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**IMMEDIATE
ATTENTION**

EBAP/87/283

December 23, 1987

To: Members of the Executive Board
From: The Secretary
Subject: Staff Travel Allowances

The Committee on Administrative Policies has considered the attached paper and recommendations relating to staff travel allowances.

In the absence of objection by the close of business on Wednesday, December 30, 1987, the draft decision that appears on pages 5 and 6 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter. In accordance with established practice, paragraph (e) of the draft decision will not be implemented until the Executive Board of the World Bank has acted on a proposal for a similar change, which action is expected in the course of January 1988.

Mr. L. Wolfe (ext. 7502) or Mr. H. Wiesner (ext. 8241) is available to answer technical or factual questions relating to this paper prior.

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INTERNATIONAL MONETARY FUND

Staff Travel Allowances

Prepared by the Administration Department

December 22, 1987

1. Staff members travelling at the Fund's expense (business and benefit travel) are entitled to a travel allowance to cover personal expenses of the traveler. These allowances, which include charges for lodging, meals, etc., have been revised from time to time to ensure the adequacy of the allowances. During the 1970s, the allowances were reviewed annually, but with the slowdown in the rate of inflation and the strengthening of the U.S. dollar in the early 1980s, annual reviews were not required. During the last two years, however, the allowances established in 1983 have become increasingly insufficient in many countries. Accordingly, a review of the current allowances has been conducted and based on its conclusions, a new schedule of allowances is now proposed for consideration by the Committee on Administrative Policies.

I. Current Allowance System and Possible Alternatives

2. The present per night allowance consists of a standard hotel rate and a subsistence rate for each country. The current allowances, which became effective on January 1, 1983, are presented in a five-tier system as shown in Table 1.

Table 1. Current Travel Allowances

(Effective January 1, 1983)

Tier	Number of Countries	Hotel Rates	Subsistence Rates	Total Allowances
(U.S. dollars per night)				
1	30	45	40	85
2	57	50	45	95
3	42	60	50	110
4	15	70	55	125
5	16	75	60	135

At that time, the hotel rates were left basically unchanged at the 1981 level while the subsistence rates were increased by an average of 8 percent, based on World Bank data. It should be noted that hotel rates are intended to serve as an incentive to encourage staff members to choose reasonably priced hotels, particularly in cities where a considerable range of hotel accommodations exists. Staff continued to have the option of claiming reimbursement of actual hotel expense plus the standard subsistence allowance (or more if justified by adequate documentation) whenever the applicable allowance proved to be inadequate.

3. As part of the current review of the adequacy of these allowances, three approaches were considered. These were: (i) to reimburse the hotel cost on an actual expense basis; (ii) to introduce a separate per night allowance for each country; and (iii) to retain the present tier system. Given that the first two approaches would lead to requests for additional resources as a result of increased work load in processing travel claims, as well as maintaining an individual rate structure that would require more frequent adjustments as is the case for the systems of the United Nations and the U.S. Department of State, it was decided that neither approach would be a cost-effective alternative. Accordingly, it is proposed to continue with the present five-tier system.

II. Hotel and Subsistence Allowances

4. The principle of setting the hotel allowance to provide staff with an incentive to use less expensive accommodations, and thus reduce expenditures, has been effective and is retained in the proposed rates. Based on actual expense data, the hotel rates would be set at \$45, \$55, \$60, \$75, and \$85, respectively. Staff members who choose hotel accommodation, the cost of which is below the standard hotel rate, would continue to receive the standard rate; in all other cases, payments would be made on the basis of the actual hotel room cost.

5. To ensure that overly expensive hotels will not be used, the Administration Department will continue the practice of questioning requests for reservations at unnecessarily expensive hotels, e.g., hotels that clearly fall outside the normal limits, and would also monitor actual hotel expenses as reported by Fund staff in their travel claims. To guide staff and, at the same time control costs, the Transportation Section maintains a list of reasonably priced hotels for some 40-45 countries where there is a range of hotels available. Efforts to expand the list of individual or chain hotels with which the Fund has preferred or corporate rates would also continue.

