CONFIDENTIAL

COMMITTEE ON ADMINISTRATIVE POLICIES

Meeting 81/2
3:00 p.m., April 28, 1981

W. B. Dale, Acting Chairman

Executive Directors	Alternate Executive Directors
	O. Kabbaj
	A. Nagashima
J. C. Iarezza	
	H. G. Askari, Temporary
	C. P. Caranicas
	P. D. Peroz, Temporary
	P. L. Mapa, Jr.
	L. Vidvei

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

Also Present

	D. E. Syvrud
A. Kafka	
	G. Winkelmann
	T. de Vries

Administration Department: R. M. Broadway, G. E. Gondwe, J. D. Huddleston, H. H. P. King, E. E. Umpierrez. Legal Department: J. G. Evans, Jr., Deputy General Counsel. Treasurer's Department: R. Noë. Advisor to Executive Director: F. A. Tourreilles. Assistants to Executive Directors: G. B. Lind, J. Reddy.

1. SHIPMENT ENTITLEMENTS ON APPOINTMENT AND RESETTLEMENT

The Committee members took up a recommendation set out in EB/CAP/81/2 (4/10/81), Section I, to the effect that an increase in the maximum shipment entitlements should not be introduced at present.

The staff representative from the Administration Department noted that of the 22 persons shown in the table on page 2 of EB/CAP/81/2 as having had shipments in excess of the maximum allowance, only 10 had made any payment. For the remaining 12, underuse of the air freight entitlement had offset the excess. In response to a request by Mr. de Vries, the staff representative had prepared a chart showing the distribution of individual shipments by weight for the past two years (see Annex).

Mr. Peroz commented that the staff recommendation was quite conservative, particularly for Executive Directors and staff members with family. He assumed that since only 10 Executive Directors or staff members had had to make payments, the amounts by which the allowance had exceeded the maximum could not be very large. One way of tackling the matter might therefore be to see what increase in the maximum would be required to eliminate the remainder. It would also be worth knowing how large the families were, as it seemed logical to assume that the weight of excess shipped should depend to some extent on the size of the family.

Mr. Nagashima said that he had no problem with the staff proposal. However, in the light of the discussion at EB/CAM/Meeting 81/2 (4/23/81), he would like to see three changes made in the future: First, that Fund/Fund couples, whether staff or Executive Directors, should be entitled to a larger allowance than at present. Second, that staff not shipping automobiles should be entitled to apply the allowance to the shipment of other effects; the present arrangement discriminated against staff members or Executive Directors whose home countries applied the left-hand drive rule. Third, the Fund should make an allowance for the transportation of personal effects to storage, though not the cost for storage itself, in the home country.

Mr. Winkelmann commented that the proportion of Executive Directors and staff members with family (11 per cent) exceeding the maximum allowance seemed high. If, as was contended by the staff, the average weight of all shipments by Executive Directors and staff members with family only amounted to 64 per cent of the maximum allowance, increasing the maximum would clearly not run the risk of causing the Fund very much expense. It would be interesting to know the regional distribution, because he supposed that staff members coming from or returning to such areas as Western Europe might have more personal effects than others. Another argument in favor of raising the maximum would be that it would avoid the need to deal with individual cases, which could take up the time of the relevant committees.

The Acting Chairman observed that even when Executive Directors or staff members incurred an excess, the Fund paid 75 per cent of the first 25 per cent overage, i.e., up to a weight of 13,750 pounds, and 50 per cent of the next 25 per cent, up to 16,500 pounds. In practice, 14 of the 21 cases where Executive Directors and staff members with family had exceeded the maximum allowance of 11,000 pounds had fallen within the first 25 per cent.

Mr. Kafka commented that he found the argument in EB/CAP/81/2 unconvincing. Basically, the Administration Department was saying that since not many staff members or Executive Directors were affected, there was no need to make a change. He could not agree that that was an equitable approach. Mr. Dini, whose case had been taken up in the Committee on Executive Board Administrative Matters because he had been an Executive Director, had also been a staff member for many years, and he was married to another staff member. If the two of them had been living together

unmarried there would have been no argument about their entitlement to a joint allowance of 14,000 pounds. It could hardly cost the Fund very much to grant the 14,000-pound maximum to Fund/Fund couples, whether they were Executive Directors or staff members. That arrangement seemed to him far more equitable than the present one.

