

Report of the International Civil Service Commission

Report by the Secretariat

1. Under its Statute,¹ the International Civil Service Commission is required to submit to the United Nations General Assembly an annual report that is transmitted to the governing bodies of the organizations of the United Nations system through their executive heads.
2. The Director-General submits to the Executive Board herewith the thirty-ninth annual report of the Commission.² The report is scheduled to be considered in December 2013 by the United Nations General Assembly at its sixty-eighth session. Decisions expected to be taken by the United Nations General Assembly on the Commission's recommendations that require a revision of WHO's Staff Rules are reported separately to the Board.³ The subjects covered are the remuneration of staff members in the professional and higher categories and a special education grant measure for three English curriculum schools in Brussels.
3. The main elements of the Commission's report are summarized below.

CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES OF STAFF

Review of the common system compensation package

4. At its seventy-sixth session, the Commission, in accordance with its decision to include the matter in its programme of work for 2013–2014, commenced a review of the common system compensation package. The Commission was provided with an overview of the elements of the present compensation system, along with their rationale and basis for payment, to assist in its consideration of the issue.
5. At its seventy-seventh session, the Commission continued its review of the United Nations compensation package and had before it three documents prepared by its secretariat, which:

¹ International Civil Service Commission: Statute and Rules of Procedure. New York: United Nations; 1987 (document ICSC/1/Rev.1), Article 17.

² General Assembly Official Records, Sixty-eighth Session: Supplement No.30 (document A/68/30) (copies available in the meeting room).

³ Document EB134/51.

(a) highlighted the role of the compensation philosophy as the basis for structuring pay for the common system within the Commission's framework for human resources management, including the performance management framework;

(b) explored external practices and typical approaches to constructing expatriate pay packages and the current trends in expatriate compensation, outlining the compensation packages of selected national and international organizations; and

(c) examined the applicability of those trends and practices to the common system.

6. The Commission considered the progress made so far in carrying out the work, as well as a plan for advancing the compensation review.

7. Following discussions on the subject, it was agreed that the underlying philosophy of the compensation package should be grounded in the principles emanating from the provisions of Article 101 of the Charter of the United Nations, namely, the independence of the international civil service and the need for organizations to recruit staff with the highest standards of efficiency, competence and integrity, with due regard for geographical distribution and gender balance.

8. It was observed that, since compensation was a major vehicle for motivating and engaging staff, it played a significant role in aligning staff behaviours and in sending a consistent message about what was valued within the common system. Therefore, designing a remuneration system that would reflect and promote the values of the common system was a major challenge for the future. Reflecting organizational values and their underlying principles, such as actual and perceived fairness, transparency, and a trusting and enabling working environment, could best be achieved by establishing a linkage with the frameworks for human resources management and performance management at the beginning of the review process.

9. **Review outline and modalities for further activities.** The Commission considered it appropriate to summarize and complement the outline and modalities in the following mission statement.

- The objective of the review of the common system compensation package is to ensure the continued ability of the organizations to effectively deliver their respective mandates on the basis of the guiding principles and provisions of the Charter of the United Nations and within the framework of the common system.
- The review aims at a compensation system that, without prejudice to the overall cohesion of the common system, will provide the organizations with a degree of flexibility in applying the compensation package. Compensation should attract and retain the best combination of talents, competencies and diversity. The revised system should also promote excellence and recognize performance.
- The review should focus on the creation of a coherent and integrated system that is streamlined, transparent and cost-effective. Allowances would be targeted to drive organizational excellence through motivation and engagement of staff. Further, the revised system would allow Member States, organizations and staff to understand the structure, processes and outcomes. Finally, the revised system would offer the stability and predictability necessary for cohesion with the programming and budgeting process.

- [The Commission], as requested by the United Nations General Assembly in its resolution 67/257, in undertaking the review, shall bear in mind the financial situation of the organizations participating in the common system and their capacity to attract a competitive workforce.

10. The Commission agreed that detailed consideration and analysis of issues associated with the modalities should be implemented by working groups composed of members of the Commission, with full participation of the organizations and staff representatives. The Commission:

- (a) took note of the information on external expatriate pay practices, on the understanding that it would be used as reference material at the design stage of a revised system;
- (b) endorsed the review outline and modalities for further activities as stated in paragraphs 48 to 54 of its report;¹
- (c) decided to establish three working groups to consider the following themes:
 - (i) remuneration structure;
 - (ii) competitiveness and sustainability; and
 - (iii) performance incentives and other human resources issues.

Mandatory age of separation

11. At its seventy-fifth session, the Commission reviewed the mandatory age of separation within the United Nations common system, currently set at 60 years for staff members who joined the Pension Fund prior to 1 January 1990 and 62 for staff members who joined on or after that date, and decided to support the recommendation of the United Nations Joint Staff Pension Board that the mandatory age of separation should be raised to 65 years for new staff in member organizations of the Pension Fund, to be effective no later than 1 January 2014.

