

# **Report of the International Civil Service Commission**

## **Report by the Secretariat**

1. Under its Statute,<sup>1</sup> the International Civil Service Commission is required to submit an annual report to the United Nations General Assembly, which 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 Health Assembly herewith the thirty-eighth annual report of the Commission.<sup>2</sup> The report was considered in December 2012 by the United Nations General Assembly at its sixty-seventh session. Decisions on the following subjects that required a revision of WHO's Staff Rules were expected to be taken by the United Nations General Assembly on the Commission's recommendations: the remuneration of staff members in the professional and higher categories, the review of the levels of the education grant and the mandatory age of separation. The amendment of WHO's Staff Rules on the basis of the Commission's recommendations was reported to the Executive Board at its 132nd session in respect of the remuneration of staff members in the professional and higher categories, salaries of staff in ungraded posts and of the Director-General, and the review of the level of the education grant.<sup>3</sup> The Board then adopted resolutions EB132.R10 and EB132.R11, confirming the relevant amendments to the Staff Rules,<sup>4</sup> subject to the adoption of the resolutions by the General Assembly on these three subjects.
3. At its resumed session from March to April 2013, the General Assembly endorsed all the Commission's recommendations except the recommendation concerning the base/floor salary scale. Changes to WHO's Staff Rules confirmed by the Executive Board and endorsed by the General Assembly are reported to the Health Assembly separately.<sup>5</sup> A further report on amendments to the Staff Regulations and Staff Rules in respect of the mandatory age of separation is being presented to the Board for consideration at its 133rd session in May 2013.<sup>6</sup> At its 132nd session in January 2013, the Board also noted an earlier version of the present report.<sup>7</sup>
4. The main elements of the Commission's report are summarized below.

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

<sup>2</sup> *Report of the International Civil Service Commission for 2012. General Assembly Official Records, Sixty-seventh session, Supplement No. 30* (document A/67/30) (copies available in the meeting room).

<sup>3</sup> Document EB132/40.

<sup>4</sup> See document EB132/2013/REC/1 for the resolutions, and for the financial and administrative implications for the Secretariat of the adoption of the resolutions.

<sup>5</sup> Document A66/38.

<sup>6</sup> Documents EB133/12 and EB133/12 Add.1.

<sup>7</sup> Document EB132/39.

## **FEASIBILITY AND SUITABILITY OF REFLECTING THE PAY FREEZE OF THE COMPARATOR CIVIL SERVICE IN THE ADMINISTRATION OF THE POST ADJUSTMENT SYSTEM**

5. The Commission considered a request made by the General Assembly, in section B.1 of its resolution 66/235, for the Commission: to explore the feasibility and suitability of possible measures to reflect in the administration of the post adjustment system the pay freeze of the comparator civil service; to determine whether the implementation of such measures falls under its authority; to exercise such authority as appropriate; and to report thereon to the General Assembly at its sixty-seventh session.

6. In considering the matter, the Commission reviewed several documents prepared by its secretariat. In particular, the Commission was provided with the opinion of the Legal Counsel on the issue of the Commission's authority to implement ad hoc measures in the administration of the post adjustment system designed to reflect the pay freeze in the comparator civil service.

7. The Commission decided to report to the General Assembly that:

(a) the Commission did not have the authority to take measures in the administration of the post adjustment system that were not consistent with the United Nations/United States margin methodology, as established by the General Assembly;

(b) the existing mechanisms for adjusting United Nations salaries were working well and it was therefore not convinced of the suitability of introducing additional measures to reflect, in the administration of the post adjustment, the pay freeze in the comparator civil service;

(c) if the General Assembly decided that such additional measures were necessary, it would be technically possible to implement them in the post adjustment system on the basis of the margin management arrangements already in place. In that case, it would be desirable that any such measure be a one-time event, with a finite duration.

## **REVIEW OF THE LEVEL OF THE EDUCATION GRANT**

8. The Commission had before it proposals by the secretariat of the United Nations System Chief Executives Board for a review of the level of the education grant on the basis of the analysis of expenditure data on 18 296 claims for the academic year 2010–2011 in the 15 individual country/currency areas for which the education grant was administered. The analysis was done in accordance with the existing methodology introduced in 1992.

9. The Commission decided to recommend to the General Assembly special measures and levels of education grant as presented in document EB132/40.

