

MASTER FILES
ROOM C-525

0414

**IMMEDIATE
ATTENTION**

EBAP/97/35

April 7, 1997

To: Members of the Executive Board

From: The Secretary

Subject: **Governors' Per Diem Allowance at Meetings of the Board of Governors**

1. It has been the practice of the Fund and Bank to review the adequacy of the per diem allowances for Governors and Alternate Governors in connection with attendance at Annual Meetings on about a three-year to five-year interval. The last review was undertaken in 1992. As a result, the allowances were then increased from \$240 to \$300 for each night that attendance at the Meetings requires Governors and Alternates to spend away from their normal place of residence, and from \$43 to \$54 per night for overnight flights or when hotel accommodation is included in the price of transportation.¹

2. In view of the fact that the 1997 Annual Meetings are taking place in Hong Kong, where costs are significantly higher than in Washington, it is recommended that a one-time increase be given for this year's Meetings, and that the regular review be undertaken in 1998, prior to the 1998 Annual Meetings in Washington.

3. For Hong Kong, single room rates at the hotels designated for occupancy by delegations vary between \$245 and \$525 per night, and average \$386 (Attachment II). The estimated costs for meals are shown in Attachment III. Taking hotel and meal costs into account, it is recommended that the per diem allowance for Governors and Alternate Governors be increased to \$440 for the 1997 Annual Meetings. The proposed per diem would cover about 85 percent of the estimated cost of hotel and subsistence in Hong Kong.² Except for this increase in per diem allowances, all other allowances would remain the same. The allowance of \$54 per night for overnight flights, or when hotel accommodation is included in

¹Changes in Governors' allowances since 1946 are shown in Attachment I.

²For the Annual Meetings in Madrid, the per diem covered about 87 percent of the estimated cost of hotel and subsistence. For the other recent Annual Meetings abroad (Bangkok in 1991 and Berlin in 1988) the per diem covered in full the estimated cost of hotel and subsistence. At the time of the last review in 1992, full coverage of the estimated cost in Washington was also provided.

the price of transportation, would remain unchanged. The standard in-and-out allowance would remain the same at \$65. It should be noted that the proposed increase in per diem allowance is a one-time increase, applicable to attendance at the 1997 Annual Meetings. The incremental costs to the Fund are estimated at \$400,000, for which provision would be made in the FY1998 Boards of Governors budget. Governors and Alternate Governors would also continue to receive transportation expenses to and from the place of the Meetings.

4. The same proposal is being submitted to the Executive Directors of the Bank.

5. The following draft decision is proposed for approval by the Executive Board:

The Executive Board approves the recommendation contained in EBAP/97/35 regarding per diem allowance for the Governors and Alternate Governors during attendance at meetings of the Board of Governors to be held in Hong Kong in September 1997.

In the absence of an objection by an Executive Director by the close of business on Friday, April 18, 1997, the proposed decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Attachments (3)

Other Distribution:
Department Heads

Table 1. Governors' Per Diem Allowance
(in U.S. dollars)

Year of Change	Per Diem Allowance	Reduced Allowance ¹
1946	50	10
1964	75	10
1977	100	15
1980	140	25
1983	185	33
1988	240	43
1992	300	54

¹ The reduced allowance is paid when overnight flights are used, or when hotel accommodation is included in the cost of transportation.

Table 2. Average Daily Hotel and Subsistence Costs
(in U.S. dollars)

	<u>Washington D.C.</u> 1992 ¹	<u>Hong Kong</u> 1997 ²
Single Room	199.00 ³	386.00 ³
Meals	90.00 ⁴	110.00 ⁴
Other Subsistence Expenses: e.g. local transportation, valet, local telephone calls, etc.	<u>17.00</u>	<u>20.00</u>
Total	<u>306.00</u>	<u>516.00</u>

¹ The year that the present per diem allowances were set.

² Hong Kong prices have been converted to U.S. dollars using an exchange rate of US\$1.00 = HK\$7.70.

³ Rates include average room costs, occupancy taxes, and service charges.

⁴ Includes meal tax and service charge.

Table 3. Meal Costs¹
(in U.S. dollars)

<u>Meals</u>	<u>Washington, D.C.</u> 1992	<u>Hong Kong</u> ² 1997
Breakfast	12.00	14.00
Luncheon	25.00	38.00
Dinner	<u>35.00</u>	<u>48.00</u>
Subtotal	72.00	100.00
Meal Tax	6.50 ³	0.00 ³
Gratuity/Service Charge	<u>11.50</u> ⁴	<u>10.00</u> ⁴
Total	<u>90.00</u>	<u>110.00</u>

¹ Luncheons and dinners include appetizer, soup or salad, entree, dessert and coffee/tea. Alcoholic beverages are not included.

² The average meal rates for Hong Kong are based on median priced meals in the Grand Hyatt, New World Harbour View, and Shangri-La Hotels. Hong Kong prices have been converted to U.S. dollars using an exchange rate of US\$1.00 = HK\$7.70.

³ 9% meal tax is charged in Washington, D.C.; no meal tax is charged in Hong Kong.

⁴ The standard gratuity/service charge on meals is 16% in Washington and 10% in Hong Kong.

