EB/CAM/10/5

May 26, 2010

To: Members of the Committee on Executive Board Administrative Matters (Mr. Mojarrad, Chairman; Mr. Bakker, Mr. Itam, Mr. Lee, Ms. Lundsager, Mr. Mozhin, Mr. Rutayisire, Mr. Stein)

From: Kenneth Meyers, Committee Secretary

Subject: **Requests for Access to the FY 2011 OED Restructuring Budget and FY 2010 Carry-Forward**

The attached paper on requests for access to the FY 2011 OED restructuring budget and FY 2010 carry-forward will be considered by the Committee at the meeting on **Thursday, May 27, 2010, at 2:30 p.m.** in the Board Committee Room (HQ1 12-120B).

Questions may be referred to Mr. Trines (ext. 35639) and Ms. Amad (ext. 36665) in OBP.

This paper will shortly be posted on the extranet, a secure website for the Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Members of Executive Board

Requests for Access to the FY 2011 OED Restructuring Budget and FY 2010 Carry-Forward

May 26, 2010

I. INTRODUCTION

1. At the meeting of the Committee on Administrative Matters (CAM), Committee members agreed to extend the period for individual offices of Executive Directors to request access to the FY 11 restructuring budgets. This paper sets out the requests that were submitted by Directors for the Committee's consideration.

2. The paper also provides (preliminary) information on the outcome of the FY 10 budget, including use of the restructuring budget, and resulting resources available for carry-forward to FY 11, both at the individual office level and at the OED center.

II. THE FY 11 RESTRUCTURING BUDGET BY OFFICE

3. FY 11 is the last year of the three-year (FY 09–11) restructuring budget approved by the Executive Board on April 6, 2008[1] to assist with the downsizing effort undertaken by the Fund to reduce costs by $100 million and 380 staff by the end of FY 11. The total amount of budget resources approved for the OED restructuring was $7.6 million, $2.0 of which was used in FY 09. For FY 10 access to the restructuring budget amounted to $1.1 million.[2]

4. Updated requests for access to the restructuring budget in FY 11 are presented in Table 1 below, and requests submitted by Directors are attached. Six offices (OEDAE, OEDBR, OEDCE, OEDIN, OEDMD, and OEDNO) submitted requests to revise their FY 11 access from the restructuring budget. OEDAE asked to withdraw its original request for restructuring resources in FY 11. Three offices (OEDBR, OEDCE and OEDIN) each requested funding for a full-time (one FTE) senior advisor position at a standard cost rate of $292,500, while OEDMD requested funding for an additional full-time (one FTE) advisor level position at a standard cost rate of $207,800. OEDNO requested funding for 0.4 FTE at an advisor level position. Total requests in FY 11 now total $2.4 million. The remaining resources in the restructuring budget would be $2.1 million as presented in Table 2.

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[1] "*The FY 2009–FY 2011 Medium-Term Administrative, Restructuring and Capital Budgets*" (EBAP/08/20 Supplement 1, 04/06/2008).

[2] Access to the restructuring budgets is determined at the end of the financial year by comparing actual spending on personnel in Group III with the budgeted amount for each office. For offices that had requested access to the restructuring budget any excess of actual over budgeted spending was financed from the restructuring budget.

Table 1. FY 11 Access to OED Restructuring Budget by Office
(in thousands of U.S. dollars)

Office	Original Request 1/	Original Request 2/	Revised Request 3/
AE	83	83	--
AF	--	--	--
AG	188	187	187
AU	--	--	--
BE	208	208	208
BR	136	135	293
CC	188	187	187
CE	240	239	293
CO	--	--	--
FF	40	39	39
GR	--	--	--
IN	188	187	293
IT	143	142	142
JA	10	10	10
MD	83	83	291
MI	--	--	--
NE	208	208	208
NO	--	--	83
RU	--	--	--
SA	83	83	83
ST	112	111	111
SZ	--	--	--
UA	--	--	--
UK	--	--	--
Total	**1,911**	**1,903**	**2,428**

1/ "Offices of Executive Directors (OED) Access to Restructuring Budget for FY 10 and FY 11," (EBAM/09/49).

2/ Reflects new FY 11 standard cost.

