

Report of the International Civil Service Commission

Report by the Director-General

1. Under its statute,¹ the International Civil Service Commission is required to submit to the United Nations General Assembly an annual report for transmission to the governing bodies of the organizations of the United Nations system through their executive heads.

2. The Director-General submits to the Health Assembly herewith the report of the Commission for 2017.² The report was considered in December 2017 by the General Assembly at its Seventy-second session. Decisions taken by the General Assembly on the Commission's recommendations that will require a revision of WHO's Staff Rules have already been reported separately to the Executive Board.³ The present report contains a summary by the Secretariat of other decisions taken by the Commission in 2017. An earlier version of this report was considered by the Programme, Budget and Administration Committee of the Executive Board at its twenty-seventh meeting;⁴ the Committee's report on its discussions was then considered and noted by the Executive Board at its 142nd session.⁵

CHAPTER II OF THE COMMISSION'S REPORT

REPORTING AND MONITORING

Resolutions and decisions adopted by the General Assembly at its seventy-first session relating to the work of the Commission

3. The Commission considered a note by its secretariat on resolutions and decisions adopted by the General Assembly relating to the work of the Commission.

¹ International Civil Service Commission: Statute and Rules of Procedure. New York: United Nations; 1987, document ICSC/1/Rev.1, Article 17 (<https://icsc.un.org/resources/pdfs/general/statute1.pdf>, accessed 16 March 2018).

² General Assembly Official Records, Seventy-second session: Supplement No. 30, document A/72/30, (<https://icsc.un.org/resources/pdfs/ar/AR2017.pdf>, accessed 16 March 2018).

³ Document EB142/38.

⁴ Document EBPBAC27/5.

⁵ Document EB142/25.

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4. The Commission decided to underscore the need for organizations of the United Nations common system to implement decisions of the General Assembly and the Commission in a timely manner and in full compliance; to request common system organizations that had not yet done so to take appropriate measures to implement the mandatory age of separation of 65 for staff who had joined before 1 January 2014; and to instruct its secretariat to produce an annual report on the implementation of decisions and recommendations, which would also provide more timely reporting to the General Assembly on the actions of common system organizations with regard to implementation.

CHAPTER III OF THE COMMISSION'S REPORT

CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES OF STAFF

Use of categories of staff, including general service, national professional officer and field service (review of the compensation package for locally recruited staff); working group report

5. At its eighty-fourth session, the Commission considered the use of the following categories of staff: national professional officer, general service and field service. In consultation with the Commission's secretariat and common system organizations, a list of issues pertaining to the three categories was raised for further consideration. In addition, the Commission reviewed the results of the study conducted by an external consultant comparing the job classification standards for the different categories. The Commission also considered a study on the external practices of other international organizations with regard to the use of local and expatriate staff.

6. Following the review, the Commission decided to establish a working group to further study issues pertaining to the ongoing review.

7. Based on the study conducted by the working group, the Commission recognized the need for some flexibility in the employment of national professional officers and agreed on a set of guidelines for common system organizations using the category which would reflect the norm rather than being overly prescriptive (the guidelines are set out in Annex II of the Commission's report).

8. With regard to the general service category, the working group concluded that, according to the available information, there did not appear to be any indication of a major shift in the nature of the work carried out within the category.

9. With regard to the field service category,¹ the Commission agreed that the recommendations of the working group addressed the broad issues. The Commission therefore supported the criteria governing the use of that category as proposed by the working group.

¹ Not applicable to WHO.

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10. The Commission decided to recommend to the General Assembly the guidelines for the use of the national professional officer category, as set out in Annex II; and to recommend to the Secretary-General that the general service and professional job classification standards approved by the Commission should be used for grading jobs in the field service category; that the United Nations and organizations of the common system using the field service salary scale should confirm, in consultation with the Commission's secretariat, the correspondence between the field service grades and the general service and professional grades; and that the criteria for using the field service category in any function and grade level, as shown in Annex III, should be adopted.¹ The Commission further decided to request its secretariat to seek information on the level of implementation of the global classification standard for the general service category within common system organizations, and to submit the information to its eighty-seventh session.

