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EBAP/92/169

December 28, 1992

To: Members of the Executive Board

From: The Acting Secretary

Subject: FY 1993 Administrative and Capital Budgets - Six-Month Review of Expenses and Request for Supplementary Appropriations Including Additional Staff Resources

Attached for consideration by the Executive Directors is a memorandum by the Managing Director requesting a supplementary budget appropriation for FY 1993, including staff increases, and midyear review of administrative and capital expenses. This paper, together with the statement by the Managing Director on the budgetary outlook in the medium term (EBAP/92/167, 12/24/92), is tentatively scheduled for discussion on Friday, January 15, 1993. Proposed decisions appear on pages 6-10.

Mr. L. Wolfe (ext. 37502) or Mr. Wiesner (ext. 38241) is available to answer technical or factual questions relating to this memorandum prior to the Board discussion.

Att: (1)

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Department Heads



To: Members of the Executive Board

December 23, 1992

From: The Managing Director

Subject: FY 1993 Administrative and Capital Budgets--Six-Month Review of Expenses and Request for Supplementary Appropriations Including Additional Staff Resources

The six-month review of FY 1993 administrative and capital expenditures has indicated that, largely due to the effort to support the Fund's work with respect to the states of the former Soviet Union (FSU), expenditures are higher than budgeted, and that it is necessary to request supplementary appropriations. Accordingly, this paper requests Board approval of supplementary appropriations of \$13.4 million for the FY 1993 Administrative Budget and \$3.7 million for the Capital Budgets. A draft decision appears on pages 6-8.

An increase of 113.9 staff years in the total authorized staff is also being sought to meet the higher than expected work load in the states of the FSU. This staffing increase is estimated to require further supplementary appropriations of \$2.1 million for the FY 1993 Administrative Budget and an appropriation of \$6.0 million for the Capital Budgets. A draft decision appears on pages 8-10.

I. Request for Supplementary Budget Appropriations  
Based on the Midyear Review of Expenses

1. Administrative Budget

The approved Administrative Budget for FY 1993 is \$388.6 million. Based on an analysis of the Fund's activities for the first half of the financial year, it is estimated that an additional appropriation of \$13.4 million will be needed for FY 1993. This increase consists of the following elements:

- a. Lower vacancy rate \$2.7 million

So far the pace of recruitment of staff authorized in the FY 1993 budget has been faster than budgeted. This will require that the budget be augmented by \$2.7 million, of which \$1.6 million is for salaries, \$0.8 million is for other personnel expenses, and \$0.3 million is for appointment travel.

- b. Changes in Executive Directors' staffing and cost \$2.4 million

The supplementary request for \$2.4 million for Executive Directors' offices consists of two elements: (i) the expansion of the Board to 24 offices and the addition of 15 positions (\$2.0 million); and (ii) an

increase in the remuneration for Executive Directors, Alternates, and Advisors, effective July 1, 1992 (\$0.4 million). The supplementary request for \$2.4 million includes \$1.1 million for salaries, \$1.0 million for other personnel and administrative expenses, and \$0.3 million for appointment travel expenses. The total cost of these changes on an annual basis is \$3.6 million which will be fully reflected for the first time in FY 1994.

c. Increase in volume and price of business travel \$11.2 million

Increased mission travel associated with the FSU, together with higher transportation costs reflecting in large part the greater use of chartered flights, will require an estimated \$11.2 million during the current year. A more detailed analysis of these expenses is shown on page 14 of this paper. For FY 1994, it is expected that transportation costs will be lower as the Fund is able to reduce its use of charter flights as alternative modes of reliable transportation to the states of the FSU become available.

d. Increased contractual translation and interpretation services \$0.6 million

Increased activity with the FSU countries has resulted in a greater demand for contractual translation and interpretation services. The FY 1993 budget included \$0.9 million for these services and a supplemental appropriation for \$0.6 million is now needed. The annualized cost would be \$1.5 million. However, some reduction in the level of expense will be experienced in FY 1994 and later years as increasing use is made of local translation and interpretation services.

e. Increased training activities \$0.2 million

The increase in training activities for Fund staff projected for FY 1993 reflects the growth in Fund staffing levels together with management's emphasis on maintaining a well-trained staff. This will require that the FY 1993 training budget of \$0.3 million be augmented by an amount of \$0.2 million, of which \$0.15 million is for language training and \$0.05 million is for external training programs.

f. Other factors -\$3.7 million

There are a number of other factors which will have an impact on the budget, the net result of which will lower expenses by \$3.7 million. Expenses which will likely exceed the budget include: an increase in expenses funded under the Japan Administered Account and other external sources (\$2.9 million); higher than anticipated overseas allowances for resident representatives (\$1.9 million); an increase in the volume of miscellaneous travel, including settlement and home leave travel for increased staffing (\$1.1 million); and increases in data processing services (\$1.0 million). These increases will be offset by the following savings, largely reflecting underruns in the resident representative program: reduced activity in communications (\$0.5 million), building occupancy

(\$1.7 million), books and printing (\$0.5 million), supplies and equipment (\$0.7 million), and miscellaneous services (\$0.9 million); lower salary cost and personnel expenses for EDP contractual staff (\$1.0 million); and increases in reimbursements (\$4.4 million), most notably from externally financed expert programs.

A detailed explanation of the additional expenses required in FY 1993 is contained in the Annex.

## 2. Capital Budget

An amount of \$3.7 million is required to finance the transfer of a large part of the Bureau of Computing Services to newly leased space at 2121 K Street. Of this amount, \$3.0 million is for fit-out costs associated with the new location and \$0.7 million is to purchase equipment needed for operating existing systems from the new location. The relocation of BCS will eliminate the overcrowding which currently exists in the space occupied by BCS, and will provide additional headquarters space to house new staff hired under earlier budget decisions. A detailed analysis of this request is contained in the Annex.