6. The principle adopted in 1982 of using the World Bank experience to set the daily subsistence allowance has been followed in this review. This is consistent with the suggestion of several Executive Directors

that the rates should be calculated using independent (non-Fund) data. The World Bank information covers virtually all of the countries visited by Fund staff, subsistence costs are separately identified, and the standard of accommodation used by the staff of the World Bank is similar to that used by the Fund's staff. When required, data from the United Nations and the U.S. Department of State have been used to supplement the available World Bank information.

7. Based on the World Bank data for the period January-April 1987, adjusted upward, where necessary, to allow for further declines in the purchasing power of the U.S. dollar since then, subsistence rates would be set at \$40, \$45, \$55, \$65, and \$75. The proposed subsistence rates are a weighted increase of approximately 15 percent above the current rates. Should the proposed rates prove to be inadequate for some countries, travel claims listing actual expenses (supported by adequate documentation) would continue to be reimbursed. An additional allowance of \$5 per day over the otherwise applicable allowance is currently paid to department heads and heads of missions at the mission site. It is proposed to increase this allowance to \$7 per day.

8. Table 2 shows the proposed hotel and subsistence rates for each of the five tiers; an alphabetical listing for all countries by area department is contained in Attachment I. Of the 160 countries covered, the per night allowances (hotel and subsistence) would be raised for 129 countries (80 percent), lowered for 17 countries (11 percent), and remain at the present level for 14 countries (9 percent).

Table 2. Proposed Travel Allowances

Tier	Number of Countries	Hotel Rates	Subsistence Rates	Total Allowances
(U.S. dollars per night)				
1	24	45	40	85
2	45	55	45	100
3	32	60	55	115
4	33	75	65	140
5	26	85	75	160

III. Special City Rates

9. During the period 1973-1979, special city rates were in effect for seven high-cost destinations: Brussels, Geneva, London, New York, Paris, Rome, and Tokyo. It is proposed to re-establish special subsistence rates for two high-cost cities--Paris and Tokyo--which are frequently visited by Fund staff in the course of business travel and where expenses have risen particularly sharply. The proposed subsistence rates for Paris and Tokyo would be \$85 and \$130, respectively; these rates are based on the experience of Fund staff taking into account most recent changes in prices and exchange rates. The rates are rounded to the nearest \$5 and would be adjusted from time to time to reflect changes in exchange rates and prices. The special city rates would apply only if hotel accommodations are used; otherwise, the standard rates would be paid. Furthermore, the special city rates would apply only to business travel, and not to benefit travel.

IV. In-And-Out Allowance

10. This allowance covers transportation to and from the airport, portage, and airport taxes. It was raised from \$28 to \$30 effective January 1, 1983. In view of higher city transportation costs, particularly in the major transit countries, and continual increases in departure taxes, it is proposed to increase this allowance to \$40. In those cases where the standard in-and-out allowance proves to be insufficient, reimbursement would continue to be made on the basis of actual in-and-out expenses for the entire round trip upon submission of documentary evidence. The allowance for one-day trips will be increased to \$35.

V. Lump Sum Allowance

11. A lump sum allowance of \$165 is currently paid in lieu of hotel, subsistence, and in-and-out expenses for travel costs at official stopovers en route from Washington to the first official destination and en route from the last official destination to Washington. It is proposed that the new lump sum allowance be raised to \$210, based on the average cost of hotel accommodations in several major stopover cities (\$170 for the per night allowance and \$40 for the in-and-out allowance). The lump sum allowance would continue to be paid only for authorized stopovers that are actually taken. If the hotel is paid by the airline, which the staff member is required to indicate on the travel claim, the allowance would be reduced accordingly. When overnight flights are used on the regular, most direct route and subsistence expenses are incurred, a reduced per night allowance of \$60 would be paid. In unusual cases where the lump sum of \$210 is clearly inadequate, actual costs would be reimbursed upon submission of adequately documented expenses incurred on both the initial and return legs of the journey.

VI. Home Leave Allowance

12. The present formula for the adjustment of the home leave allowance requires that the allowance be adjusted by the weighted percentage increase in daily subsistence rates; on this basis, the allowance would need to be raised by 15 percent, which, rounded to the nearest \$10, would yield the following adjustments:

Staff member	\$860 to \$990
Spouse and each dependent child	\$430 to \$490

It is understood that the World Bank will be presenting a similar proposal to their Executive Board in the near future.

