way than had been proposed by the staff.

The Chairman concluded that he would report on the Committee's deliberations to the Chairman of CODAM, making clear the preference of the CAM but informing him that the Committee was receptive to a dialogue with the World Bank.

4. LANGUAGE TRAINING

Mr. Kafka said that he had been asked to inquire whether secretarial assistants, as well as other Assistants in Directors' offices, could have the cost of language courses reimbursed by the Fund, if the Executive Director agreed.

Mr. Posthumus observed that the possibility existed in the World Bank.

The staff representative said that the staff would prepare a response to Mr. Kafka's question.

The Committee adjourned at 5:00 p.m.

APPROVED: February 6, 1991

Note by the Staff on Recommendations of the CODAM
Concerning Compensation for Executive Directors' Assistants
and Assistance (Staffing) in Executive Directors' Offices

The World Bank's Committee on Directors' Administrative Matters (CODAM) met yesterday to consider a paper on compensation for Executive Directors' Assistants (EDAs) within the revised compensation system. The paper set forth a number of options for determining salaries and merit pay guidelines for EDAs, which were almost identical to the options presented in the paper on a compensation system for Assistants to Executive Directors--flat rate system (EB/CAM/90/11, 3/7/90) scheduled for discussion today by the Committee on Executive Board Administrative Matters. The CODAM also considered a paper on staffing which is relevant to Item 3a on the agenda for today's meeting.

It is the understanding of the staff that the CODAM decided to make recommendations to its Executive Board on these two items as follows:

Compensation for Executive Directors' Assistants (EDAs)

1. EDAs would be paid in single flat rate salary based on the same relationship, in percentage terms, as between the total remuneration of Advisors and Alternate Executive Directors. Since 1979, the remuneration of Advisors has been set at 83.7 percent of the remuneration of Alternate Executive Directors. Therefore, applying this percentage to the current remuneration of Advisors (\$71,930) would yield a flat rate for EDAs of \$60,210. ^{1/}
2. The implementation of the flat rate salary of \$60,210 for EDAs would be made retroactive to May 1, 1989.
3. Those EDAs whose current salaries exceed the flat rate would continue to receive the same salary until the flat rate reaches their salary levels.
4. Other terms and conditions of service for EDAs remain unchanged.

Assistance (staffing) in Executive Directors' offices

Procedures, including criteria, to consider requests for temporary additional positions and temporary changes in the current positions in Executive Directors' offices are being submitted to the Executive Board. The procedures proposed are similar to those in effect in the Fund since 1985. The following criteria would be used as general indicators and other criteria found relevant and reasonable by CODAM would also be used as appropriate.

^{1/} Reference to this option is made in paragraph 1 on page 2 of EB/CAM/90/11.

a. Exceptional work load caused by unique circumstances/special problems or other temporary circumstances related to Bank work or shareholders' relationship with the Bank.

b. Exceptional language problems including an exceptionally large volume of communications in several languages other than English provided additional secretarial assistance is not available to the office under the "language provision" rule.

c. Informal increase in the number of countries in an Executive Director's constituency, thereby increasing the staffing entitlement under normal rules, i.e., when a country becomes a new member of the bank and it requests an Executive Director to informally represent the country until the next biennial election.