## II. Request for FY 1993 Supplementary Budget Appropriation for Additional Staff Resources

### 1. Administrative Budget

For FY 1993, additional staffing (113.9 staff years) will be needed to meet urgent requirements. A detailed explanation of the justification for these positions is contained in the Managing Director's Statement on the Budgetary Outlook in the Medium Term (EBAP/92/167, 12/24/92), and in the Supplement to that statement (EBAP/92/167, Supplement 1, 12/24/92, with background information provided in the companion document (EBAP/92/168, 12/28/92).

The proposed staffing changes by department are described in Tables 1 and 2.

A total of \$2.1 million is included in the supplementary budget request for funding these positions for the remainder of this year. The cost of the proposed staffing changes on an annual basis is approximately \$15.2 million.

### 2. Capital Budget

An amount of \$6.0 million is required to finance the office and equipment costs of the 113.9 positions requested in the supplementary

Table 1. FY 1993 Total Budgeted Staff by Organization 1/

(In staff years)

	Revised Budget			Revised Budget (including supplementary budget request)			Change		
	Regular Staff Positions 2/	Other (Experts, Consultants, EPs., etc.)	Total Staff	Regular Staff Positions	Other (Experts, Consultants, EPs., etc.)	Total Staff	Regular Staff Positions	Other (Experts, Consultants, EPs., etc.)	Total Staff
<b>Area Departments</b>									
African Department	153.0	17.6	170.6	153.0	17.6	170.6	0.0	0.0	0.0
Central Asia Department	48.5	4.4	52.9	48.5	4.4	52.9	0.0	0.0	0.0
European I Department	96.0	10.9	106.9	111.0	10.9	121.9	15.0	0.0	15.0
European II Department	63.0	4.9	67.9	100.0	4.9	104.9	37.0	0.0	37.0
Middle Eastern Department	58.0	4.4	62.4	58.0	4.4	62.4	0.0	0.0	0.0
Southeast Asia and Pacific Dept	42.5	4.4	46.9	42.5	4.4	46.9	0.0	0.0	0.0
Western Hemisphere Department	120.0	12.9	132.9	120.0	12.9	132.9	0.0	0.0	0.0
Resident Representatives	63.0	-	63.0	63.0	-	63.0	0.0	0.0	0.0
Subtotal	644.0	59.5	703.5	696.0	59.5	755.5	52.0	0.0	52.0
<b>Functional &amp; Special Services Departments</b>									
Fiscal Affairs Department	113.5	50.4	163.9	115.5	50.4	165.9	2.0	0.0	2.0
IMF Institute	74.0	4.7	78.7	77.0	4.7	81.7	3.0	0.0	3.0
Joint Vienna Institute	3.0	5.6	8.6	3.0	5.6	8.6	0.0	0.0	0.0
Legal Department	40.0	11.1	51.1	42.0	11.1	53.1	2.0	0.0	2.0
Monetary and Exchange Affairs Dept.	80.0	85.5	165.5	84.0	88.5	172.5	4.0	3.0	7.0
Policy Development and Review Dept.	138.0	12.3	150.3	147.0	12.3	159.3	9.0	0.0	9.0
Research Department	84.0	14.5	98.5	84.0	14.5	98.5	0.0	0.0	0.0
Statistics Department	129.0	16.2	145.2	137.0	18.2	155.2	8.0	2.0	10.0
Treasurer's Department	140.0	17.7	157.7	140.0	17.7	157.7	0.0	0.0	0.0
Subtotal	801.5	218.0	1,019.5	829.5	223.0	1,052.5	28.0	5.0	33.0
<b>Information, Liaison &amp; Support Departments</b>									
Administration Department	213.0	67.9	280.9	217.0	71.9	288.9	4.0	4.0	8.0
External Relations Department	60.0	6.9	66.9	62.0	6.9	68.9	2.0	0.0	2.0
Secretary's Department	99.0	12.9	111.9	100.0	14.9	114.9	1.0	2.0	3.0
Bureau of Computing Services	60.0	101.8	161.8	60.0	101.8	161.8	0.0	0.0	0.0
Bureau of Language Services	93.0	19.1	112.1	102.0	25.0	127.0	9.0	5.9	14.9
Office of Internal Audit & Rev.	11.0	1.4	12.4	11.0	1.4	12.4	0.0	0.0	0.0
Investment Office - SFP	4.0	0.2	4.2	4.0	0.2	4.2	0.0	0.0	0.0
Office in Europe	13.0	0.8	13.8	13.0	0.8	13.8	0.0	0.0	0.0
Office in Geneva	6.0	0.7	6.7	6.0	0.7	6.7	0.0	0.0	0.0
Office of Budget and Planning	15.0	0.3	15.3	15.0	0.3	15.3	0.0	0.0	0.0
Subtotal	574.0	212.0	786.0	590.0	223.9	813.9	16.0	11.9	27.9
Office of Managing Director	12.0	6.0	18.0	12.0	6.0	18.0	0.0	0.0	0.0
Technical Assistance Secretariat	3.0	0.1	3.1	4.0	0.1	4.1	1.0	0.0	1.0
Other 3/	28.0	14.9	42.9	28.0	14.9	42.9	0.0	0.0	0.0
Subtotal	43.0	21.0	64.0	44.0	21.0	65.0	1.0	0.0	1.0
<b>Total</b>	<b>2,062.5</b>	<b>510.5</b>	<b>2,573.0</b>	<b>2,159.5</b>	<b>527.4</b>	<b>2,686.9</b>	<b>97.0</b>	<b>16.9</b>	<b>113.9</b>
<b>Memorandum items:</b>									
Externally Financed Experts	...	50.0	50.0	...	68.8	68.8	...	18.8	18.8
Number of B1-B5 positions included above	281	...	...	289	...	...	8	...	...

1/ Excludes summer interns, special appointees, Executive Director and their staffs, and externally financed experts.

2/ Reflects transfers of positions between departments occurred since May 1, 1992.