Study on performance management and proposals on performance incentives

11. The Commission had been requested by the General Assembly, in its resolution 70/244 (2015), to conduct studies on the performance management schemes employed in common system organizations and on the budgetary and administrative arrangements needed for establishing a cash reward system. While the secretariat concluded that no major changes had occurred in the area of performance recognition and rewards, it proposed two revisions to the recognition and awards framework aimed at reintroducing an overall budgetary cap on the schemes and individual cash awards. It was recalled during the discussion that the slowing down of step increments was intended to provide funds for performance awards, and that interest in the subject on the part of common system organizations was growing. The mandates of certain organizations might accommodate the pay for performance concept, while the nature of the work performed by others might suit team and individual rewards. There had been general agreement that it would not be desirable for all common system organizations to implement cash reward programmes.

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12. The Commission decided to reaffirm its earlier recommendation to the General Assembly on the proposed principles and guidelines on performance appraisal and management when recognizing different levels of performance (see document A/70/30, Annex III). It also recommended a budgetary cap for cash and non-cash awards not exceeding 1.5% of an organization's projected remuneration costs (combined salary cost of all staff) and a 10% limit of net base salary for individual cash awards.²

Review of pensionable remuneration: grossing-up factors, income inversion and options for updating pensionable remuneration based on the unified scale and for ungraded officials

13. The Commission initiated a review of pensionable remuneration based on the methodology for establishing pensionable remuneration as described in United Nations General Assembly resolution 41/208 (1986). In consultation with the secretariat of the United Nations Joint Staff Pension

¹ Not applicable to WHO.

² For the full revised text see document A/72/30, Annex VI.

Fund, a preliminary list of issues was identified and considered together with a road map for completion by the Commission's eighty-seventh session.

14. During the discussion, there was general agreement on the road map approach and that it should be handled sensitively. It was also agreed that a careful analysis of all scenarios for modifying the pensionable remuneration methodology should be conducted in close cooperation with the secretariat of the Pension Fund and its participating organizations. Any unintended consequences should be avoided and the acquired pension rights of currently serving staff members should be fully respected. There was also agreement on the list of issues to be addressed, notably: grossing-up factors, income-inversion (higher pensionable remuneration for general service staff than for professional staff with the same net remuneration), alignment with the unified salary scale after elimination of dependency elements, increase in the number of steps at the D2 level from six to 10 (with the top step serving for calculating the pensionable remuneration of ungraded officials), and the need to update the common scale of staff assessment.

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15. The Commission approved the following items for consideration under the review of pensionable remuneration: income inversion, whereby the pensionable remuneration of general service staff was higher than that of professional staff at the same net income level; revision of the scale of pensionable remuneration for professional staff using the interim adjustment procedure or recalculation of the scale using the approved methodology, including the procedure for calculating the pensionable remuneration of ungraded officials; options for recalculating pensionable remuneration for professional staff under the revised compensation package; a review of the grossing-up factors applied to the professional and general service categories; an update of the common scale of staff assessment; and the conduct of a comparability study on the United Nations pension scheme and the United States Federal Employees Retirement System pension scheme.

16. At its eighty-fifth session, the Commission further decided to establish a working group made up of Commission members, representatives of United Nations common system organizations and staff federations to examine and consider details and options relating to the above matters.

CHAPTER IV OF THE COMMISSION'S REPORT

CONDITIONS OF SERVICE OF THE PROFESSIONAL AND HIGHER CATEGORIES

Base/floor salary scale

17. The Commission was informed that a 1% increase had been implemented with effect from 1 January 2017 in the base general schedule scale. In addition, changes to tax rate schedules and deduction amounts were introduced for 2017. At the federal level, the income brackets were increased by almost 1%. In order to reflect the movement of gross salaries under the general schedule and the tax changes in the United States of America, and maintain common system salaries in line with those of the comparator, an increase of 0.97% in the base/floor salary scale with effect from 1 January 2018 was proposed. In addition, in accordance with United Nations General Assembly resolution 70/244, the adjustment to the salary scale should also be applied to the pay protection points for staff whose salaries were higher than those at the maximum steps of their grade upon conversion to the unified salary scale.

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18. The Commission decided to recommend to the General Assembly, for approval, with effect from 1 January 2018, the revised unified base/floor salary scale, as well as the updated pay protection points for the professional and higher categories, as set out in Annex VII to the Commission's report, reflecting a 0.97% adjustment, to be implemented by increasing the base salary and commensurately decreasing post adjustment multiplier points. No change in net take-home pay would result.