12. The Commission further requested its secretariat to work with organizations and staff representatives to prepare a strategic review of the implications of applying the increased mandatory age of separation to current staff members. In its resolution 67/257, the General Assembly endorsed the Commission's decision and welcomed the strategic review.

13. At the seventy-seventh session, the Commission's secretariat presented a document that provided a historical perspective on retirement practices in some Member States and which stated that there was a global trend to increase the age of retirement. In addition, the document highlighted recommendations from some United Nations entities² that encouraged the continued employment of older persons.

¹ These paragraphs state that in reviewing the compensation package, the financial situation of the organizations of the common system should be taken into account – as requested in United Nations General Assembly resolution 67/257 and by the governing bodies of some organizations – as well as the attributes and goals endorsed at the previous session. They also define the constitution of the working groups and their *modus operandi*.

² International Labour Organization General Conference recommendation N°162 (1980) and the United Nations Second World Assembly on Ageing (2002).

14. Having thoroughly discussed the viewpoints expressed by the human resources network and staff representatives, the Commission decided to recommend to the General Assembly that it raise the mandatory age of separation to 65 years for current staff members. However, in order to allow organizations time to implement the change, the Commission decided that the effective date would be 1 January 2016, on the understanding that the decision would have no effect on the acquired rights of current staff.

CONDITIONS OF SERVICE OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES

Base/floor salary scale

15. The Commission was informed that the pay freeze of the comparator civil service, originally introduced with effect from 1 January 2011 to 31 December 2012, had been extended to 31 December 2013. As a result, the gross levels of the General Schedule of the comparator had not changed since 2010. However, slight changes in the federal tax schedule had occurred as of 1 January 2013, reflecting a revision to the tax rate schedule and amounts of personal exemptions and standard deductions. Therefore, despite the pay freeze, the aforementioned tax-related changes had resulted in an increase of 0.19%, in net terms, in the reference comparator pay level compared with the net base salaries of United Nations officials at the midpoint of the salary scale effective 1 January 2012. The increase included the increase of 0.12% previously recommended by the Commission as of 1 January 2013, on which the General Assembly had not taken action (resolution 67/257, section B).

16. The Commission decided to recommend to the General Assembly for approval, with effect from 1 January 2014, the revised base/floor salary scale for the professional and higher categories as shown in Annex III to its report, reflecting a 0.19% adjustment implemented by increasing the base salary and commensurately reducing post adjustment multiplier points, on a “no loss, no gain” basis.

Evolution of the United Nations/United States net remuneration margin

17. Under a standing mandate from the General Assembly, the Commission continued to review the relationship between the net remuneration of United Nations officials in the Professional and higher categories in New York and that of the United States federal civil service officials in comparable positions in Washington, D.C. (“the margin”).

18. The Commission was informed and decided to report to the General Assembly that the margin for 2013 amounted to 119.6 and its five-year average (2009–2013) to 115.7, which was above the desirable midpoint of 115.

19. The Commission decided:

(a) to keep the matter under review; and

(b) to inform the General Assembly that the Commission would need to implement, in February 2014, the margin management procedures approved by the General Assembly in its resolution 46/191, section IV.

Children's and secondary dependants' allowances: review of the methodology

20. The Commission was of the view that the concerns it had expressed at the biennial review about the methodology for determining the levels of children's and secondary dependants' allowances for staff in the professional and higher categories in 2012 should be dealt with in a comprehensive manner. It therefore noted that the upcoming review of the common system compensation package would examine in a holistic way the various allowances and benefits, including those for dependants.

21. The Commission decided:

- (a) to take note of the study by its secretariat on the methodology to determine children's and secondary dependants' allowances;
- (b) to use the weighted average of the eight headquarters duty stations and the general trend in growth rates of child benefits as factors for adjusting the allowance;
- (c) to inform the General Assembly that it would keep the methodology under consideration within the framework of the broader review of the common system compensation package; and
- (d) to recommend to the General Assembly that the current levels of the children's and secondary dependants' allowances be maintained.

Education grant special measures: Belgium and Morocco

22. The human resources network of the United Nations system Chief Executives Board requested the Commission to consider introducing special measures in relation to the education grant in Belgium and Morocco.

23. In the case of Belgium, tuition fees at the only three schools with an English curriculum in Brussels, which were the only options available to English-speaking families of the common system staff, were more than double the maximum admissible expenses applicable to the country.

24. In the case of Morocco, a staff member whose four children were enrolled in the only English-language school in Rabat had to cover almost 50% of the education costs.