3/ Includes Support Group Secretarial Staff and temporary manpower charged against Fund-wide pools (e.g., sick/maternity leave replacement).

Table 2. FY 1993 Personnel Ceilings of Departments, Bureaus, and Offices

	Revised Budget 1/				Revised Budget (including supplementary budget request)				Change
	Grades			Total	Grades			Total	
	B1-B5	A9-A15	A1-A8		B1-B5	A9-A15	A1-A8		
<b>Area Departments</b>									
African Department	23	87	43	153	23	87	43	153	0
Central Asian Department	9	25.5	14	48.5	9	25.5	14	48.5	0
European I Department	16	48	32	96	18	56	37	111	15
European II Department	12	32	19	63	14	55	31	100	37
Middle Eastern Department	11	30	17	58	11	30	17	58	0
Southeast Asia and Pacific Department	8	20.5	14	42.5	8	20.5	14	42.5	0
Western Hemisphere Department	19	64	37	120	19	63	38	120	0
Resident Representatives	14	49	-	63	14	49	-	63	0
Subtotal	112	356	176	644	116	386	194	696	52
<b>Functional &amp; Special Services Depts.</b>									
Fiscal Affairs Department	18	62	33.5	113.5	18	62	35.5	115.5	2
IMF Institute	10	27	37	74	10	28	39	77	3
Joint Vienna Institute	1	2	-	3	1	2	-	3	0
Legal Department	7	18	15	40	7	19	16	42	2
Monetary and Exchange Affairs Department	19	39	22	80	21	39	24	84	4
Policy Development and Review Department	20	76	42	138	20	83	44	147	9
Research Department	13	47	24	84	13	47	24	84	0
Statistics Department	12	70	47	129	13	74	50	137	8
Treasurer's Department	12	70	58	140	12	70	58	140	0
Subtotal	112	411	278.5	801.5	115	424	290.5	829.5	28
<b>Information, Liaison &amp; Support Departments</b>									
Administration Department	11	87	115	213	11	91	115	217	4
External Relations Department	9	29	22	60	9	31	22	62	2
Secretary's Department	10	31	58	99	10	32	58	100	1
Bureau of Computing Services	6	41	13	60	6	41	13	60	0
Bureau of Language Services	5	59	29	93	6	64	32	102	9
Office of Internal Audit and Review	2	8	1	11	2	8	1	11	0
Investment Office - SRP	1	2	1	4	1	2	1	4	0
Office in Europe	3	3	7	13	3	3	7	13	0
Office in Geneva	2	1	3	6	2	1	3	6	0
Office of Budget and Planning	0	10	5	15	0	10	5	15	0
Subtotal	49	271	254	574	50	283	257	590	16
Office of Managing Director	7	1	4	12	7	1	4	12	0
Technical Assistance Secretariat	1	1	1	3	1	2	1	4	1
Support Group Secretarial Staff	-	-	28	28	-	-	28	28	0
Subtotal	8	2	33	43	8	3	33	44	1
<b>Total</b>	<b>281</b>	<b>1040</b>	<b>741.5</b>	<b>2062.5</b>	<b>289</b>	<b>1096</b>	<b>774.5</b>	<b>2159.5</b>	<b>97</b>

1/ Includes transfers of positions between departments since May 1, 1992 as follows:  
(a) Three positions were transferred from the Policy Development and Review Department to the Monetary and Exchange Affairs Department.  
(b) One position was transferred from the Administration Department to the Fiscal Affairs Department.  
(c) Ten positions were transferred from the African Department to the Middle Eastern Department.  
(d) Three positions were transferred from the IMF Institute to the Joint Vienna Institute.

budget. This amount includes \$3.3 million for renovating new leased office space and relocating personnel and equipment to that space, \$1.8 million for renovating vacant office space at headquarters, and \$0.9 million for EDP equipment for the new staff. A detailed analysis of this request is contained in the Annex.

### III. Draft Decisions

Decision 1 will provide supplementary funds to meet the unexpected increase in administrative and capital project expenditures beyond those approved last April by the Executive Board. Decision 2 provides the necessary funds to meet the supplementary budget request for 113.9 additional staff and related capital expenses. Accordingly, the following two draft decisions are proposed for adoption by the Executive Board.

#### Decision No. 1

#### Draft Decision Relating to the Revised Estimates for the FY 1993 Administrative Budget and the FY 1989, FY 1992, and FY 1993 Capital Budgets

1. The Executive Board approves supplementary appropriations for administrative expenses for FY 1993 in the total amount of \$13,411,000 and transfers of appropriations between categories, as follows:

Budget Category	FY 1993 Approved Budget	Supplementary Appropriations/ Transfer of Appropriations	Revised Budget
I. <u>Personnel expenses</u>			
A. Salaries	\$176,717,000	\$5,593,000	\$182,310,000
B. Other personnel expenses	97,605,000	2,863,000	100,468,000
II. <u>Travel expenses</u>			
C. Business travel	31,358,000	11,217,000	42,575,000
D. Other travel	21,278,000	1,101,000	22,379,000
III. <u>Other administrative expenses</u>			
E. Communications	9,610,000	-485,000	9,125,000
F. Building occupancy	30,040,000	-1,686,000	28,354,000
G. Books and printing	7,235,000	-515,000	6,720,000
H. Supplies and equipment	9,370,000	-725,000	8,645,000
I. Data processing	14,400,000	975,000	15,375,000
J. Miscellaneous	8,347,000	-487,000	7,860,000
IV. <u>Reimbursements</u>	-17,390,000	-4,440,000	-21,830,000
Total	\$388,570,000	\$13,411,000	\$401,981,000

Commitments may be made for each lettered category A-J up to the amount indicated above, except that no commitment may cause the total budget to be exceeded. Any commitment going beyond the total approved for each category, or causing the total budget to be exceeded, will be submitted to the Executive Board for approval.