Evolution of the United Nations/United States net remuneration margin

19. Under a standing mandate from the General Assembly, the Commission reviews the relationship between the net remuneration of United Nations officials in the professional and higher categories in New York and that of United States federal civil service officials in comparable positions in Washington, DC. For that purpose, the Commission annually tracks changes occurring in the remuneration levels of both civil services.

20. The Commission was informed of the adjustment made to the calculation of the margin for the difference in the cost of living between New York and Washington, DC. A cost-of-living differential of 113.8, as estimated by an external consultant in 2016 for a period of two years, was used in accordance with the established procedure. The Commission was informed that the estimated net remuneration margin for 2017 amounted to 113.4. The details of the comparison and information on the development of the margin over time are shown in Annex VIII to the Commission's report.

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21. The Commission decided to report to the General Assembly that the margin between the net remuneration of officials in the professional and higher categories of the United Nations in New York and that of officials in comparable positions in the United States federal civil service in Washington, DC for the calendar year 2017 was estimated at 113.4. The Commission requested its secretariat to continue monitoring the margin so that the necessary corrective action under the post adjustment system could be taken should the trigger levels of 113 or 117 be breached in 2018.

Post adjustment issues

22. 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 had considered two reports of the Advisory Committee on Post Adjustment Questions on its work at its sessions in February and June 2017. One report primarily addressed the outcome of the special price survey conducted by the secretariat in Brussels and its application to the results of pending cost-of-living surveys at headquarters duty stations, for which price data collected under the European Comparison Programme rather than by the Commission's secretariat, were used in post adjustment index calculations. The report also included the proposed agenda of the fortieth session of the Advisory Committee.

23. The Commission also had before it three documents. The first, prepared by United Nations common system organizations in Geneva, was on cost-of-living surveys and post adjustment matters, and the legal and managerial implications of the negative results of the 2016 cost-of-living survey conducted in Geneva. An annex to that document contained a report on the findings of a team of four statisticians (two from ILO, one from UNCTAD and a consultant, together referred to in the Commission's report as the "Geneva statisticians"), regarding various methodological issues related to the post adjustment system, as well as the secretariat's application of the methodology in calculating

the post adjustment index for Geneva. The second document contained the secretariat's response to the issues raised by the Geneva statisticians. The third contained a note from the staff federations, which also dealt with issues related to the post adjustment methodology and operational matters. As an indication of the critical importance of the issues before the Commission, the session was attended by a high-level delegation representing various organizations based in Geneva, including the Director-General of the United Nations Office at Geneva, the Director-General and Deputy Director-General of ILO, the Assistant Director-General of WHO with responsibility for general management and the Director of Resource Management of WMO, as well as directors of the human resources departments of many common system organizations.

24. The extensive discussion on post adjustment issues is detailed in paragraphs 109 to 126 of the Commission's report.

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Methodological aspects of the baseline cost-of-living surveys for 2016 at headquarters duty stations and in Washington, DC

25. The Commission decided to reaffirm that the collection and processing of data from baseline cost-of-living surveys for 2016 had been carried out by the secretariat in accordance with the approved methodology; to take note of the findings set out in the documents prepared by the Geneva statisticians, and those of the staff federations, on various aspects of the post adjustment methodology, as well as its secretariat's response to those findings, and to provide both documents to the Advisory Committee on Post Adjustment Questions; and to request the Advisory Committee to continue its work on improving the methodology underpinning the post adjustment system, in collaboration with representatives of the administrations and staff federations of the United Nations common system.

Results of baseline cost-of-living surveys in Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, DC

26. The Commission decided to approve the addition of a margin of 3% to the results of all cost-of-living surveys conducted during 2016 which were more than 3% below the prevailing pay index, in view of the recommendation by the Advisory Committee on Post Adjustment Questions at its resumed thirty-ninth session; and to approve the results of the baseline cost-of-living surveys for 2016 for London, Madrid, Paris, Rome and Vienna, as recommended by the Advisory Committee.