3/ Six offices submitted requests to revise their restructuring plans.

Table 2. OED Restructuring Budget
(in millions of U.S. dollars)

	FY 09	FY 10	FY 11	Total
Board Approved 1/	4.4	2.4	0.8	7.6
Original Plan	3.8	2.5	1.5	7.8
Revised Plan 2/	2.0	2.9	1.9	6.8
Revised Plan 3/	2.0	1.1	2.4	5.5
Available for reallocation (from board approved)				**2.1**

Note: Totals may not add due to rounding.

1/ Indicative distribution per year, as Board approved total three-year envelope.

2/ Reflects new standard cost rates for FY 10 & FY 11 and changes in restructuring plans submitted in FY 10.

3/ Reflects new standard cost rates for FY 11 and changes in restructuring plans submitted in FY 11.

III. Outturn of the FY 10 Budget and Carry Forward for FY 11

5. Budget performance in FY 11 for OED (based on preliminary data) is shown in Table 2.[3] The methodology for deriving the OED carry forward is consistent with that applied to determine the FY 09 carry forward and the expenditure framework for the OED (EBAM/08/122, 12/05/2008) and associated operational arrangements (EB/CAM/08/6, 07/18/2008). At the end of each financial year, any unused portion of an individual OED budget may be carried forward to the next year provided that the amount may not exceed 20 percent of the Office's annual net budget allocation, or the cost of two FTE advisors, whichever is greater.

6. Under the agreed framework individual ED offices receiving temporary financing from the OED and Fund restructuring budgets first apply surplus balances to reimburse the restructuring budget, and may carry forward remaining Group I balances to the following year.[4]

7. The allowable OED FY 10 carry forward under the present framework is summarized in Table 1. Total carry forward for OED combined is expected to amount to $9.0 million. Details for individual offices are illustrated in Table 3. As last year Table 3 is divided into two panels: one for the "personnel Budget (group I)" and the other for the "Discretionary Budget (Groups III-VI)" to help clarify the manner in which the total carry forward was calculated. Offices showing a negative balance after payback of resources used from the restructuring budget have no personnel carry forward, but may or may not have carry forward savings in their discretionary budget. Residual savings that could not be allocated to individual ED offices owing to the payback rules were moved to the OED center.

8. As last year, calculations will be shared with individual offices before they are finalized. The finalized carry forward amounts will be made available to offices through a working budget adjustment in June.

[3] A more detailed analysis of the FY 10 budget outturn is under preparation.

[4] This provision also applies to offices that received temporary financing from the general and travel contingency reserves in the OED administrative budget. Since no offices requested contingency financing in FY 10 this provision is not relevant for this year.

PROPOSED DECISION

The CAM recommends the adoption by the Executive Board of the following decision:

(i) the Executive Board hereby approves the requests of Executive Directors for temporary supplemental resources from the OED restructuring budget for FY 11, as set forth in Table 1 of EB/CAM/10/5 (5/26/10).

Table 3. OED FY 10 Carry Forward from the Administrative Budget by Office
(in thousands of US Dollars)