Mr. Mapa commented that it was desirable to devise a rule that would avoid the need to make decisions for individual cases, while preventing any exploitation of an overgenerous allowance. He would follow Mr. Peroz' suggestion that the policy should be fine-tuned to enable certain categories, such as families with children, to receive equitable treatment. He also appreciated Mr. Kafka's point.

Mr. Caranicas said that he was particularly concerned about people in the same position as that of Mr. Dini. He completely endorsed Mr. Kafka's proposal.

Mr. de Vries said that he agreed with Mr. Mapa's approach. As the present rule only gave rise to difficulties in some 7 per cent of cases, it might be possible to enlarge the access without costing the Fund very much. One way of tackling the matter might be for the Fund to pay 90 per cent, rather than 75 per cent, of the first 25 per cent overage; another way, for Executive Directors and staff members with family to be entitled to an allowance of 14,000 pounds.

Mr. Iarezza said that he liked the approach put forward by Mr. Mapa.

Mr. Kabbaj commented that the problem was a comparatively minor one. He shared Mr. Mapa's view that it should be possible to devise a rule that would avoid having to consider individual cases and would not cost the Fund very much. If the present rule were to be changed, factors that could be taken into account were, for instance, whether the two members of a family were both working for the Fund; whether there were children; how long the persons concerned had been working, since the longer they stayed in Washington the more liable they were, presumably, to collect personal effects; the possibility of transferring an unused allowance for car transportation to other personal effects; and offsetting underuse of the weight allowance on appointment against the weight allowance at resettlement, since the settlement at appointment was considerably underused. The allowance at appointment was only used to the extent of 29 per cent of the full entitlement for persons without family and 54 per cent by persons with family, whereas resettlement allowance was used to the extent of 62 per cent by persons without family and 72 per cent by persons with family.

Mr. Askari said that he took much the same view as Mr. Kabbaj. It did seem logical that people who had been in the Fund a considerable time might accumulate a larger amount of personal effects, and that those families, especially with older children, might accumulate a considerable weight in books. In general, the figures seemed quite low and a change in the rule would be useful.

The staff representative from the Administration Department, discussing the position in other agencies, noted that the World Bank had virtually the same weight allowance as the Fund. The Organization of American States allowed 8,640 pounds net for unmarried persons and 14,400 pounds net for married persons; however, if the staff member shipped a car, its weight was deducted from the net weight entitlement. The Inter-American Development Bank allowed 6,500 pounds net for unmarried persons and 10,500 pounds net for married persons. No agency granted a differential to take account of family size. In 1978 the Fund staff had carried out a study of shipment experience over several years. The result showed that family size accounted for no more than 10 per cent of shipping weight and that there was no relationship between shipping weight and either length of service or region of origin. In one instance, a person with family had shipped 17,000 pounds, although he had only been in the Fund for two years. There was a slight difference between the rules for staff members in the Fund and those for Executive Directors in that the precedent existed that an Executive Director might add to his shipping allowance the theoretical cost of shipping a car if he had not made use of the entitlement. That had not been allowed for staff members.

The point raised by Mr. Kafka in connection with Mr. Dini's case was quite difficult, the staff representative observed. In 1976 a study had been made of the application of benefits to staff members married to each other on the basis of equal individual rights, and the Executive Directors had decided that there should be no duplication of benefits. Moreover it was decided to extend that limitation to other international organizations. The decision, set out in EBAP/76/77 (4/9/76), had read:

> If a staff member of the Fund is married to a staff member of another international organization which offers identical or nearly identical benefits, the spouses should not be permitted to claim double use of the same benefit. The two spouses should be at no relative advantage nor disadvantage compared with what their situations would have been had they both been employed in the Fund.

In other words, Executive Directors had agreed that two staff members married to each other should not be allowed to receive double home leave or duplicate resettlement allowances. The previous week, the Committee on Administrative Matters had asked the staff to look into the implications of changing the maximum weight allowance for staff members who were married to each other to 14,000 pounds.

Mr. Kabbaj remarked that, nevertheless, the existence of the ceilings must have some effect on the behavior of families. It might well be that families cut down on what they decided to ship in order to avoid making payments. The explanation in EB/CAP/81/2 was not very convincing.

Mr. Peroz commented that Mr. Kabbaj's point seemed to be borne out by the sharp drop in the number of shipments at the 11,000 pound point for Executive Directors and staff members with family. The figures seemed to show that many families discarded personal effects in order to avoid paying excess; once they went above the dividing point they decided to keep what they had and to bear the financial cost.