27. The Commission further decided that the results for London, Madrid, Paris, Rome and Vienna should be implemented on 1 August 2017, taking into account inflation and exchange rate fluctuations between the survey date and the date of implementation of the results; and to change the implementation date of the results of the 2016 cost-of-living survey in Geneva from 1 May 2017 to 1 August 2017 in order to align the date of implementation with that of the other two duty stations for which the gap closure measure would be triggered (Rome and Madrid).

Implementation of the results of cost-of-living surveys conducted in the round for 2016

28. Taking into account appeals from representatives of common system organizations and staff federations, the Commission decided to approve a modification to the gap closure measure. This measure is an operational rule designed to mitigate the negative impact on salaries of the results of cost-of-living surveys that are significantly lower than the prevailing pay indices. The modification

involves augmenting by 3% the post adjustment index derived from the survey (updated to the month of implementation) in order to obtain a revised post adjustment multiplier for the duty station in accordance with the Commission's decision in paragraph 128(a) of its report. In addition, the Commission decided that the revised post adjustment multiplier was applicable to all professional staff members in the duty station and existing staff members already at the duty station on or before the implementation date of the survey results would receive the revised post adjustment multiplier, plus a personal transition allowance. The Commission further decided that the personal transitional allowance would be the difference between the revised and prevailing post adjustment multipliers and would be paid in full for the first six months after the implementation date and adjusted downwards every four months until it was phased out; and that during an adjustment month, the new personal transitional allowance would be calculated by taking the difference between the prevailing pay index and the pay index applicable to existing staff (that is, the prevailing pay index plus the existing personal transitional allowance), reduced it by 3%.

29. The Commission decided to request the secretariat to continue to pursue further analytical studies comparing price data collected under the European Comparisons Programme with those collected by the secretariat. It also requested the secretariat to identify other sources of comparable price data by the next round of surveys.

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

30. In accordance with the schedule adopted at its eighty-third session, the Commission examined the methodology for dependent children's and secondary dependant's allowances. The Commission considered a number of proposals for the revision of the methodology to reflect relevant developments since the previous review in 2008, the most notable of which were the introduction of a revised compensation package for professional staff and the expansion of the common system. Elements such as the reference income level under the unified salary scale, reference locations, which currently included eight headquarters duty stations, timing and currency conversion were considered.

31. Lastly, taking into account all the developments cited above and while recognizing the need to align the procedure for the calculation of the children's allowance with the new salary structure, the Commission decided to revert to the matter during the review of the level of the children's allowance, at which time it would consider both options.

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32. The Commission decided to maintain the current methodology for the dependent children's allowance but to keep it under review and revert to it as appropriate; and to request the secretariat, during its review of the level of dependent children's and secondary dependant's allowances, to present for its decision the calculations for the two options for the reference income level at which the child benefit was compared, namely, one based on the unified scale rate alone and one that included the spouse's allowance.

Report on diversity, including gender balance and geographical distribution in the United Nations common system

33. The Commission recalled that diversity, as a core guiding principle, is an integral element of the mission of the United Nations. The widest possible geographical representation and gender equality are core concepts within this principle. Both elements are constantly monitored. The current report on diversity should therefore be seen as building on the information provided in previous reports and

responding to further requests from the United Nations General Assembly, notably in its resolution 70/244. The report had been submitted to the Commission at its eighty-third session in 2016 and provided information on gender-sensitive policies and measures introduced with the aim of achieving gender balance in the organizations of the common system. In its follow-up report to the eighty-fifth session, the Commission's secretariat presented further information on gender parity and other aspects of diversity collected from UN-Women and responses from common system organizations through a questionnaire submitted in 2016 and a survey carried out by the Commission in April 2017.

34. The report found that the diversity and inclusion field had developed considerably over the past two decades and that there had been a growing number of studies on the benefits of diversity and inclusiveness for businesses, including improved representation, morale, reputation, productivity and innovation. The report also noted that the diversity policies of most common system organizations included gender parity and geographical balance in staffing, as well as the prevention of harassment and sexual harassment and abuse of authority, in addition to flexible working arrangements. Some had specific policies to avoid discrimination, including against persons with disabilities and people living with HIV/AIDS.