2. The Executive Board approves supplementary appropriations of \$680,000 for the Computing category of the FY 1993 Capital Budget for EDP equipment at 2121 K Street.

<u>Budget Category</u>	<u>Approved Budget</u>	<u>Supplementary Appropriations</u>	<u>Revised Budget</u>
<u>I. Building Space Facilities</u>			
A. Headquarters	\$1,000,000	-	\$1,000,000
B. Other locations	150,000	-	150,000
<u>II. Equipment Systems</u>			
C. Computing	<u>6,320,000</u>	<u>680,000</u>	<u>7,000,000</u>
Total	\$7,470,000	\$680,000	\$8,150,000

3. The Executive Board approves supplementary appropriations of \$3,000,000 for the Other Locations category of the FY 1992 Capital Budget for the relocation of BCS and the fit-out of leased space at 2121 K Street.

<u>Budget Category</u>	<u>Approved Budget 1/</u>	<u>Supplementary Appropriations</u>	<u>Revised Budget</u>
<u>I. Building Space Facilities</u>			
A. Headquarters	\$17,435,000	-	\$17,435,000
B. Other locations	9,465,000	3,000,000	12,465,000
<u>II. Equipment Systems</u>			
C. Computing	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
Total	\$28,100,000	\$3,000,000	\$31,100,000

1/ Revised at EBM/92/56, April 15, 1992.

4. The Executive Board approves the transfer of \$50,000 from the Headquarters category to the Other Locations category of the FY 1989 Capital Budget (see pages 20-21 for details).

<u>Budget Category</u>	<u>Approved Budget 1/</u>	<u>Transfer of Appropriations</u>	<u>Revised Budget</u>
I. <u>Building Space Facilities</u>			
A. Headquarters	\$33,530,000	(\$50,000)	\$33,480,000
B. Other locations	375,000	50,000	425,000
II. <u>Equipment Systems</u>			
C. Computing	<u>135,000</u>	<u>-</u>	<u>135,000</u>
Total	\$34,040,000	-	\$34,040,000

1/ Revised at EBM/90/4, January 12, 1990.

Commitments may be made for each lettered category A-C up to the amount indicated in the revised capital budget for FY 1989, FY 1992, and FY 1993 shown above. Any commitment going beyond the category budgets will be submitted to the Executive Board for approval.

Decision No. 2

Draft Decision Relating to Proposed  
Staffing Increases in FY 1993

1. The Executive Board approves the staffing of the Fund as set forth in Tables 1 and 2 of this paper. The ceilings for total authorized regular staff (2,159.5) for the total authorized staff (2,686.9) (Table 1) and the ceiling for authorized B-level positions (289) (Table 2) shall not be exceeded without prior approval by the Executive Board.

2. The Executive Board approves supplementary appropriations for administrative expenses for FY 1993 in the total amount of \$2,115,000 as detailed below.

<u>Budget Category</u>	<u>Approved Budget</u>	<u>Supplementary Appropriations</u>	<u>Revised Budget</u>
I. <u>Personnel expenses</u>			
A. Salaries	\$182,310,000	\$ 950,000	\$183,260,000
B. Other personnel expenses	100,468,000	565,000	101,033,000
II. <u>Travel expenses</u>			
C. Business travel	42,575,000		42,575,000
D. Other travel	22,379,000	600,000	22,979,000
III. <u>Other administrative expenses</u>			
E. Communications	9,125,000		9,125,000
F. Building occupancy	28,354,000		28,354,000
G. Books and printing	6,720,000		6,720,000
H. Supplies and equipment	8,645,000		8,645,000
I. Data processing	15,375,000		15,375,000
J. Miscellaneous	7,860,000		7,860,000
IV. <u>Reimbursements</u>	<u>-21,830,000</u>	<u>                    </u>	<u>-21,830,000</u>
Total	\$401,981,000	\$2,115,000	\$404,096,000

Commitments may be made for each lettered category A-J up to the amount indicated above, except that no commitment may cause the total budget to be exceeded. Any commitment going beyond the total approved for each category, or causing the total budget to be exceeded, will be submitted to the Executive Board for approval.

3. The Executive Board approves supplementary appropriations of \$900,000 in the Computing category of the FY 1993 Capital Budget for EDP equipment for staffing increases.

<u>Budget Category</u>	<u>Approved Budget 1/</u>	<u>Supplementary Appropriations</u>	<u>Revised Budget</u>
I. <u>Building Space Facilities</u>			
A. Headquarters	\$1,000,000	-	\$1,000,000
B. Other locations	150,000	-	150,000
II. <u>Equipment Systems</u>			
C. Computing	<u>7,000,000</u>	<u>900,000</u>	<u>7,900,000</u>
Total	\$8,150,000	\$900,000	\$9,050,000

1/ Including proposed revision for relocating BCS to 2121 K Street.

4. The Executive Board approves supplementary appropriations of \$5,100,000 for the Headquarters and Other Locations categories of the FY 1992 Capital Budget for the relocation of units to leased space, the fit-out of leased space, and the renovation of vacated space at Headquarters.

<u>Budget Category</u>	<u>Approved Budget 1/</u>	<u>Supplementary Appropriations</u>	<u>Revised Budget</u>
I. <u>Building Space Facilities</u>			
A. Headquarters	\$17,435,000	\$1,800,000	\$19,235,000
B. Other locations	12,465,000	3,300,000	15,765,000
II. <u>Equipment Systems</u>			
C. Computing	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
Total	\$31,100,000	\$5,100,000	\$36,200,000

1/ Including proposed revision for relocating BCS to 2121 K Street.

Commitments may be made for each lettered category A-C up to the amount indicated in the revised budget columns shown above for projects begun in FY 1992 and FY 1993. Any commitment going beyond the category budgets will be submitted to the Executive Board for approval.

