

CONFIDENTIAL

COMMITTEE ON ADMINISTRATIVE POLICIES

Meeting 76/7
June 17, 1976

W. B. Dale, Acting Chairman

Executive Directors

S. Y. Cross
B. J. Drabble
R. Gavalda

Alternate Executive Directors

J. B. Zulu
G. Laske
J. Foglizzo

K. F. Magurn, Secretary

Also Present

K. Kawaguchi
B. Kharmawan
P. Lieftinck

C. P. Caranicas
F. K. Hussein, Temporary

Sein Maung

P. Kent
A. G. Morris, Temporary

Administration Department: P. Thorson, Director; P. N. Kaul, Deputy Director; G. Mott. Middle Eastern Department: A. S. Ray, Deputy Director; J. E. Blalock. Secretary's Department: B. J. Owen. Treasurer's Department: W. L. Blowe. Technical Assistants to Executive Directors: D. Berthet, J.-M. Bisson, I. M. Cobbold, C. J. Lohmann.

1. ARAB REPUBLIC OF EGYPT - REQUEST FOR A FUND REPRESENTATIVE

The Committee considered a memorandum from the Chairman on a request by Egypt for the establishment of a resident representative post in Cairo (EB/CAP/76/10, 6/14/76).

The Acting Chairman recalled that the possibility of a request by Egypt for a resident representative had been raised in the review of resident representative and advisor posts, which had been discussed by the Committee in April (EB/CAP/76/9, 4/8/76; Meetings 76/5, 4/22/76, and 76/6, 4/27/76). Establishment of the post in Egypt would increase the total number of posts to one more than the ceiling of 21 which had been approved by the Executive Board on the recommendation of the Committee (EBAP/76/123, 5/25/76; EBM/76/80, 6/2/76).

Mr. Laske noted that in the previous discussions he had supported the ceiling with the proviso that it contain enough flexibility to cover additional posts if the need arose. Therefore, he was in full support of the proposal to establish a resident representative post in Egypt.

Mr. Gavaldá said that the Egyptian authorities must have important reasons for asking for a resident representative. Also, he had noted that some costs were to be paid by the member. For those reasons, he supported the proposal.

Mr. Cross considered that it was a good idea to post a resident representative to Egypt. However, according to his understanding the Egyptian post had been included in the ceiling agreed upon as a result of the Committee's previous discussions. In addition, it had been mentioned in EB/CAP/76/9 that some posts were being closed and others changed to advisor status but that the expected Egyptian request "should be acceded to, if received, and the consequent number now expected to be in existence early in the new fiscal year would be 16 resident representative and 1 assistant resident representative posts."

The Acting Chairman observed that the issue had been confused by the decision at a later date to include both advisors and resident representatives in the ceiling. The opening of the Egyptian post would exceed the joint ceiling, making the total number of posts 22 instead of 21, so that there would be in future 16 resident representatives, including 1 assistant, and 5 advisors.

Mr. Liefertinck said that he had no objection whatsoever to sending a resident representative to Egypt, but he had read the reference in EB/CAP/76/9 to the Egyptian post and to the ceiling in the same way as Mr. Cross had.

Mr. Foglizzo remarked that he too had no objection to the request for a resident representative by Egypt. However, he would like to know the exact position with respect to the number of permanent representatives presently assigned to member countries, and whether the ceiling was being exceeded because of the Egyptian request or because of another one.

Mr. Zulu supported the request by Egypt, which he had always understood would lead to an increase in the ceiling. The memorandum on Egypt's request mentioned as justification for the post the possibility of use of the Fund's resources in the higher credit tranches. Such a criterion, if accepted as a precedent, might negate the whole idea of a ceiling. Greater care was necessary, he felt, in defining the grounds for justifying new posts.

Finally, Mr. Zulu wondered whether members were expected to make contributions toward costs in the form of housing, as well as in the form of office space, secretarial assistance, and local transportation as stated in the paper on Egypt's request.

Mr. Drabble said that he agreed with Mr. Laske and Mr. Zulu. As noted in the memorandum before the Committee, the Egyptian post would exceed the ceiling, although admittedly the earlier memorandum to which Mr. Cross had referred was less clear in that respect. The proposed post was fully justified, even if it did exceed the ceiling, which after all had been accepted with the proviso that additional requests might be received later.

Mr. Kharmawan expressed his full support for Egypt's request. Its justification lay in the clear desire of the authorities to rehabilitate their economy. From his own experience, he knew how useful a resident representative could be under such circumstances. Whether or not the ceiling would be exceeded did not affect his support of the proposal.

Mr. Kent remarked that it would be unwise to keep to a rigid limit where a pressing and reasonable case had been made for the appointment of a representative. Egypt had made such a case, and he supported its request.

It appeared that one of the main considerations leading to the establishment of a ceiling had been the tendency for posts to be renewed indefinitely, Mr. Kent observed. Since it was the intention to assign a new staff member to Cairo after about 6 months, he wondered whether, toward the end of the assignment of the staff member subsequently posted to Egypt, consideration could not be given to ensuring that the overall ceiling be returned to 21. A decision to extend the post in Egypt and to assign a third person would then be at the expense of another post elsewhere.

Mr. Caranicas said that while he warmly supported the new post in Egypt, if there was to be a ceiling, one would be well advised to avoid piercing it. He suggested that in establishing future ceilings the staff should try to envisage the needs of various countries for resident representatives to assist in the management of their economies.

The Acting Chairman referred to his concluding remarks at Meeting 76/6, explaining the purpose of the ceiling and stating that the possibility of a resident representative post in Egypt was not covered by it. Since the references in EB/CAP/76/9 to the numbers were not clear, he suggested that a short paper be issued indicating the total number of resident representative and advisor posts in existence.

In response to the suggestion that an attempt should be made to return to the original ceiling, possibly when the staff members assigned to Cairo were changed, the Acting Chairman observed that the total number of posts would be kept under review whenever a new assignment or the extension of a post were considered. However, it would be better to avoid the necessity of abruptly closing a post, whether in Cairo or elsewhere, simply in order to return to the ceiling. He took it that the Committee was prepared to agree to a breach in the present ceiling so that the post in Cairo could be opened.

Mr. Foglizzo asked what the legal procedure would be if a post was closed during the fiscal year, so that there were once again only 21 posts in existence, and an additional request for a representative or for the continuation of a post was later received. Would that request be brought before the Committee, or would it be assumed that the Egyptian post had been approved outside the ceiling?

The Acting Chairman replied that only if a new post could be opened within the originally agreed ceiling of 21, including the Egyptian post, would a request be acceded to without reference to the Committee.

Mr. Cross considered that if in fact the ceiling of 21 had not included the post in Egypt, and thus remained in force, the closing of a post would not automatically provide scope for the establishment of another one. He was in favor of Egypt having a Fund representative, and was ready to join in approving a breach of the ceiling in order to establish the post.

Mr. Hussein thanked Executive Directors for their support of Egypt's request.

The Deputy Director of the Middle Eastern Department, in response to Mr. Zulu's question, explained that it was not the general practice to request a member to provide housing for a resident representative. The Egyptian authorities had been asked to provide qualified secretarial assistance, office space, and transportation because of the difficulties of securing those services in Cairo.

The Acting Chairman added that one member did provide housing at a nominal rent, but that was an exception to the general rule.

The Committee approved the request by Egypt for a resident representative, which would not fall within the ceiling of 21, for submission to the Executive Board.

The Committee adjourned at 11:40 a.m.

APPROVED: August 25, 1976