35. Participants in the discussion in the Commission recognized that gender parity was central to the achievement of the goals of the different common system organizations but underlined that it should not be at the expense of other important aspects of diversity, such as geographical representation and inclusion of people with disabilities and indigenous people. Referring to the Secretary-General's initiative to fast-track gender parity in close consultation with the common system organizations as a priority matter, they recalled that in early 2017, he had established a task force to formulate a road map on gender parity in the United Nations common system that included implementation tasks, bench marks, time frames and the institutional architecture for the realization of the 50/50 gender balance goal. He had pledged to reach gender parity at the senior leadership level by 2021.

36. The Commission noted that the representation of women in the professional and higher categories had reached 42.8%, and that it had increased by 2.1% over the period from 31 December 2011 to 31 December 2015, with an average annual increase of 0.5%.

37. Commissioners recalled the work undertaken on the new Human Resources Management Framework introduced in January 2017 and expressed the need to reinforce the diversity elements that it contained. Since the Framework was designed as a living document, changes reflecting any new developments could easily be made in real time.

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38. The Commission decided to urge organizations of the common system to establish measurable outcomes with regard to the employment, advancement, retention and participation of diverse groups; to increase their efforts and invest time and resources in dealing with all aspects of diversity, including training for managers and staff; to establish an overall strategy on diversity that included concrete action plans, specific targets and timelines towards achieving gender balance and equitable geographical representation, if they had not yet done so; and to continue to review all aspects of diversity periodically.

CHAPTER VI OF THE COMMISSION'S REPORT

CONDITIONS OF SERVICE IN THE FIELD

Danger pay: methodology for adjustment and review of level of allowance

39. In the context of the comprehensive review of the United Nations common system compensation package, the Commission had decided on the review cycle of the level of allowances under its purview in accordance with the schedule outlined in Annex IV to its annual report for 2016. The level of danger pay was to be reviewed every three years, starting in 2017.

40. The Commission took note of the current rates of danger pay and requested its secretariat to put forward options to address the methodology for the adjustment of danger pay for both categories of staff.

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41. With regard to the methodology for adjustment of danger pay levels, the Commission decided to use as a reference for internationally recruited staff the three indicators applied for the hardship allowance and the relationship between danger pay and the net midpoint of the base/floor salary scale in effect in the year of the scheduled review; and for locally recruited staff to set the level at 30% of the applicable general service salary scale, and to use as a reference the net midpoint of the applicable scale in effect in the year prior to the scheduled review. With regard to the level of the allowance, the Commission decided to maintain the level of danger pay for internationally recruited staff at US\$ 1600 per month until the next review; and to update the level of danger pay for locally recruited staff by updating the reference year of the salary scale on which the calculations were based, from 2012 to 2016, and applying 30% to the net midpoint of those scales. It further decided to conduct the next review of danger pay in 2020 in accordance with the established schedule.

Security evacuation allowance: review of the level

42. In accordance with the current review cycle, the level of the security evacuation allowance, established in 2012 to assist in offsetting the direct added expenses of staff members and eligible family members evacuated from their official duty stations, was to be reviewed every three years, starting in 2017.

43. The current daily amount of the security evacuation allowance as established by the Commission in 2012 is US\$ 200 per day for staff members and 50% of that amount, that is, US\$ 100 for each eligible family member, payable for up to 30 days. After that time, the amount is reduced by 25% and paid for a maximum period of six months. Thereafter, the evacuation would normally either be lifted or the duty station declared "non-family".

44. The Commission took note of the statements and proposals made by the Human Resources Network and supported by staff associations in favour of maintaining the current level of the security evacuation allowance, and, rather than conducting periodic reviews after several years, linking the changes in the amount of the allowance directly to changes in the underlying daily subsistence allowance rates used for the study.

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45. The Commission decided to maintain the security evacuation allowance at its current level of US\$ 200 per day for staff members and US\$ 100 per day for each eligible family member for up to 30 days, and thereafter at US\$ 150 and US\$ 75, respectively, for a maximum period of six months, together with the single lump sum shipping payment of US\$ 500 applicable when the staff member or the family was evacuated; and to request the secretariat to update, as appropriate, the guidelines on the security evacuation allowance contained in Annex VII to the Commission's 2013 annual report (document A/68/30).

ACTION BY THE HEALTH ASSEMBLY

46. The Health Assembly is invited to take note of the report.

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