I. Midyear Review of the FY 1993 Administrative Budget

Introduction

This review of the FY 1993 Administrative Budget is presented in terms of the ten "object of expense" categories and one "reimbursement" category relating to administrative expenses. These categories are used by the Executive Board when authorizing expenditures.

The Administrative Budget for FY 1993, as approved by the Executive Board on April 15, 1992, (EBM/92/56), amounted to \$386,840,000. Subsequently, a supplementary appropriation was approved by the Executive Board on July 29, 1992 for Phase I of the Joint Vienna Institute which resulted in a revised FY 1993 ceiling of \$388,570,000. Based on an analysis of the Fund's activities for the first half of the financial year together with anticipated expenses for the remainder of the year, it is estimated that an additional appropriation of \$13.4 million will be needed for FY 1993. This increase is presented by object of expense in Table 3.

1. Salaries

The FY 1993 approved budget for salaries is \$176.7 million. The supplementary request for an additional \$5.6 million includes the following major items:

a. An amount of \$1.6 million on account of the lower than anticipated vacancy rate.

b. An amount of \$1.1 million for the expansion of the Executive Board to 24 offices, the addition of 15 positions for existing offices, and the increase in remuneration for Executive Directors, Alternates, and Advisors.

c. An amount of \$1.9 million for additional expert services to be fully financed by a grant from the Japan Administered Account (JAA).

d. An amount of \$0.3 million for additional expert services to be fully financed by other external sources.

e. An amount of \$0.4 million for an increase in the number of participants in the Economist and Summer Intern Programs.

f. An amount of \$0.2 million for higher cost of living adjustments for staff in Geneva, Paris, and Vienna.

Table 3: Revised Estimate for FY 1993 Compared with the Approved Budget  
(In thousands of U.S. dollars)

Object of Expense Category	Approved Budget 1/	Expected Outtum	Revised Estimate (Including Supplementary Appropriations)	
			Increase Decrease	Percent Change
<u>Personnel Services</u>				
Salaries	176,717	182,310	5,593	3.2
Other personnel expenses	97,605	100,468	2,863	2.9
Subtotal	274,322	282,778	8,456	3.1
<u>Travel</u>				
Business travel	31,358	42,575	11,217	35.8
Other travel	21,278	22,379	1,101	5.2
Subtotal	52,636	64,954	12,318	23.4
<u>Other Administrative Expenses</u>				
Communications	9,610	9,125	(485)	(5.0)
Building occupancy	30,040	28,354	(1,686)	(5.6)
Books and printing	7,235	6,720	(515)	(7.1)
Supplies and equipment	9,370	8,645	(725)	(7.7)
Data processing	14,400	15,375	975	6.8
Miscellaneous	8,347	7,860	(487)	(5.8)
Subtotal	79,002	76,079	(2,923)	(3.7)
<u>Reimbursements</u>	(17,390)	(21,830)	(4,440)	25.5
Total	388,570	401,981	13,411	3.5

1/ Including supplementary appropriations of \$1,730,000 for Phase I of the Joint Vienna Institute.

These increases are partially offset by a reduction of \$0.6 million following the ongoing shift resulting from a change from contractual staffing to vendor staffing in the computer services and support area.

2. Other Personnel Expenses

The FY 1993 approved budget is \$97.6 million. Expenditures in this category are now expected to be higher by \$2.9 million. Of this increase, \$1.4 million is needed for expenses related to overseas allowances for resident representatives in the FSU countries in particular, although these additional expenses are fully offset elsewhere in the budget. 1/ Other changes in this category include \$0.4 million for the changes in Executive Directors' offices (see pages 1 and 2), \$0.8 million on account of faster than anticipated recruitment of staff authorized in the FY 1993 budget, \$0.2 million for the additional training costs associated with new staff and intensification of training for existing staff, and \$0.6 million for other expenses. These expenses are partially offset by a reduction of \$0.3 million in the level of the separation benefits program, and a reduction of \$0.4 million because of the ongoing shift from contractual to vendor staffing for various computer services and support activities.

3. Business Travel

The FY 1993 approved budget is \$31.4 million. A supplementary appropriation of \$11.2 million is being requested for increased travel largely related to negotiating arrangements for the use of Fund resources and to providing technical assistance to FSU countries.

The budget for FY 1993 as approved assumed only a 1 percent change in volume and a 5 percent change in average costs. The volume of staff travel is now expected to be nearly 20 percent higher than in FY 1992 largely as a result of travel related to FSU activities. Of the total increase in costs of \$11.2 million, some 42 percent (\$4.7 million) reflects the increased volume of travel, 2/ with the remaining 58 percent (\$6.5 million) due to higher travel costs, largely resulting from the necessary use of charter flights to the FSU countries. However, these costs will decline sharply as regular scheduled flights become more readily available to FSU countries and the need to use charter flights is reduced to a minimum.

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1/ Offsetting this increase are reduced levels of expenditure in the following categories: telecommunications costs, residential expenses (utilities, alterations and rentals), and maintenance of furniture and equipment. In total these reductions, which reflect the difficulties in staffing these positions, will result in an overall savings of \$2.0 million in the expenses of resident representatives.

2/ Of the \$4.7 million, the major component was due to increased operational travel (\$4.3 million).

4. Other Travel

This account provides for the cost of settlement, home leave, and miscellaneous travel. It is expected that expenses in FY 1993 will be \$1.1 million (5.2 percent) more than the revised budget of \$21.3 million, mainly due to increased costs for settlement travel of Executive Board members, their Advisors and assistants and staff, technical assistance experts, and consultants.

5. Communications

It is estimated that expenses in this category will be \$0.5 million (5 percent) lower than the revised budget of \$9.6 million due to lower than estimated expenditures for resident representatives offset in part by an increase in long-distance telephone costs. This reflects the continuing migration from cable/telex to facsimile. The lower estimate for resident representatives reflects the slower filling of posts than originally planned.