## **REPORT OF THE WORKING GROUP ON THE REVIEW OF PENSIONABLE REMUNERATION**

10. In its 2011 annual report, the Commission informed the General Assembly that it would continue its review of the pensionable remuneration in two phases, namely by developing a methodology for comparing the United States/United Nations pension schemes and an overall review of pensionable remuneration methodologies, with a focus on: elements contributing to the income inversion; the logical basis for the use of dependency tax rates versus single tax rates in constructing

the common scale; the relationship between the actual average years of contributory service and the grossing-up factor; and national tax rates and the use of weights accurately reflecting choices made by staff regarding where they choose to live. In addition, the Commission requested that two other items, namely, the non-pensionable component and the service differential, be reviewed.

11. The Commission decided to report to the General Assembly that as regards:

(a) the comparability of the schemes, the income replacement ratios under the Federal Employees Retirement System and the United Nations Joint Staff Pension Fund schemes were comparable at similar employee contribution levels;

(b) income inversion, the Commission believes that this phenomenon exists owing to the combined effect of pay overlap between professional and general service staff at some locations and the difference in parameters used to calculate pensionable remuneration for the two categories of staff. However, its actual incidence was low since very few professional staff retired at grades where income inversion occurred. Accordingly, the Commission did not consider that additional measures to reduce income inversion were necessary at the present stage;

(c) recalculation of the pensionable remuneration scale due to a change in the grossing-up factors, the Commission, while recognizing that the different grossing-up factors contributed to the income inversion phenomenon, did not believe that there was a compelling reason for changing these factors, in particular because very few staff were affected by income inversion and because of concerns regarding the financial and actuarial impact of such measures on organizations and the United Nations Joint Staff Pension Fund;

(d) recalculation of the pensionable remuneration scale due to a change in the common scale of staff assessment, a baseline would be established as at 2012 for the common scale of staff assessment. At each five-year review of the pensionable remuneration scales, the common scale of staff assessment would be reviewed;

(e) the non-pensionable component, the Commission was of the view that the present approach should be maintained until additional information becomes available based on the experience of applying the new general service salary survey methodology.

## **REPORT OF THE WORKING GROUP ON STANDARDS OF CONDUCT FOR THE INTERNATIONAL CIVIL SERVICE**

12. In 2001, the Commission decided to adopt the updated version of the standards of conduct for the international civil service, and to recommend them to the General Assembly and to the legislative organs of the other participating organizations. The General Assembly welcomed the standards of conduct in its resolution 56/244. The intention of the standards of conduct was to reflect the overarching ideal of behaviour and conduct for the international civil service.

13. The Commission decided to submit to the General Assembly for its approval the revised standards of conduct for the international civil service as contained in annex IV of its report.

14. The Commission also decided that after approval by the General Assembly, it would request organizations to implement the revised standards of conduct as of 1 January 2013, and to reflect the revised standards of conduct in their legal framework as well as to reinforce them through staff regulations and rules.

## **EVOLUTION OF THE UNITED NATIONS/UNITED STATES NET REMUNERATION MARGIN**

15. Under a standing mandate from the General Assembly, the Commission continued to review the relationship between the net remuneration of United Nations staff in the professional and higher categories in New York and that of United States federal civil service employees in comparable positions in Washington, DC. For that purpose, the Commission annually tracks changes occurring in the remuneration levels of United Nations staff in the professional and higher categories and of officials in comparable positions of the United States federal civil service, as well as other changes relevant to the comparison, including rates of taxation used for netting down comparator salaries and the cost-of-living relationship between New York and Washington, DC.

16. The Commission was informed that, for the calendar year 2012, no general or locality pay increase had been granted to comparator federal employees in the Washington, DC, area as a result of a statutory pay freeze introduced by the President of the United States of America for the period beginning on 1 January 2011 and ending on 31 December 2012.

17. The Commission:

(a) noted that a post adjustment multiplier of 68.0 would become due in New York on 1 August 2012 in accordance with the approved methodology;

(b) decided to defer the promulgation of the revised New York post adjustment multiplier in view of the financial situation of the United Nations as described by the Secretary-General;

(c) also decided that, unless the General Assembly acted otherwise, the multiplier would be promulgated on 1 January 2013 with a retroactive effect as of 1 August 2012.

## **REVIEW OF THE LEVEL OF THE CHILDREN'S AND SECONDARY DEPENDANTS' ALLOWANCES**

18. In the context of its biennial review of dependency allowances for the professional and higher categories, the Commission considered the levels of children's and secondary dependants' allowances. On the basis of the methodology approved by the Commission in 2008, the proposed level of the children's allowance amounted to US\$ 3401 per year. The proposed secondary dependants' allowance, set at 35% of the children's allowance, amounted to US\$ 1190 per year.

19. The Commission noted that the proposed increase in the global level of the allowance was primarily due to changes in Switzerland, which registered a 50% increase in legislated child payments, along with the introduction of a supplementary child tax credit at the federal level.