Office	Personnel Budget: Approved	Working	Outturn 1/	Balance	Access to: Staff Restruct 2/	Access to: OED Contin.	Balance after Payback	Carry-Forward that cannot be used by Office	Personnel Carry-Forward (c1)	Discretionary Budget: Approved	Working	Outturn	Balance	Access to OED Conting.	Balance after Payback	Carry-Forward that cannot be used by Office	Discret. Carry-Forward (c2)	Total Carry-Forward (c1) + (c2)	Final Carry Forward	Carry-Forward Limit 3/
	a	b	c	d=b - c	e	f	g=d-e-f	h	i	j	k	l	m=k-l	n	o=m-n	p	q	r=i+q		
AE	3,852	3,852	3,418	434	197		237	197	237	714	926	624	302	-	302	-	302	540	540	913
AF	3,852	3,852	3,619	233	-		233	-	233	869	982	624	358	-	358	-	358	591	591	944
AG	2,038	2,038	2,038	0	-		-	-	-	238	306	273	32	-	32	-	32	32	32	455
AU	2,450	2,450	2,331	119	211		(93)	119	-	345	841	364	477	-	477	-	477	477	477	559
BE	2,363	2,363	2,363	0	-		-	-	-	343	492	218	274	-	274	-	274	274	274	541
BR	2,241	2,241	2,241	0	76		(76)	-	-	221	341	316	25	-	25	-	25	25	25	492
CC	1,661	1,661	1,661	0	-		-	-	-	218	351	235	116	-	116	-	116	116	116	406
CE	2,038	2,038	2,038	0	-		-	-	-	174	332	234	98	-	98	-	98	98	98	442
CO	2,160	2,160	1,945	215	197		18	197	18	189	521	201	319	-	319	-	319	338	338	470
FF	1,580	1,580	1,530	50	69		(19)	50	-	105	162	9	152	-	152	-	152	152	152	406
GR	1,580	1,580	1,301 4/	279	259		20	259	20	133	189	111 4/	78	-	78	-	78	98	98	406
IN	1,748	1,748	1,748	0	-		-	-	-	240	339	304	35	-	35	-	35	35	35	406
IT	2,160	2,160	1,849	311	-		311	-	311	240	361	237	124	-	124	-	124	435	435	480
JA	1,580	1,580	1,580	0	-		-	-	-	115	172	164	8	-	8	-	8	8	8	406
MD	2,241	2,241	2,241	0	-		-	-	-	285	378	259	119	-	119	-	119	119	119	505
MI	2,531	2,531	2,031	500	201		299	201	299	212	526	285	241	-	241	-	241	540	540	549
NE	2,653	2,653	2,648	5	102		(97)	5	-	369	465	381	84	-	84	-	84	84	84	604
NO	2,160	2,160	2,190	(30)	102		(132)	(30)	-	244	312	232	80	-	80	-	80	80	80	481
RU	1,661	1,661	1,659 4/	2	-		2	-	2	145	225	174 4/	51	-	51	-	51	53	53	406
SA	1,661	1,661	1,390	271	-		271	-	271	158	215	213	2	-	2	-	2	273	273	406
ST	2,734	2,734	2,734	0	281		(281)	-	-	321	491	414	77	-	77	-	77	77	77	611
SZ	2,160	2,160	2,106 4/	54	-		54	-	54	243	549	231 4/	318	-	318	-	318	372	372	481
UA	1,580	1,580	1,580	0	-		-	-	-	49	525 5/	97	428	-	428	-	428	428	406	406
UK	1,580	1,580	1,186	394	127		267	127	267	115	489	160	329	-	329	-	329	595	406	406
Office Total	**52,264**	**52,264**	**49,428**	**2,836**	**1,824**	**-**	**1,012**	**1,125**	**1,711**	**6,284**	**10,488**	**6,359**	**4,130**	**-**	**4,130**	**-**	**4,130**	**5,841**	**5,630**	
OED	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,125**	**1,452**	**2,307**	**236**	**2,071**	**-**	**2,071**	**(48)**	**2,071**	**3,196**	**3,407**	
Group	-	-	-	0	-		-	-	-	1,377	1,724	267	1,457	-	1,457	-	1,457	1,457	1,457	
Contingency	-	-	-	0	-		-	-	-	1,030	1,030	-	1,030	-	1,030	-	1,030	1,030	1,030	
EU Surveillanc	-	-	-	0	-		-	-	-	44	44	93	(48)	-	(48)	(48)	-	-	-	
Revenue	-	-	-	0	-		-	-	-	(1,000)	(491)	(124)	(368)	-	(368)	-	(368)	(368)	(368)	
Unused Carry Forward from Offices									1,125 6/								(48) 6/	1,077	1,288 6/	
Total	**52,264**	**52,264**	**49,428**	**2,836**	**1,824**	**-**	**1,012**	**1,125**	**2,836**	**7,736**	**12,795**	**6,595**	**6,201**	**-**	**6,201**	**(48)**	**6,201**	**9,037**	**9,037**	**12,223**

1/ This reflect the outturn on the administrative budget only, and does not include the access to the OED restructuring budget.
2/ Used to finance OED personnel who had rights to return to the staff and that were accepted for voluntary separation from the Fund.
3/ Carry forward limit is calculated as 20 percent of the approved budget or the dollar equivalent of two advisor level FTEs, whichever is greater.
4/ Working budget and outturn expenditures related to external financing have been removed for the purpose of calculating carry forward.
5/ Includes an adjustment in the working budget for the difference between standard costs and actual salary payments for the ED and Alternate as noted in EBAM/09/51 (11/12/09).
6/ This amount reflects the remaining balances in the offices that do not qualify for carry forward because of the repayment rules or due to the carry forward limit. These amounts will be available to the offices in FY 11 as part of the OED contingency.

