CONFIDENTIAL

COMMITTEE ON EXECUTIVE BOARD ADMINISTRATIVE MATTERS

Meeting 82/2
3:00 p.m., March 11, 1982

A. Buira, Chairman

Executive Directors	Alternative Executive Directors
J. de Groote	H. G. Schneider
	P. D. Peroz, Temporary
	T. A. Connors, Temporary
	S. R. Abiad, Temporary
A. Kafka	J. R. Gabriel-Peña
S. Nana-Sinkam	A. Alfidja
Zhang Z.	Jiang, H., Temporary

E. C. Shinn, Secretary
J. A. Kay, Assistant

Also Present	
	O. Kabbaj
	C. Taylor
	T. Yamashita
	F. A. Tourreilles, Temporary
	J. S. Mair, Temporary
B. Kharmawan	V. Supinit
	J. M. Jones, Temporary
G. Laske	
	C. P. Caranicas
Y. A. Nimatallah	S. El-Khouri
J. Sigurdsson	

Administration Department: A. Goltz, G. E. Gondwe, H. H. P. King, S. M. Pintoy, P. D. Swain. Legal Department: R. S. Porras. Secretary's Department: B. R. Hughes. Advisors to Executive Directors: C. Bouchard, L. E. J. Coene, A. B. Diao, G. Jauregui.

1. ASSISTANTS TO EXECUTIVE DIRECTORS - GUIDELINES FOR DETERMINING STAFFING SALARIES AND MERIT INCREMENTS

The Committee members took up a paper containing guidelines for determining starting salaries and merit increments for Assistants to Executive Directors (EB/CAM/82/4, 2/17/82).

The Chairman explained that it had been necessary to bring to the Committee a paper on a possible revision of the guidelines for starting salaries and merit increases for Assistants to Executive Directors and for Secretarial and Clerical Assistants as a consequence of the Executive Board's recent decision to abolish salary steps for the staff in Ranges A-I effective May 1, 1982. The Administration Department had presented several options for both starting salaries and merit increases for Assistants to Executive Directors and for Secretarial and Clerical Assistants, which were summarized in Attachments I and II to EB/CAM/82/4.

The staff representative from the Administration Department reminded Committee members that in January 1982 Executive Directors had approved the abolition of steps for staff in Ranges A-I. The purpose had been to give greater flexibility for merit awards. Under the new system, increments would be expressed in percentages of existing salaries, and starting points would be expressed in specific figures. In actual amounts, there would be very little difference in either the starting points or the increments. The staff paper also set out the position in the World Bank, where steps had been eliminated in 1975, and described the courses of action open to committee members. In practice, the choice seemed to be either parallelism between the Fund staff and the staff of Executive Directors' offices, or parallelism between the Fund and the World Bank.

(a) Assistants to Executive Directors - Starting Salaries

The Chairman suggested that Committee members should start by determining starting salaries for Assistants. The options were (i) to continue with the current step method; (ii) to use a percentage method in place of steps; (iii) to use the dollar amount without steps; or (iv) to use the World Bank method.

Mr. Kafka inquired whether it would be possible to take the starting salaries for the World Bank as set out on page 7 of EB/CAM/82/4 and then apply a non-Bank system of increments for each year's service.

A second representative from the Administration Department said that there would be no difficulty in doing as Mr. Kafka suggested. However, under the existing Fund system, Executive Directors had the right to raise the starting salary of their Assistants by up to $1,000. If they all elected to do so, they would bring the Fund's starting figures very close to the World Bank's.

Mr. Kafka said that, in the light of the staff representative's reply, he would propose to use the World Bank's starting figures, but to eliminate the flexiblity currently available to Executive Directors to increase their Assistants' salaries by up to $1,000.

Mr. Sigurdsson commented that he would like to take up the matter of increments and the question of starting points jointly.

Mr. Kharmawan stated that he had been unhappy about the determination of the salaries of Assistants in Executive Directors' offices for some time. The present arrangement was illogical. He would have preferred the salaries of Assistants to be treated like those of Alternate Executive Directors and Advisors. At present, Alternate Executive Directors and Advisors were paid for the work they performed regardless of their background. Assistants, on the other hand, were paid on the basis of education and experience. It seemed to him that an Assistant could thus receive more than an Advisor, an Alternate Executive Director, or even an Executive Director.

The second staff representative from the Administration Department explained that the current ceiling for Assistants to Executive Directors was \$44,830 (T-36), with a subceiling at \$41,400 (T-30). They could progress beyond T-30 only after reaching T-30 and serving four years at the Fund.

The Chairman remarked that Advisors in addition received a representation allowance of \$4,340, making a total of \$49,640 for Advisors compared with the maximum, which would be retained, of \$44,830 for Assistants.