6. Building Occupancy

It is expected that the expenses in this category will be \$1.7 million (5.6 percent) less than the revised budget of \$30.0 million, mainly reflecting the slower filling of resident representative posts. The budget assumed housing costs and facility costs associated with these posts of \$4.9 million, but current projections suggest a saving of \$1.6 million. The underrun is partially offset by increases in security costs, resulting from the accelerated occupancy of space in International Square and slightly higher costs in headquarters' alterations.

7. Books and Printing

Expenses are expected to be \$0.5 million (7.1 percent) less than the revised budget of \$7.2 million. Most of the decrease occurs in the contractual printing account due to the postponement of a number of publications. For example, of the 22 Occasional Papers originally planned for publication, it is now estimated that half of these will not be produced this year, mainly due to work pressures in the area and functional departments as a result of accelerated program and technical assistance work in the FSU countries.

8. Supplies and Equipment

It is expected that expenditures will be \$0.7 million (7.7 percent) less than the revised budget of \$9.4 million. The decrease is mainly attributable to the lower than anticipated expenditures for resident representative posts.

9. Data Processing

It is expected that expenditures will be \$1.0 million above the FY 1993 approved budget of \$14.4 million. This increase reflects the ongoing vendorization of certain services previously provided by contractual staff whose costs were reflected in the Salaries and Other Personnel Expenses categories.

10. Miscellaneous

It is estimated that expenses will be \$0.5 million (5.8 percent) less than the revised budget of \$8.3 million, reflecting lower than anticipated expenses for insurance and contractual services in the resident representative program, offset by an increase of \$0.6 million for the expanded interpretation and translation services for the FSU countries.

11. Reimbursements

This category includes reimbursement from external sources, revenues from other services, and from the sale of publications. Reimbursements are expected to exceed the revised budget (\$17.4 million) by \$4.4 million (25.5 percent) due mainly to reimbursements received under the Japan Administered Account for the funding of additional technical assistance experts, the Joint Vienna Institute program, and IMF Institute seminars in Tokyo (\$3.5 million), as well as reimbursement from other external financing sources (\$0.4 million). Other factors contributing to the increase are additional income resulting from higher than expected occupancy rates at the Concordia (\$0.2 million) and revenues from the sale of publications (\$0.2 million).

II. Midyear Review of Capital Budgets

This section reviews the capital budgets that have been approved for projects beginning in FY 1989 through FY 1993. The Executive Board authorizes capital project expenditures by category, i.e., for headquarters building projects, for building facility projects at other locations, and for data processing projects. The capital budgets are proposed on a multiyear basis and their status is reviewed twice a year, most recently in EBAP/92/69 (3/25/92).

1. FY 1993 Capital Budget

The FY 1993 Capital Budget of \$7.5 million was approved by the Executive Board on April 15, 1992 (EBM/92/56). A total of three new building facilities projects (\$1.2 million) and one electronic data processing project (\$6.3 million) were approved. Table 4 summarizes the status of the FY 1993 projects.

Table 4. Review of FY 1993 Capital Budget  
and Revised Estimate of Expenditures

(In millions of U.S. dollars)

Budget Category	Budget	Estimated Expenditures		
		FY 1993	FY 1994	FY 1995
Building Space Facilities				
Headquarters	1.0	0.3	0.7	-
Other locations	0.2	0.2	-	-
EDP equipment	<u>6.3</u>	<u>5.9</u>	<u>0.4</u>	<u>-</u>
Total	7.5	6.4	1.1	-

At headquarters, \$1.0 million was approved for the replacement of fuel oil tanks, and for the purchase of graphics equipment. The fuel tanks are sealed in a concrete vault, and the demolition phase of the project is scheduled for April 1993. The project will be completed in FY 1994. The graphics equipment pilot project successfully tested new technology which will provide productivity gains and cost savings. Based on the results of that project, plans are being prepared to install new electronic printing equipment in the Print Shop and the centralized reproduction areas.

At other locations, the Concordia telephone switch project will be completed near the end of FY 1993 at an estimated cost of \$0.2 million. The EDP equipment replacement and acquisition program is proceeding as planned. Some delays in the installation of laser printers has occurred due to limitations in the building electrical systems. 1/

## 2. FY 1992 Capital Budget

The FY 1992 Capital Budget of \$28.1 million was approved in four stages. On April 24, 1991 (EBM/91/62) the Executive Board approved \$9.7 million for six building facilities projects and an electronic data processing project for network control equipment. On July 12, 1991 (EBM/91/91), \$8.3 million was approved for the Phase III/Headquarters Planning and Design project. 2/ On December 11, 1991 (EBM/91/167), \$1.7 million was approved for upgrading the Fund's telephone system, and on April 15, 1992 (EBM/92/56), \$8.4 million was approved for an increase to the scope of two projects begun in FY 1992 for fitting-out additional leased

1/ An upgrade of the building electrical systems will be proposed in the FY 1994 Capital Budget.

2/ On August 7, 1992 (EBM/92/104) the Executive Board suspended work on this project pending a discussion of the long-term options for owning or leasing additional office space.

office space, and renovating vacated headquarters space for new staff. Table 5 summarizes the category budgets and the estimated expenditures by financial year for the revised FY 1992 Capital Budget.

Table 5. Review of FY 1992 Capital Budget  
and Revised Estimate of Expenditures

(In millions of U.S. dollars)

Budget Category	Revised Budget	Estimated Expenditures			
		FY 1992	FY 1993	FY 1994	FY 1995
<b>Building Space Facilities</b>					
Headquarters	17.4	3.3	6.4	6.7	0.9
Other locations	9.5	0.1	3.4	4.9	1.0
EDP Equipment	<u>1.2</u>	<u>0.9</u>	<u>0.2</u>	<u>0.1</u>	-
Total	28.1	4.3	10.0	11.7	1.9

At headquarters, \$17.4 million was approved for five projects beginning in FY 1992 including Phase III planning and design work, a replacement fire alarm system, renovations to vacated headquarters space, an upgrade to the Phase IIa elevators, and an upgrade to the telephone system. The current expenditure estimates reflect ongoing revisions to the project schedules. The Phase III planning and design project, for example, was suspended on August 7, 1992 (EBM/92/104) pending the consideration of some longer-term office space alternatives by the Executive Board. Based on the current departmental relocation plans, expenditures for renovating vacated space at headquarters are now estimated to occur primarily in FY 1994. Similarly, improvements to the Phase IIa elevators are now scheduled to be made in both FY 1993 and FY 1994 so as to limit the impact of taking these elevators out of service during the upgrade process.