20. Concerns were expressed about the dominant effect of larger duty stations, such as Geneva, on the final result. Most members of the Commission believed that corrective measures were needed to address this problem before the level of the allowance could be revised. It was proposed that alternative approaches to the weighting procedure used in the calculations be explored, such as logarithmic or geometric weighting or other techniques that could help reduce the dominance of larger duty stations.

21. The Commission requested its secretariat to conduct a comprehensive review of the dependency allowances methodology, taking into account the views expressed by the Commission, and to report on its findings to the Commission at its seventy-sixth session. It also decided to defer its consideration of the levels of the children's and secondary dependants' allowances until its seventy-seventh session.

## **POST ADJUSTMENT MATTERS: REPORT OF THE ADVISORY COMMITTEE ON POST ADJUSTMENT QUESTIONS AT ITS THIRTY-FOURTH SESSION AND AGENDA FOR THE THIRTY-FIFTH SESSION**

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 considered the report of the Advisory Committee on Post Adjustment Questions on the work of its thirty-fourth session.

23. At its seventy-third session, the Commission had requested the Advisory Committee to undertake a number of methodological studies pertaining to the calculation of the post adjustment index for group I duty stations, with effect from the 2015 round of place-to-place surveys, including the specification of the out-of-area weight; the methodology for the collection and processing of external market rent data; and the post adjustment classification for Geneva.

24. The Commission decided to request the secretariat to conduct a comprehensive review of the methodology underlying the post adjustment system, specifically addressing certain important issues including:

(a) a review of the specification of the out-of-area weight to be used for post adjustment index calculations for all duty stations;

(b) a progress report on the feasibility of incorporating geographical areas outside Geneva in establishing the post adjustment classification of Geneva.

## **OVERVIEW OF MOBILITY POLICIES WITHIN ORGANIZATIONS OF THE UNITED NATIONS COMMON SYSTEM**

25. The General Assembly, in its resolution 66/235, reaffirmed the importance of mobility as a means of developing a more versatile, multiskilled and experienced international civil service that is capable of fulfilling complex mandates, and requested the International Civil Service Commission to provide an overview of the different existing mobility schemes in the organizations of the United Nations common system. At its seventy-fifth session, the Commission reviewed a report, prepared by its secretariat, which provided an overview of existing mobility policies and practices in common system organizations.

26. The Commission decided *inter alia*:

(a) to take note of the information provided by its secretariat on mobility policies and practices in the organizations of the United Nations common system as presented in annex VIII of the report;

(b) to urge organizations of the common system to develop a formal mobility policy, through consultations with their staff and governing bodies where applicable, and communicate it to all staff in order to facilitate the execution of the organizations' mandates and support the career aspirations of staff;

(c) to encourage organizations to include in their mobility policy a framework for managing all aspects of staff mobility in accordance with the functional needs of the organization and the principles of fairness, equity, consistency and adequacy of the support given to staff;

(d) to urge organizations to make informed decisions on the required level of geographical mobility based on a cost analysis of proposed staff mobility programmes and the identification and assessment of the expected benefits of such programmes;

(e) to request its secretariat: to continue its work on mobility; to prepare a comparative study of best practices in the United Nations common system and in other similar organizations; to develop a list of the barriers to mobility; and to conduct a review of the status of interagency mobility among United Nations common system organizations and report on its findings at its seventy-seventh session.

## **CONDITIONS OF SERVICE IN THE FIELD**

### **Danger pay: implementation date and possibility of delinking pay from salary scales of locally recruited staff**

27. At its seventy-third session, in July 2011, the Commission decided to discontinue hazard pay and introduce danger pay. Given that the linkage of the level of hazard pay with the salary scale was considered undesirable, and, after considering various options presented by its secretariat for establishing the basis for calculating danger pay and with a view to ensuring equity among the different categories of staff, the Commission decided:

(a) to increase the level of danger pay effective 1 January 2013 to 30% of the net midpoint of the applicable 2012 general service salary scales of those duty stations qualifying for danger pay;

(b) to subsequently delink danger pay effective 1 January 2013 from the applicable general service salary scales;

(c) to review the level of danger pay for locally recruited staff at the same time as the level for internationally recruited staff is reviewed;

(d) to request its secretariat to put forward options to address the methodology for adjustment of danger pay for both categories of staff at its seventy-fifth session.

### **Rest and recuperation: accommodation portion of travel**

28. In 2010, the General Assembly, in its resolution 65/248, approved the main elements of the rest and recuperation framework as proposed by the Commission. In addition, the Assembly decided that the framework should be regulated by the Commission, ensuring that all organizations of the United Nations common system would adopt the elements approved. The General Assembly also requested the Commission to submit to it at its sixty-seventh session recommendations on a harmonized subsistence allowance or lump sum for the accommodation portion of rest and recuperation when it is authorized to a place other than the administrative place of assignment.