Mr. Connors noted that the World Bank formula for salaries for Assistants to Executive Directors was derived from a scale for salaries for World Bank staff by adding a premium of 5 per cent. If the salaries for World Bank staff were reasonably close to those for Fund staff, it would surely be reasonable to base salaries for Fund Assistants to Executive Directors on Fund staff salary scales.

The second staff representative noted that the current rule for determining starting salaries for Assistants to Executive Directors was based on the Fund staff salary scales. The difference between the Fund and the Bank system for determining starting salaries was in practice quite small.

Mr. Taylor stated that he had the impression that, in general, while the Fund starting salaries were lower than those of the World Bank, the progression for experience and merit was faster. He therefore doubted whether it would be sensible to switch to another base without considering the whole structure. In that connection, it would be useful to know not only how often Executive Directors exercised their option to award an additional \$1,000 but also how long an Assistant to Executive Director generally stayed in the Fund.

The second staff representative replied that on average Assistants to Executive Directors stayed in the Fund almost exactly two years. For setting starting salaries, the Fund credited \$1,250 per year of relevant work experience, while the Bank credited only \$1,000. About 50 per cent of Assistants received the discretionary two steps, or roughly \$1,000 above the starting salary derived from the "rule of thumb."

Mr. Nana-Sinkam observed that in general the Assistants to Executive Directors working in his office tended to join the Fund staff after their period of service. It would therefore be better for them to have salaries in line with those of the staff. If an Assistant to Executive Director accepted a salary augmented to the extent of $1,000 by the Executive Director, it would be difficult for him or her to find a staff job at a lower figure.

The staff representative from the Administration Department stated that about three Assistants to Executive Directors transferred to the staff each year, making 6-7 per cent of the total. It was certainly easier to accommodate them if the starting salaries were determined in a manner similar to that for the staff.

Mr. Connors observed that there was very little discretion available to the Administration Department in deciding on the starting salaries for staff members of the Fund. He therefore wondered why there should be discretion amounting to $1,000 for the starting salaries of Assistants to Executive Directors.

The staff representative from the Administration Department commented that one reason for the difference was to compensate for the costs associated with short-term assignments in Washington.

The Chairman remarked that, if the Fund took the World Bank's starting points and added $1,000, the difference between World Bank starting points and Fund starting points would be very small; all that would have happened would be that Executive Directors would have lost some of the flexibility that they had previously enjoyed.

Mr. Kafka stated that, while he did not wish to compete with the World Bank, he would like to see the Executive Directors' discretion with respect to the $1,000 eliminated. He would be satisfied if the Fund starting points were parallel with those of the World Bank.

Mr. Kharmawan said that he agreed with Mr. Kafka. The $1,000 flexibility was disturbing. The Fund was in any event not competing with the World Bank; for the most part, Assistants to Executive Directors were provided by governments. The one difference in recruitment between Assistants to Executive Directors and Fund staff was that the Fund staff underwent a test, whereas Assistants to Executive Directors did not.

Mr. Peroz remarked that he would like to stay with the present Fund formula for the staffing salaries, and to express increments in terms of percentages. He would also like to retain the present flexibility for Executive Directors.

Mr. de Groote commented that he would go with Mr. Kafka, meaning that he would eliminate the $1,000 discretion and call the table of starting points the revised Fund formula rather than the World Bank formula.

Mr. Abiad said that he took the same position as Mr. Peroz. He would like to stay with the current formula and to express increments in terms of percentages.

Mr. Connors, Mr. Zhang, and Mr. Nana-Sinkam said that they too would stand with Mr. Peroz.

The Chairman remarked that there was a clear majority in favor of continuing with the current Fund formula, and maintaining the $1,000 discretion for Executive Directors.

Mr. Kafka inquired whether the Committee members would be prepared to add $1,000 to the current Fund benchmarks and to abolish flexibility.

The Committee members were however unwilling to adopt Mr. Kafka's suggestion.

The Committee members agreed to recommend that starting salaries for Assistants to Executive Directors should continue to be fixed on the same basis as for the staff, although Executive Directors would retain their discretion to award an additional 3.5 per cent over the benchmarks, or the equivalent of two steps under the current system.

(b) Assistants to Executive Directors - Merit Increases

The Chairman explained that the options were: (i) to retain the current scale and step system; (ii) to abolish steps and use a dollar amount, or alternatively a percentage system; or (iii) to follow the World Bank system of awarding $500 after each six months of service.

Without discussion, the Committee members agreed to recommend the adoption of the same method of designating merit increases for Assistants to Executive Directors as was used for the Fund staff, namely, expressing merit increases in percentages.