25. The Commission recommended to the General Assembly that a special education grant measure, which allowed reimbursement of education-related expenses up to the maximum established for the United States dollar inside the United States zone should be introduced for three English-curriculum schools in Brussels, namely, the International School of Brussels, the British School of Brussels and St. John's International School, as from the academic year in progress on 1 January 2013.

26. The Commission decided that in the case of Morocco no special measure was required, as a procedure for the reimbursement of capital assessment fees had been approved by the Commission in 1997.

Post adjustment matters: report of the Advisory Committee on Post Adjustment Questions on its thirty-fifth session

27. Pursuant to Article 11 of its Statute, the Commission continued to keep under review the operation of the post adjustment system, and in that context considered the report of the Advisory

Committee on Post Adjustment Questions on the work of its thirty-fifth session. The session was convened in response to a request by the Commission for the Advisory Committee to undertake a number of methodological studies pertaining to the 2015 round of cost-of-living surveys.

28. The Commission decided:

- (a) to take note of the report of the Advisory Committee on Post Adjustment Questions on its thirty-fifth session;
- (b) to revert to the issues raised in the context of the comprehensive review of the compensation package; and
- (c) that the operation of the post adjustment system should be included in the comprehensive review of the compensation package and the work programme of the Advisory Committee should be adjusted accordingly.

Enlargement of the European Union: implications for the operation of the mobility and hardship scheme and the post adjustment system (Croatia)

29. The Commission considered a note by its secretariat on the implications for the post adjustment and hardship classification of Croatia as a duty station following the enlargement of the European Union to include that country as of 1 July 2013. The main differences in the post adjustment methodology and operational rules between group I and group II duty stations were highlighted and the Commission was requested to decide on the post adjustment and hardship classification procedures to be applied to Croatia once it joined the European Union. The Commission decided that:

- (a) for post adjustment purposes, Croatia, on joining the European Union on 1 July 2013, should be considered a group I duty station, starting with the implementation of a new place-to-place survey;
- (b) a new place-to-place survey should be scheduled and conducted in 2013 for Croatia and the cost-of-living data should be processed using the methodology for group I duty stations under the existing operational rules and procedures;
- (c) all organizations based in Croatia should pay the salaries of staff in the professional and higher categories in the local currency, starting with the implementation of the new place-to-place survey;
- (d) a modification of the rental subsidy scheme corresponding to group I duty stations should be introduced at the time of the implementation of the new place-to-place survey; and
- (e) the classification of duty stations in Croatia should be changed from A to H under the mobility and hardship scheme, with effect from 1 January 2014, pending the review of all category H duty stations.

CONDITIONS OF SERVICE OF GENERAL SERVICE AND OTHER LOCALLY RECRUITED STAFF

Surveys of best prevailing conditions of employment in Paris

30. Using survey methodology I for ascertaining the best prevailing conditions of employment of general service and other locally recruited staff at headquarters and similar duty stations, the Commission conducted a survey in Paris with a reference date of September 2012. The new net salary scale and levels of dependency allowances recommended by the Commission to the executive heads of the organizations based in Paris are reproduced in Annex V to the Commission's report. The recommended salary scale is 2.19% lower than the salary scale in effect in October 2011. The recommended salary scale, effective 1 September 2012, was implemented only with respect to staff recruited on or after 1 May 2013.

Survey of best prevailing conditions of employment in Montreal

31. Using survey methodology I for ascertaining the best prevailing conditions of employment of General Service and other locally recruited staff at headquarters and similar duty stations, the Commission conducted a survey in Montreal with a reference date of 1 April 2013. The revised net salary scale and levels of dependency allowances recommended by the Commission to the executive heads of organizations based in Montreal are reproduced in Annex VI to the Commission's report. The revised salary scale is 1.22% higher than the existing salary scale in Montreal. The recommended salary scale is effective 1 April 2013.

CONDITIONS OF SERVICE IN THE FIELD

Security evacuation allowance: guidelines

32. At its seventy-fifth session, the Commission approved the security evacuation allowance and agreed on a global amount of US\$ 200 per day. The current guidelines were issued in 2011 by the organizations concerned and are contained in the United Nations Security Management System Security Policy Manual. Given the Commission's responsibility for regulating the security evacuation allowance, it wished to formalize the guidelines for the allowance in a Commission document. It therefore requested its secretariat to prepare a document outlining the guiding principles, scope, applicability, eligibility and related procedures for the security evacuation allowance for approval by the Commission at its seventy-seventh session.

33. The Commission decided:

- (a) to approve the security evacuation allowance text on the scope, applicability, eligibility and related procedures contained in Annex VII to its report; and
- (b) to request its secretariat to inform the Department of Safety and Security that the scope, applicability, eligibility and related procedures for the security evacuation allowance would be regulated by the Commission.

ACTION BY THE EXECUTIVE BOARD

34. The Board is invited to take note of the report.

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