29. The Commission recalled that it had not looked at the entire package of benefits, including the additional hardship allowance, danger pay and the rate of utilization of rest and recuperation travel, and concluded that it was not possible to take a decision on a lump sum amount at this time.

30. The Commission decided to:

(a) defer consideration of an allowance for the accommodation portion of rest and recuperation travel;

- (b) request the Human Resources Network of the United Nations System Chief Executives Board for Coordination to provide the secretariat of the Commission with information on the cost and utilization rates of rest and recuperation travel.

### **Rest and recuperation: criteria for granting the four-week rest and recuperation cycle**

31. In its resolution 66/235 B, the General Assembly approved, with effect from 1 July 2012, the revised set of criteria for the granting of rest and recuperation travel and requested the Commission to provide detailed criteria for granting a four-week rest and recuperation cycle, which is to be applied as an exception.

32. The Commission decided that:

- (a) the Chair of the Commission, under the delegated authority of the Commission and upon the recommendation of the Human Resources Network, may approve and terminate the four-week cycle, taking into consideration the views of the Department of Safety and Security;
- (b) the locations approved for the four-week cycle will be reviewed every three months. An appropriate transition period will be given when the four-week cycle is no longer required.

### **Review of the security evacuation allowance and extended monthly security evacuation allowance**

33. The security evacuation allowance was established to support internationally-recruited staff members during authorized evacuations from duty stations.

34. The Commission, while noting that the organizations had been applying the security evacuation allowance for a number of years in a harmonized way, expressed concern about the cost.

35. The Commission decided inter alia:

- (a) to approve the definition and purpose of a security evacuation allowance as follows: the purpose of security evacuation allowance is to assist in offsetting direct added expenses of staff members and their eligible family members who are evacuated from their official duty stations;
- (b) to maintain the level of the allowance as well as lump sum amount for shipment, for a maximum period of six months, following which the evacuation is normally either lifted or a duty station is declared as non-family;
- (c) to apply an extended security evacuation allowance set at the same amount as that provided under the additional hardship allowance payable at non-family duty stations when an evacuation continued beyond six months, and the duty station had not been declared as a non-family duty station;
- (d) to establish a review cycle for the evacuation allowance and the extended security evacuation allowance every three years at the same time as the review of the amounts for mobility and hardship allowances;
- (e) to request its secretariat to prepare a document outlining the guiding principles, scope, applicability, eligibility and related procedures of the security evacuation allowance for approval by the Commission at its seventy-seventh session.

## **MANDATORY AGE OF SEPARATION**

36. At its sixty-ninth session, in 2009, the Commission requested its secretariat to prepare, in coordination with the organizations of the United Nations system and the United Nations Joint Staff Pension Fund, a comprehensive report on the possibility of changing the mandatory age of separation, taking into account various human resources policy issues. The report should also take into account the actuarial situation of the Pension Fund and the financial situation of the organizations.

37. The secretariat of the Commission presented a document which was accompanied by a study on the mandatory age of separation that had been carried out by a working group convened by the High-level Committee on Management of the Chief Executives Board. The Commission was provided with information on the current use of the mandatory age of separation in the organizations of the common system and other data on a number of human resources policies and practices. Information was also provided on the financial impact of an increase of the mandatory age of separation on organizations and on the United Nations Joint Staff Pension Fund.

38. The conclusion of the analysis indicated that the likely impact of increasing the mandatory separation age on geographical distribution, gender balance, rejuvenation of the workforce, career development and succession planning would be minimal, and, therefore, workforce and succession planning, along with other well-targeted interventions, would be the most appropriate policy responses.

39. The Chief Executive Officer of the United Nations Joint Staff Pension Fund reported that at its fifty-ninth session, in July 2012, the United Nations Joint Staff Pension Board, upon advice from the Fund's consulting actuary and committee of actuaries on the impact that increased longevity had had on the situation of the Fund, decided that it was ready to increase the normal age of retirement for new participants in the Fund, to take effect from no later than 1 January 2014.

40. The Commission decided:

(a) to support the recommendation from the United Nations Joint Staff Pension Board to raise the mandatory age of separation to age 65 years for new staff of member organizations of the Pension Fund, effective no later than 1 January 2014;

(b) to request its secretariat to work with organizations and staff representatives to prepare a strategic review of the implications of applying the increased mandatory age to current staff members;

(c) to report on the matter at its seventy-seventh session.

## **ACTION BY THE HEALTH ASSEMBLY**

41. The Health Assembly is invited to take note of the thirty-eighth annual report of the International Civil Service Commission.

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