Office Memorandum

To: Chairman of the Committee on Executive Board Administrative Matters (CAM) Mr. Jafar Mojarrad

August 12, 2009

From: Paulo Nogueira Batista, Jr.

Subject: **Revised Request for Access to the OED Restructuring Budget**

I hereby submit to you a request for a postponement of our Chair's downsizing by two years. The streamlining of expenditures of the Fund's staff and the staff of the Offices of Executive Directors (OEDs) aimed at adjusting the human resources to a new context of lower revenue and reduced level of activities. The global financial crisis, however, has increased significantly the workload of the Fund. After a deep restructuring exercise, the staff is being recomposed gradually. This increase in human resources responds to the need for numerous new country programs and reviews, new policies to improve and reform the IMF, in addition to the regular surveillance exercise. Similarly, OEDs have also been experiencing a drastic increase in their activities.

The restructuring program was also related to the sharp reduction in the Fund's income. With new programs supported by Fund loans, the improved revenue situation provides a margin for increasing the number of staff or delaying cuts.

In the case of our office, the increase in the workload is partly due to factors that are common to all OED offices (such as the increase in the number of policy items, the sharp rise in the use of Fund resources and the associated program discussions and reviews, and the implementation of the G20 agenda). In the case of G20 members, such as Brazil, there is the additional responsibility of helping our capitals in the preparation of the G20 discussions and of participating in several of the G20 meetings. As is well known, a large part of the agenda of the G20 is taken up by IMF issues.

In our constituency, there has also been an increase in the number of countries with Fund arrangements. We expect that three, maybe four countries of our constituency are or will be involved in Fund arrangements in the near term. Brazil's involvement in financing the Fund's operations has also increased considerably and will probably continue to increase, something that also requires additional attention and close monitoring on the part of the office.

Under the current plan, we would have to reduce our staff by one Senior Advisor as of November 2010. This reduction will be particularly difficult for a Chair such as ours for reasons that I outlined in my original request for access to the restructuring budget, in April 2008.

At that time, the Executive Board recommended that "the CAM should consider, inter alia, the needs of multi-country constituencies, many of which include emerging market and developing countries, for sufficient flexibility to accommodate understandings within constituencies on the rotation of positions among member countries."

Our Chair is a multi-country constituency, composed exclusively of developing countries. There are nine countries in our constituency, two of which do not have national representatives in the office.

Our constituency has an agreement among its members for the period 2004-2016. This agreement is carefully balanced to allow a rotation of advisors indicated by countries of the constituency.

The reduction of 1.4 full-time equivalent Advisor position, equivalent to one Senior Advisor position, will upset this agreement. The longer the period we have to implement the reduction, the more flexibility will our office have to readjust the agreed rotation in as balanced a manner as possible.

I would like to recall that our chair left a position of Senior Advisor vacant since its creation, from May 2000 to October 2004, therefore providing savings for the Fund during four and a half years. The position was only filled when the new constituency agreement for 2004-2016 began to be implemented.

Moreover, between 2001 and 2006, positions of Advisor and Senior Advisor remained vacant during several periods, providing further savings for the Fund during a total of 13 months. More recently, a position of Advisor remained vacant from February 14 through June 1, 2009.

For these reasons, I request that the CAM consider the postponement of the reduction in one Senior Advisor position for our Chair until November 2012.

REVISED

Office Memorandum

To: Mr. Mojarrad, Chairman of the Committee on Executive Board Administrative Matters (CAM)

April 14, 2010

From: Paulo Nogueira Batista, Jr.