(c) Secretarial and Clerical Assistants - Starting Salaries

The Chairman explained that the Administration Department had suggested that the percentage method--no steps--adopted for determining the starting salaries for staff in Ranges A-E should be used because of the high degree of mobility between Executive Directors' offices and the regular staff.

Without discussion, the Committee members agreed to the Administration Department's proposal.

(d) Secretarial and Clerical Assistants - Merit Increases

The Chairman remarked that the Administration Department had suggested a two-year, or alternatively a one-year, merit budget per office based on a lump sum, or a percentage of the sum of salaries of Secretarial and

Clerical Assistants per office. Either system would roughly parallel the current step system of five steps in two years or one half that amount for a one-year cycle. Secretarial Assistants in Range F would be limited, as they were at present, to roughly the equivalent of 2.5 steps in one year.

Mr. Kafka stated that he would prefer a one-year cycle with increases expressed on a percentage basis.

Mr. Connors said that he understood that the staff increments were determined on a one-year cycle in each Department separately. He would therefore prefer a one-year cycle, with increments expressed in terms of percentages.

Mr. Nana-Sinkam and Mr. Taylor expressed some misgiving about the adoption of a one-year cycle if the total permissible increment over two years remained the same. If there were two-year cycles, the Executive Director would have the flexibility to award larger amounts in the first year and smaller amounts in the second, an arrangement that might be more satisfactory to the secretarial and clerical assistants in a period of rising costs.

Nevertheless, Mr. Abiad, Mr. Peroz, Mr. de Groote, Mr. Zhang, and Mr. Nana-Sinkam all expressed themselves in favor of a one-year cycle.

The Committee members agreed to recommend the adoption of a one-year cycle for merit increases for Secretarial and Clerical Assistants, based on a percentage of the sum of salaries of Secretarial and Clerical Assistants per office.

(e) Staff in Ranges A-I - Bonus Scheme

The Chairman noted that in the Fund there was a bonus scheme whereby staff in Ranges A-I who were at the end of their salary ranges and were ineligible for merit increases might receive a lump sum, nonpensionable bonus of up to $350 in Ranges A-E and up to $500 in Ranges F-I. The size of the bonus was determined according to performance. If Executive Directors wished to extend the bonus to their staff, the Administration Department suggested a bonus of up to $500 for Assistants and for Secretarial Assistants at the ceiling of Range F and up to $350 for Secretarial and Clerical Assistants at the ceilings of Ranges A-E.

Mr. de Groote inquired why, beyond a certain range, Secretarial Assistants to Executive Directors could not ask for overtime. That arrangement meant that some Secretarial Assistants asked not to be promoted, and he wondered whether such a position was justified. Moreover, so far as the benchmarks for starting points for Assistants to Executive Directors were concerned, the table on page 7 of EB/CAM/82/4 was extremely Anglo-Saxon. In European countries a masters degree, which was similar to a PhD degree without the dissertation, took three years. He hoped that, in applying the scale, the Administration Department would show some flexibility.

Continuing, Mr. de Groote inquired why a salary structure making allowance for experience and education should not be introduced for Advisors. There was after all a great range of experience among those who occupied Advisor posts. He hoped that the Administration Department could prepare a paper on the point.

Mr. Nimatallah stated that he would support Mr. de Groote's request for a paper on differentiation among Advisors.

Mr. Peroz strongly supported Mr. de Groote's suggestion regarding an extension of overtime to all Secretarial Assistants.

The second staff representative from the Administration Department explained that, in accordance with Fund policy, only staff members in Ranges A-E were eligible to receive overtime. When it had been agreed that under certain conditions one Secretarial Assistant in each Executive Director's office could be upgraded to Range F, Executive Directors had noted that they would be ineligible for overtime. The Committee had not overruled that understanding. Senior Secretarial Assistants had been compared to Administrative Officers, who were also in Range F and who received no overtime.

Mr. Connors said that he would prefer to see the present arrangements, which were in parallel with those for the staff, remain unaltered.

Mr. Nimatallah inquired whether Committee members wished to decide to recommend the introduction of overtime for Secretarial Assistants in Range F at the present meeting, or whether they wished the staff to look into the matter for the future.

The staff representative from the Administration Department said that it might be best to allow the staff to look into the implications for staff practices.

<u>The Committee members agreed to recommend the application of the bonuses suggested by the Administration Department, namely, up to $500 for Assistants to Executive Directors and for Secretarial Assistants, at the ceiling of Range F and up to $350 for Secretarial and Clerical Assistants to Executive Directors at the ceilings of Ranges A-E.</u>

<u>They noted that, if approved by the Executive Board, the recommendations would come into effect on May 1, 1982.</u>

Committee members also invited the staff to prepare papers on (i) the implications of extending overtime payments to Secretarial Assistants to Executive Directors in Range F, and (ii) the possibility of providing graduated payments for Advisors, based on experience and education.