At other locations, \$9.5 million was approved for the fit-out of new leased space at International Square, the replacement of some furnishings at the Concordia Apartment complex, and improvements to the roadways at the Bretton Woods Recreation Center (BWRC). The Concordia and BWRC projects will be completed near the end of FY 1993, and the International Square project is proceeding based on current departmental relocation plans.

The EDP network equipment project estimated to cost \$1.2 million is proceeding on schedule and will be completed near the end of FY 1993 or early in FY 1994.

3. FY 1991 Capital Budget

The FY 1991 Capital Budget of \$5.7 million was approved by the Executive Board on April 23, 1990 (EBM/90/64). Table 6 summarizes the project budgets and estimated expenditures by financial year.

Table 6. Review of FY 1991 Capital Budget  
and Revised Estimate of Expenditures

(In millions of U.S. dollars)

Budget Category	Revised Budget	Estimated Expenditures			
		FY 1991	FY 1992	FY 1993	FY 1994
Building Space Facilities					
Headquarters	1.6	0.1	0.8	0.5	0.2
Other locations	0.5	0.1	0.3	0.1	-
EDP Equipment	<u>3.6</u>	<u>1.7</u>	<u>0.5</u>	<u>1.3</u>	<u>0.1</u>
Total	5.7	1.9	1.6	1.9	0.3

Three projects were approved at headquarters with a budget of \$1.6 million. At other locations, \$0.5 million was approved for the Concordia Apartment complex. In addition, \$3.6 million was approved for office automation equipment.

At headquarters, portions of the roof were rehabilitated and the building electrical circuit breakers were upgraded in FY 1992 and FY 1993 respectively. The Rest Room improvements project is scheduled for completion in the first quarter of FY 1994. At the Concordia, the waterproofing of the North wall was completed in FY 1992 and interior building surfaces damaged by the water problem are being restored.

The EDP budget category provides funds for: (1) NBI replacement equipment, which was installed in FY 1991 and FY 1992, (2) other microcomputer equipment that will be purchased in FY 1993, and (3) the sale of the Unisys mainframe computer to the World Bank, which was completed in FY 1992.

4. FY 1990 Capital Budget

The FY 1990 Capital Budget of \$9.7 million was approved by the Executive Board in two phases. On April 24, 1989 (EBM/89/44), \$5.8 million was approved for six projects at headquarters and three at other locations. On April 23, 1990 (EBM/90/64), \$3.9 million was authorized for the second phase of fit-out and renovation plans for additional leased space at International Square and vacated space at headquarters. On December 11,

1991 (EBM/91/167), \$1.7 million was transferred to the FY 1992 Capital Budget leaving a revised Capital Budget of \$8 million for FY 1990. Table 7 summarizes the category budgets and revised estimate of expenditures.

Table 7. Review of FY 1990 Capital Budget  
and Revised Estimate of Expenditures

(In millions of U.S. dollars)

Budget Category	Revised Budget	Estimated Expenditures			
		FY 1990	FY 1991	FY 1992	FY 1993
<b>Building Space Facilities</b>					
Headquarters	4.7	0.8	2.0	0.6	-
Other locations	<u>3.3</u>	<u>0.0</u> <sup>1/</sup>	<u>1.7</u>	<u>0.5</u>	<u>0.2</u>
Total	8.0	0.8	3.7	1.1	0.2

<sup>1/</sup> FY 1990 expenditures of \$0.8 million on projects for International Square, the Annual Meetings, and BWRC were offset by an equivalent amount of cash allowances budgeted in the International Square project.

At headquarters, projects for life safety systems, asbestos abatement, graphics improvements, induction valve replacements, Executive Board room sound system, and renovations to vacated office space projects were essentially completed in FY 1992 at a cost of \$3.4 million, well within the category budget.

At other locations, three projects were approved for the fit-out of additional leased space, Annual Meetings telephone equipment, and partial rehabilitation of BWRC roads. The Annual Meetings telephone system and BWRC projects were completed in FY 1990 and FY 1991 respectively. The fit-out of new leased space acquired at International Square was substantially completed in FY 1992, although some residual expenditures will occur in FY 1993. At completion, the cost of these projects is estimated to be \$2.4 million, well within the category budget.

#### 5. FY 1989 Capital Budget

The Executive Board approved a FY 1989 Capital Budget of \$3.4 million for six projects on April 25, 1988 (EBM/88/65). On November 21, 1988 (EBM/88/169), the Board approved \$30.0 million for the acquisition of the Western Presbyterian Church (WPC) property, and for the Fund to take action to secure appropriate zoning and other municipal approvals on the basis of the plan outlined in Part IV of EBAP/88/197 (8/9/88). On January 12, 1990 (EBM/90/4), the Board approved an additional \$0.6 million for the completion of headquarters projects. Table 8 summarizes the category and WPC budgets, and revised estimate of expenditures.