Subject: **Revised Request for Access to the 2011 OED Restructuring Budget**

Further to my memorandum of August 12, 2009, I hereby submit to you a request to increase our office's access to the OED Restructuring Budget for the coming financial year (FY11). Table 3 indicates an amount of US$136,000 (original request), equivalent to 0.7 full-time equivalent (FTE) to cover a Senior Advisor position from May to October 2010. I request to increase such an amount to US$292,500 equivalent to 1.4 FTE[1] to extend the coverage to April 2011.

As I informed previously, our chair left a position of Senior Advisor vacant since its creation, from May 2000 to October 2004, therefore providing savings for the Fund during four and a half years. The position was only filled when the new constituency agreement for 2004-2016 began to be implemented. Moreover, between 2001 and 2006, positions of Advisor and Senior Advisor remained vacant during several periods, providing further savings for the Fund during a total of 13 months.

More recently, a position of Advisor remained vacant from February 14 through May 31, 2009 as well as positions of Alternate Executive Director and Advisor in March 2010 and they will remain vacant in April 2010.

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[1] Based on FY11 standard cost rate of US$207.8.

Office Memorandum

To: Mr. Jafar Mojarrad, Chairman of the Committee on Administrative Matters

May 7, 2010

From: Ramón Guzmán

Subject: **Request for Additional Advisor OEDCE**

As we all know, the magnitude of the Fund's response to the recent global crisis has involved a significant increase in the Fund's staff workload. This is also true for ED offices. Fund staff has been able to cope with the increased workload by using budget resources to finance additional recruitment to cover temporary demands in FY10 and, most likely, FY11.

In OEDCE's case, following IMF's flexible response to the crisis, many of our constituency countries requested precautionary arrangements, which implied several weeks of preparation and monitoring, in addition to the already augmented workload.

Currently, five of seven countries in my constituency are under Fund programs (one FCL, one ECF and three HAPAs) and one more program is under negotiation. As a result, the number of official trips to the capitals to participate in program negotiations and reviews has increased considerably, in addition to regular article IV consultations. Efforts to accommodate the new workload have been enormous, considering that the number of OEDCE staff remains the same. Given the uncertainty still prevailing in the world economy, ongoing programs will most likely be extended, Moreover, attention to current events in Europe will necessarily absorb additional resources.

Current understaffing in my office is making it difficult to serve our capitals (mainly due to schedule conflicts to cover both country missions and Board meetings). It has also affected our work environment (more restrictions on staff's annual and personal leave). To cope with the augmented workload, working hours have inevitably been extended, which obviously brings exhaustion. Our best estimate is that this work situation may last for, at least, two to three years, given the current programs' completion schedules and possible extensions.

In view of the above, I believe the most efficient way to mitigate this problem, without significant implications for the Fund's budget, is to appoint one additional advisor on a temporary basis, at least through FY11, which we are kindly requesting to be financed by drawing from the restructuring budget account.

Further options may include using the existing OEDCE's carry-forward funds and/or an additional budget allocation from the OED contingency reserve.

cc: Executive Directors
Mr. Meyers, CAM Secretary
Mr. Trines (OBP)
Ms. Amad (OBP)
Ms. Michaels (SEC)

Office Memorandum

To: Mr. Mojarrad May 20, 2010

From: Arvind Virmani AV

Subject: **Additional allocation in FY 11 for OEDIN from restructuring budget**

OEDIN had sought financing from the restructuring budget for a position of Senior Advisor up to December 31, 2010. As you are aware, a number of key issues relating to the Fund's mandate and governance are still under active discussion in the Fund. Therefore, to ensure an effective handling of the increased work load in this office, I believe that having the position of the Senior Advisor in place till April 30, 2011, i.e. the end of fiscal year 2011 would be appropriate. Accordingly, I would request that the allocation in the FY 11 for OEDIN out of the restructuring budget may kindly be increased from $187,000 to $292,500 in order to cover the cost for the position of Senior Advisor till April 30, 2011.

Office Memorandum

To: Mr. Mojarrad, Chairman of the CAM

April 28, 2010

From: M. Dairi MD

Subject: Revised Request for Access to the 2011 OED Restructuring Budget

I hereby submit for CAM's consideration a request to increase our office access to the OED Restructuring Budget for FY11. Specifically, we would like to temporarily finance, through the OED Restructuring Budget, a position of an Advisor up to April 30, 2011 for an amount of US$207,800.