VII. Draft Decision

13. The following draft decision is proposed for adoption by the Executive Board:

Effective for all staff travel commencing on or after January 1, 1988:

(a) The revised rates under the five-tier system of travel allowances will be as follows:

<u>Standard Rates</u>		
<u>Hotel</u>	<u>Subsistence</u>	<u>Total</u>
\$45	\$40	\$ 85
55	45	100
60	55	115
75	65	140
85	75	160

The tier which applies for each country is shown in Attachment I. In cases where the actual hotel bill, as presented, exceeds the hotel rate, settlement will be made on the basis of actual hotel expenses. Similarly, in cases where the proposed subsistence rates prove to be inadequate, travel claims supported with adequate documentation will be reimbursed on an actual expense basis.

(b) Special subsistence allowances will apply for Paris and Tokyo. These allowances are:

Paris	\$ 85
Tokyo	\$130

The allowances are applicable only to business travel and when hotel accommodations are used. Management is authorized to adjust these rates, or add further cities, as required to reflect changes in subsistence costs.

(c) The in-and-out allowance will be raised to \$40 and the one-day trip allowance to \$35.

(d) The lump sum allowance will be raised to \$210 for each authorized stopover en route from Washington to the first official destination and en route from the last official destination to Washington. The lump sum will only be paid for authorized stopovers when there is specific evidence that they have been taken. The allowance will be reduced in the event the airline pays for the hotel room. Where overnight flights are required on the regular, most direct route, a daily subsistence allowance of \$60 will be paid to meet subsistence expenses the following day. When the lump sum is clearly and grossly inadequate, actual expenses will be reimbursed on the basis of an adequately documented list of all expenses incurred during travel from and to Washington.

(e) The home leave allowance will be raised to \$990 for a staff member and \$490 for a spouse and each dependent child.

(f) The additional allowance for department heads and heads of missions at the mission site will be raised to \$7 per day.

Attachment (1)

AFRICAN DEPARTMENT TRAVEL ALLOWANCES
(In U.S. dollars)

	HOTEL	45	55	60	75	85
	SUBSISTENCE	40	45	55	65	75
COUNTRY	TOTAL	85	100	115	140	160
* ALGERIA					1	
* ANGOLA					1	
* BENIN				1		
BOTSWANA		1				
* BURKINA FASO					1	
** BURUNDI				1		
* CAMEROON						1
** CAPE VERDE		1				
* CENTRAL AFRICAN REP.					1	
* CHAD					1	
* COMOROS					1	
* CONGO						1
* COTE D'IVOIRE						1
* DJIBOUTI					1	
* EQUATORIAL GUINEA			1			
* ETHIOPIA			1			
* GABON						1
* GAMBIA			1			
** GHANA		1				
* GUINEA					1	
* GUINEA-BISSAU			1			
* KENYA			1			
LESOTHO		1				
* LIBERIA				1		
* MADAGASCAR			1			
MALAWI		1				
* MALI						1
** MAURITANIA			1			
* MAURITIUS			1			
* MOROCCO			1			
** MOZAMBIQUE			1			
* NIGER						1
** NIGERIA			1			
* RWANDA					1	
* SAO TOME & PRIN.				1		
* SENEGAL						1
* SEYCHELLES					1	
* SIERRA LEONE						1
SOMALIA		1				
SWAZILAND		1				
** TANZANIA		1				
* TOGO					1	
* TUNISIA			1			
* UGANDA					1	
* ZAIRE						1
** ZAMBIA		1				
ZIMBABWE		1				
47		10	12	4	12	9

*Per night allowances being raised.

**Per night allowances being lowered.

ATTACHMENT I-2

ASIAN DEPARTMENT TRAVEL ALLOWANCES
(In U.S. dollars)

	HOTEL	45	55	60	75	85
	SUBSISTENCE	40	45	55	65	75
		----	----	----	----	----
COUNTRY	TOTAL	85	100	115	140	160

* BANGLADESH			1			
BHUTAN		1				
* BURMA			1			
* CHINA				1		
* FIJI				1		
* HONG KONG					1	
* INDIA				1		
* INDONESIA				1		
* JAPAN						1
KAMPUCHEA		1				
* KIRIBATI			1			
* KOREA				1		
LAO, PDR		1				
* MALAYSIA			1			
** MALDIVES		1				
MICRONESIA		1				
NEPAL		1				
* PAPUA NEW GUINEA					1	
* PHILIPPINES			1			
* SINGAPORE				1		
** SOLOMON ISLANDS		1				
* SRI LANKA			1			
* THAILAND				1		
** TONGA		1				
VIETNAM		1				
* VANUATU				1		
** WESTERN SAMOA		1				

27		10	6	8	2	1

*Per night allowances being raised.