Table 8. Review of FY 1989 Capital Budget  
and Revised Estimate of Expenditures

(In millions of U.S. dollars)

Budget Category	Revised	Estimated Expenditures			
	Budget	FY 1989-91	FY 1992	FY 1993	FY 1994-95
<b>Building Space Facilities</b>					
Headquarters	33.5	20.4	1.8	5.4	5.9
(of which WPC)	(30.0)	(17.3)	(1.6)	(5.1)	(5.9)
Other locations	0.4	0.1	0.0	0.2	0.1
EDP Equipment	<u>0.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	34.0	20.6	1.8	5.6	6.0

Of the projects approved at headquarters, all were completed in FY 1992 except for some improvements to the Communications Division's facilities on the Concourse level which will be completed near the end of FY 1993, and the WPC project. In the latter project, the subcontract bidding has been completed, construction has begun, and project completion is expected in the Fall of CY 1993.

At other locations, the BWRC Water and Sewer Improvements project, which has experienced long delays in obtaining permits from various governmental regulatory agencies, is expected to be completed early in FY 1994. The delays will increase the cost of this project by an estimated \$50,000 and a transfer of appropriations is proposed on page 8 of this document to cover the higher costs.

EDP equipment was purchased as planned and within the project budget.

### III. Supplementary Capital Funds

As mentioned in the Managing Director's Statement, supplementary capital funding is requested for office space and EDP equipment for increased staffing levels. An estimated \$9.7 million is required for fitting-out new leased office space, relocating personnel and equipment to that space, renovating vacated office space at headquarters, and for EDP equipment. Of that amount, an estimated \$3.7 million is needed in connection with the relocation of part of the Bureau of Computing Services to 2121 K Street, and \$6.0 million is needed for staffing increases proposed in the FY 1993 supplementary budget request. Table 9 summarizes the supplemental increases.

Table 9. Proposed Supplementary Capital Budget Increases

(In millions of U.S. dollars)

Budget Category	Approved Budget	Midyear Request			Proposed Revised Budget
		BCS Move	New Staff	Total	
<u>FY 1993 Capital Budget</u>					
I. Building Space Facilities					
Headquarters	1.0	--	--	--	1.0
Other locations	0.2	--	--	--	0.2
II. EDP Equipment	<u>6.3</u>	<u>0.7</u>	<u>0.9</u>	<u>1.6</u>	<u>7.9</u>
Total FY 1993 project budgets	7.5	0.7	0.9	1.6	9.1
<u>FY 1992 Capital Budget</u>					
I. Building Space Facilities					
Headquarters	17.4	--	1.8	1.8	19.2
Other locations	9.5	3.0	3.3	6.3	15.8
II. EDP Equipment	<u>1.2</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1.2</u>
Total FY 1992 project budgets	28.1	3.0	5.1	8.1	36.2
Total FY 1992-FY 1993 funding	35.6	3.7	6.0	9.7	45.3

As indicated in Table 9, revisions are proposed in both the FY 1992 and FY 1993 Capital Budgets. Revisions to the office space facilities, i.e., the fit-out of leased space (\$6.3 million) and renovations of vacated space at headquarters (\$1.8 million), are proposed as an expansion of existing projects begun in FY 1992. The EDP equipment budget estimates of \$1.6 million are proposed in the FY 1993 Capital Budget since that project provides for bulk purchases of equipment for FY 1993. 1/

1/ In some instances, purchases scheduled for one year may carry over into the subsequent year.

### Relocation of Bureau of Computing Services

The FY 1992 Capital Budget for fitting-out leased space at International Square assumed that all space outside of headquarters would be located at International Square. However, the urgent need to provide space for new staff recruited by departments that are remaining at the headquarters building required an acceleration in the transfer of staff to outside leased space. Temporary space has been found at 2112 K Street and a large component of BCS will be moved to that location in the next few months. Supplemental funds will be needed to provide for the cost of this move.

The fit-out of four floors and approximately 67,000 square feet of space at 2121 K Street will take place over two years at a cost of some \$3.0 million. Included in this estimate are expenses for space planning (\$0.2 million), architectural and engineering drawings and design services (\$0.3 million), construction (\$2.1 million), furnishings/wiring/moves 1/ (\$1.6 million), and contingencies (\$0.2 million). These costs will be offset, in part, by the cash allowances negotiated from the lessor in the amount of \$1.4 million. It should be noted that because of the immediate need for space at headquarters, the space at headquarters vacated by BCS will not be renovated in FY 1993. Funds for renovating that space will be proposed at a later date.

The purchase and installation of network and other EDP equipment at that site is estimated to cost \$0.7 million overall. Within that budget, provisions have been made for installing network equipment that will provide effective EDP support and communications between the three Fund locations, 2/ upgraded microcomputers for BCS staff, and high speed printers.

### Office Space and Equipment for New Staff

Increases in staffing levels will require increases in office space and EDP equipment. The capital budget provides funds for the purchase of EDP equipment, fitting-out new leased office space, relocating personnel and equipment, and renovations to vacated space at headquarters.

EDP equipment for new staff and expansion of the network are estimated to cost \$0.9 million. Equipment provided in this budget includes microcomputers, printers, network file and print servers and other devices.

Assuming additional leased space can be acquired at International Square, fit-out costs for the new staffing proposals are estimated at \$3.3 million. Using the Fund's office space standards, and allowing for factors such as the need to avoid splitting organizational units, it is

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1/ Including fiber optic links between buildings.

2/ Headquarters, International Square, and 2121 K Street.

anticipated that approximately 56,000 square feet of leased space will be needed for the proposed increase in staffing proposed in the FY 1993 supplementary budget. The capital cost of fitting-out that space (approximately \$60 per square foot) provides for space planning, architectural and engineering and design services, construction, furnishings, wiring, moves, a small contingency, and an assumed cash allowance that would need to be negotiated with the lessor. More precise cost estimates will be available once the leased space has been acquired, and the decision on which units will be relocated has been finalized.

At headquarters, it is estimated that \$1.8 million will be needed for the renovation of space that is to be vacated by organizational units transferred to leased space. This estimate has been prepared using office space standards, historical cost experience, and adjustments to accommodate the ripple effect of renovating and moving units throughout the building in order to realign the departmental space allocations.