Since the agreement on our office medium-term budget for the period FY09-FY11, two countries in our constituency (Ghana and Pakistan) have requested a Fund arrangement. The new arrangements, together with the increase in the workload associated with the crisis and IMF reforms, are taxing our office's ability to fulfill its role and responsibilities vis-à-vis our authorities and the Executive Board.

While delays in staffing an existing Senior Advisor position have provided our office with some savings for both FY09 and FY10, which we used to reduce our access to the OED restructuring budget, a reduction in our staff at this stage would be difficult to manage.

Cc: OBP: Mr. Trines
Ms. Amad
SEC: Mr. Meyers
Ms. Michaels

Office Memorandum

To: Mr. Mojarrad
(The Chairman of the CAM)

May 7, 2010

From: Per Callesen, Executive Director

Subject: **Request for Access to the OED Restructuring Budget**

Mr. Chairman,

I would like to recall your attention to a budget problem which leads me to request additional financing support for FY 2011 from the restructuring budget in the amount of USD 83,120 to finance 0.4 FTE Advisor positions. This will compensate in FY 2011 for the additional loss we incurred in the downsizing process. While recourse to the restructuring budget will alleviate the budget shortfall in FY 2011, a more permanent solution must be found later on, perhaps through a decision on allocation of unallocated funds.

The downsizing exercise for my office has resulted in an additional unexpected loss of 0.4 FTE Advisor positions. In the spring of 2008, the Executive Board decided to reduce the budget of each Executive Director's office by 1.4 FTE Advisors positions. On top of that, we committed to a further voluntarily reduction of 0.4 FTE Advisor positions. In the letter of April 28, 2008 to the Chairman of the CAM, we mapped out our downsizing plans. In addition to eliminating one Senior Advisor position (equal to 1.4 FTE at Advisor level), we proposed to achieve the voluntary 0.4 FTE Advisor reduction by replacing one A9–A10 Administrative Assistant REG2 position with a REG3 Assistant position. The difference in standard costs would imply a saving of 0.4 FTE Advisor positions. The proposal was accepted by CAM.

However, in December 2008, the Board, as part of the New Expenditure Framework for the Offices of Executive Directors (EBAM/08/122), took a decision that from FY 2010 onward, all Administrative Assistants would be classified as REG3. We agreed to this decision, not realizing at the moment that this revision could imply that we in the future might not anymore be credited for the downgrading of the A9/A10 Administrative Assistant position. Thus, in the FY 2010 budget, after we had delivered on eliminating the Senior Advisor position and replacing our A9/10 Assistant with an A5/6 Assistant, our number of advisors was reduced, opening up a permanent shortfall of 0.4 FTE Advisor positions.

I would like to stress that we have honored our voluntary savings commitments. By downgrading the Assistant position from REG2 to REG3, our budget in FY 2009 was reduced by 0.4 FTE at Advisor level based on standard costs and there were real savings to OED offices in dollar terms. In our view, we should have been grandfathered so that subsequent changes in the classifications of positions should not be to our detriment. I admit that we are partly to blame for not having seen and raised the issue earlier, but we became aware of the situation only when the FY 2010 budget was finally adopted in November 2009 and loaded into the system. We then informed the Chairman, committing to try to cover the deficit from very prudent policies for the remainder of the FY, but pointing out that this was a permanent problem.

The current situation is not sustainable and is disruptive to my office's work. As promised, we have managed to cover the FY 2010 budget shortfall. Given that I have program countries in my constituency, which makes it difficult to save on travel costs, we had to resort to saving on gaps between the incoming and outgoing staff. In FY 2010, we also benefited from the rather generous Annual Meetings travel costs appropriation. But this situation is clearly not sustainable. Our rotation system implies that there will be a maximum of two changes in the professional staff in FY 2012-2013.

While additional resources from the restructuring budget would solve our problem for the FY 2011 budget, we would like to emphasize that we need a permanent solution to the problem. We would like to indicate our interest in taking up the issue during the upcoming discussion on possible allocations of unallocated funds and/or in the broader review of the OED budget.

cc: Mr.Trines (OBP)
Ms. Amad (OBP)
Ms. Michaels (SEC)