Mr. Vidvei recalled that when he had come to the Fund he had been offered by his shipper the choice of a whole container or a half container. It might well be that the Fund was not paying for exact weight or exact cubic footage. The figures in the paper seemed to show that to increase the allowance for Executive Directors and staff members with family by 1,000 pounds and to decrease the allowance for Executive Directors and staff members without family by 1,000 pounds would probably not incur significant, if any, additional cost for the Fund. According to his suggestion, Executive Directors and staff members with family would have exceeded the maximum about 10 per cent of the time while Executive Directors and staff members without family would have exceeded it about 11 per cent of the time, a more equitable arrangement than the present one.

The staff representative, replying to Mr. Vidvei's observation on containers, remarked that the Fund was unique in giving the Executive Director or staff member a choice of using the volume or net weight method of measurement. There was also a gross weight option, but it was much less used as wooden crates were no longer in vogue. Most of the container shipments were to and from Europe, and even then the shippers charged not by the whole container but by the proportion of the container actually used in the shipment.

Mr. de Vries observed that, at least in the Executive Board Committee on Administrative Matters, difficult cases did arise. Some adjustment in the rules therefore seemed desirable, and some of the proposals put forward would only have modest costs. He therefore suggested that the staff should look at the ideas put forward and come up with proposals at a later date.

Mr. Mapa, supporting Mr. de Vries, said that he hoped that when the staff made its further study, it would not only take account of the numbers in families but also note Mr. Vidvei's obsevation on the possibility of determining allowances on a container basis.

The Committee members invited the staff to examine the proposals put forward and to come up with suggestions at a later date.

2. CONTINUED ENROLLMENT IN THE MEDICAL BENEFITS PLAN AFTER SEPARATION FROM THE FUND

The Committee members took up a proposal set out in EB/CAP/81/2 (4/10/81), Section II, that the present rules of the Medical Benefits Plan should not be changed in order to subsidize the rates of contribution of those retiring between ages 60 and 64 who had less than 10 years of service.

The Acting Chairman explained that under the present rules the Fund would not subsidize the contributions of Executive Directors or staff members retiring before the age of 65 unless they had been making contributions to the retirement plan for a minimum of ten years. The subsidy applied only to retirees; a person leaving the Fund under age 55 would not qualify even with 20 years' service.

Mr. Nagashima commented that the proposal was related to a request made by Mr. Deshmukh to the Committee on Executive Board Administrative Matters. Although he would support the staff recommendation that there should be no change in the present rule, he had been surprised at the difference in the costs to the staff, depending upon whether the length of service was more or less than 10 years. The difference for a retiree with family membership seemed to be between $63.64 per month maximum if the staff member had served for 10 years or more and $130.00 per month for family membership, irrespective of income levels, for persons who had enrolled in the plan for at least 12 months prior to their resignation or retirement but had not served for 10 years. Perhaps it would be possible to introduce a series of intermediate steps, depending on length of service. For instance, one scheme might be to provide no subsidy for up to 2 years' service, 25 per cent subsidy for 3 to 5 years' service, and 33 per cent subsidy for 6 to 9 years' service.

The Committee members agreed to recommend no change in the present arrangements for continued enrollment in the Medical Benefits Plan after separation from the Fund.

3. GROUP LIFE INSURANCE CONTRIBUTIONS FOR RETIREES

The Committee members took up a proposal to ask retirees to pay the same amount per thousand dollars of insurance as active enrollees in the age group 55 and above (EB/CAP/81/2, 4/10/81, Section III).

Without debate, the Committee members approved the following draft decision for submission to the Executive Board:

> With effect from May 1, 1981, the contributions of retired enrollees in the Group Life Insurance Plan will be raised from 47 cents to 62 cents per thousand dollars of insurance and will in future be charged at the same rate(s) applicable to active staff in the 55-64 age bracket.

The Committee members concluded their business at 4:00 p.m.

APPROVED: August 31, 1981

DISTRIBUTION OF SHIPMENTS BY WEIGHT

Executive Directors and Staff Members with Family

Jan. 1979 - Feb. 1981

1. Appointment

Total: 82
Average: 5914
(The average is 54% of full entitlement)
Median : 5880
(The median is 53% of full entitlement)

1 cost-over-entitlement payment
See where marked:

2. Resettlement

Total: 103
Average: 7945
(The average is 72% of full entitlement)
Median: 7700
(The median is 70% of full entitlement)

8 cost-over entitlement payments (8%)
See where marked:

3. TOTAL

Total: 185
Average: 7045 (64%)
Median: 6740 (61%)
9 cost-over-entitlement payments (5%)