2. INTERIM COMMITTEE - TRAVEL BY ASSISTANTS TO EXECUTIVE DIRECTOR

The Committee members took up a request by Mr. Nimatallah that his Assistant, Mr. Pritchett, should be permitted to travel to Helsinki for the Interim Committee Meeting in lieu of an Advisor or his Alternate Executive Director (EB/CAM/82/7, 3/8/82). His Advisor position was vacant.

Mr. Nimatallah, presenting his request, noted that his paper was really in two parts. The first dealt with his own problem; the second put forward the suggestion that Executive Directors should be able to choose any two persons in their office to travel to Interim Committee meetings.

Mr. Connors said that he would support Mr. Nimatallah in his personal request; he would however prefer to maintain the status quo insofar as the general case was concerned.

Mr. Nana-Sinkam said that he too would support Mr. Nimatallah in his own request. He inquired however how Mr. Nimatallah's proposal would affect an Executive Director whose office already contained two or more Advisors.

The Committee Secretary explained that, when the Interim Committee met outside Washington, the Executive Director and Alternate Executive Director were entitled to travel under blanket authority whenever the Executive Board quorum moved. For all other persons in an Executive Director's office, a separate request had to be made to the Executive Board on a lapse-of-time basis. There was no entitlement for either Advisors or Assistants to attend Interim Committee meetings outside Washington.

Mr. Abiad said that he supported Mr. Nimatallah's request. Since all Advisors were equal, they could eventually all travel to attend Interim Committee meetings outside Washington provided that individual requests for travel were submitted to and approved by the Executive Board. If that were the case, then substituting an Assistant for an Advisor would entail no additional cost to the Fund.

Mr. Sigurdsson said that, while he would support Mr. Nimatallah's individual request, the general procedure in force was adequate. There was no general entitlement to the sort of travel involved, and each journey ought to be subject to approval by the Executive Board. As a matter of procedure, it would be interesting to know whether Mr. Nimatallah would have been entitled to take his present request on behalf of Mr. Pritchett directly to the Executive Board rather than to the Committee.

The Committee Secretary explained that it was normal for requests for travel for Assistants to be considered by the Committee, before being approved by the Executive Board on a lapse-of-time basis.

Mr. de Groote added that, as Acting Chairman, he had suggested to Mr. Nimatallah that his paper should come before the Committee because of the more general point involved in the second part. Furthermore, he himself had not appointed an Advisor, although he was entitled to do so. Any suggestion for enabling Assistants to travel in lieu of Advisors should therefore be worded in such a way as to take account of the circumstances of Executive Directors who had not appointed an Advisor.

Mr. Nimatallah asked for clarification of the rule for travel by Assistants to Executive Directors. Why could an Executive Director not take, for instance, one Assistant and one Advisor instead of two Advisors?

The Committee Secretary explained that an Advisor was permitted to travel on a request by the Executive Director, whereas travel for an Assistant required discussion in the Committee. The Fund had not hitherto paid for travel by Assistants to Executive Directors to Interim Committee meetings outside Washington.

Mr. Kafka said that, as it would cost the Fund no more if an Executive Director took an Assistant than if he took an Advisor, he would support Mr. Nimatallah's request.

Mr. Connors stated that he would prefer to continue with the existing arrangement.

Mr. Peroz and Mr. Abiad said that they would support Mr. Nimatallah not only in his personal request but also in his suggestion for extending the choice of travelers from an Executive Director's office.

The Chairman, summarizing the discussion, noted that the Committee agreed with Mr. Nimatallah on the desirability of granting greater flexibility of choice to Executive Directors in the matter of travel by members of their offices to Interim Committees outside Washington. Even if the spring meetings of the Interim Committee were to be held henceforth in Washington, there might well be meetings of the Interim Committee in conjunction with Annual Meetings of the Fund and the World Bank, which might take place elsewhere.

<u>The Committee members agreed (i) to recommend to the Executive Board that Mr. Nimatallah be permitted to take his Assistant to the meeting of the Interim Committee in Helsinki in lieu of either his Alternate or his Advisor; and (ii) to request the Executive Board to approve travel by one Assistant to Executive Director per office to Interim Committee Meetings held outside Washington in lieu of one Advisor in each office where an Advisor had been appointed, or one Assistant to Executive Director to travel in his own right in those offices where an Advisor had not been appointed, subject in each case to approval by the Executive Board.</u>

The Committee, having concluded its business, adjourned at 4:45 p.m.

APPROVED: June 8, 1982