**Per night allowances being lowered.

EUROPEAN DEPARTMENT TRAVEL ALLOWANCES
(In U.S. dollars)

	HOTEL	45	55	60	75	85
	SUBSISTENCE	40	45	55	65	75
		----	----	----	----	----
COUNTRY	TOTAL	85	100	115	140	160

* AUSTRALIA					1	
* AUSTRIA					1	
* BELGIUM						1
* CYPRUS				1		
* CZECHOSLOVAKIA		1				
* DENMARK						1
* FINLAND						1
* FRANCE						1
* GERMANY						1
* GREECE				1		
* HUNGARY				1		
* ICELAND						1
* IRELAND					1	
* ISRAEL				1		
* ITALY						1
* LUXEMBOURG						1
* MALTA				1		
* NETHERLANDS						1
* NETHERLANDS ANTILLES				1		
* NEW ZEALAND				1		
* NORWAY						1
* POLAND			1			
* PORTUGAL				1		
* ROMANIA				1		
* SOUTH AFRICA			1			
* SPAIN						1
* SWEDEN						1
* SWITZERLAND						1
* TURKEY			1			
* UNITED KINGDOM						1
* YUGOSLAVIA			1			

31		1	5	8	3	14

*Per night allowances being raised.

ATTACHMENT I-4

MIDDLE EASTERN DEPARTMENT TRAVEL ALLOWANCES
(In U.S. dollars)

	HOTEL	45	55	60	75	85
	SUBSISTENCE	40	45	55	65	75
COUNTRY	TOTAL	85	100	115	140	160
* AFGHANISTAN			1			
* BAHRAIN					1	
* EGYPT			1			
* IRAN					1	
* IRAQ					1	
* JORDAN				1		
* KUWAIT						1
** LEBANON			1			
* LIBYA				1		
* OMAN					1	
* PAKISTAN			1			
* QATAR					1	
* SAUDI ARABIA					1	
* SUDAN					1	
* SYRIA					1	
* UNITED ARAB EMIRATES						1
* YEMEN ARAB REPUBLIC					1	
* YEMEN, PDR				1		
18		0	4	3	9	2

*Per night allowances being raised.

**Per night allowances being lowered.

ATTACHMENT I-5

WESTERN HEMISPHERE DEPARTMENT TRAVEL ALLOWANCES
(In U.S. dollars)

	HOTEL	45	55	60	75	85
	SUBSISTENCE	40	45	55	65	75
		----	----	----	----	----
COUNTRY	TOTAL	85	100	115	140	160

* ANTIGUA & BARBUDA					1	
** ARGENTINA			1			
* BAHAMAS						1
* BARBADOS					1	
* BELIZE				1		
* BERMUDA					1	
* BOLIVIA			1			
* BRAZIL				1		
* CANADA				1		
** CHILE			1			
* COLOMBIA			1			
* COSTA RICA			1			
* DOMINICA			1			
* DOMINICAN REPUBLIC			1			
ECUADOR	1					
* EL SALVADOR			1			
* GRENADA				1		
* GUATEMALA			1			
* GUYANA				1		
* HAITI			1			
* HONDURAS			1			
* JAMAICA				1		
* MARTINIQUE					1	
* MEXICO			1			
* MONTSERRAT			1			
* NICARAGUA			1			
* PANAMA			1			
* PARAGUAY			1			
* PERU			1			
* ST. KITTS				1		
* ST. LUCIA			1			
* ST. VINCENT					1	
* SURINAME				1		
* TRINIDAD & TOBAGO			1			
* UNITED STATES					1	
** URUGUAY	1					
** VENEZUELA	1					

37		3	19	8	6	1

*Per night allowances being raised.
**Per night allowances being lowered.

