

# **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 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 fortieth annual report of the Commission.<sup>2</sup> The report is scheduled to be considered in December 2014 by the United Nations General Assembly at its sixty-ninth 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.<sup>3</sup> The subjects covered are the remuneration of staff members in the professional and higher categories and the mandatory age of separation for current staff.
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 – resolutions and decisions adopted by the General Assembly at its resumed sixty-eighth session relating to the work of the Commission**

4. The Commission was informed that the discussions in the General Assembly on the thirty-ninth annual report of the Commission (document A/68/30) had been intense, engaging and driven by concerns about the financial situation of Member States and common system organizations. The discussions in the Fifth Committee had focused mainly on the review of the common system compensation package, mandatory age of separation and the evolution of the United Nations/United States net remuneration margin. After having concluded its review of the Commission's report, the General Assembly adopted resolution 68/253.

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

<sup>2</sup> General Assembly Official Records, Sixty-ninth Session: Supplement No.30 (document A/69/30) (copies available in the meeting room).

<sup>3</sup> Document EB136/47.

5. The Human Resources Network noted the decisions of the General Assembly to request the Commission to actively manage the margin using established margin management procedures, and to refrain from increasing any of the allowances under its purview until the present review had been submitted to the General Assembly for consideration. It further noted the request from the General Assembly to ensure the comparability of the total compensation package, including all monetary and non-monetary elements under the Noblemaire principle. In this regard, the Network was of the view that further guidance was needed from the Commission on the allowances that would be subject to a freeze and those that were considered to be monetary or non-monetary in order to ensure that a fact-based, objective and dependable comparison was carried out. It reiterated that robust methodologies should be developed and that any assumptions made would need to be clearly documented and dependable. The Network further stated that the current interpretation of the Noblemaire Principle by the General Assembly would make the task at hand extremely difficult, since the remuneration package of United States Civil Service staff in Washington, D.C. could not properly be compared with the expatriate benefits of staff in the United Nations common system.

6. The Commission decided to take note of General Assembly resolution 68/253.

### **Key findings of the global staff survey**

7. As part of the comprehensive review of the common system compensation package, a global staff survey, open to all staff in all categories and in all locations, had been organized by the Commission's secretariat in order to ascertain the views of staff in the areas of concern linked to both compensation and performance management. The key findings of the staff survey, which included data from approximately 14 000 responses, were presented to the Commission at its seventy-eighth session.

8. In essence, the key findings indicated that compensation was not in itself a problem; however, the way in which staff members' contributions were recognized was a concern. It emerged that pay was an important factor, but that attention had to be paid to ensuring staff growth and development and to recognizing their performance. According to perceptions expressed through the staff survey, greater effort needed to be directed towards valuing high performance and addressing underperformance.

### **Findings from consultations with executive heads and human resources directors**

9. As part of the comprehensive review of the compensation package, the views of executive heads and human resources directors of 18 United Nations common system organizations, specialized agencies and funds and programmes were sought. Five questions were put to executive heads and a more detailed set of 19 questions to human resources directors. Responses were obtained through a series of interviews carried out by a consultant accompanied by the Commission's Chair or Vice-Chair.

10. The difficulty of ensuring that organizations had the technical capacity to fulfil the ever increasing and more complex mandates being assigned to them in the current financial climate was mentioned frequently by the executive heads. Recruiting and retaining high calibre staff was considered to be essential, as was the need to ensure and boost staff morale, especially for staff serving in difficult duty stations.

11. The executive heads called for flexibility, while underlining the need to maintain a common core, with some limited discretionary flexibility granted to them. According to the executive heads, many of the existing systems and procedures, including the compensation system, were considered to

be too rigid and cumbersome. The need for a review of the salary structure in order to tackle issues such as salary compression, the number of steps in a particular grade and similar technical matters was also mentioned.

12. In general, the executive heads emphasized that the system should be competitive, easy to explain and administer, and aimed at rewarding performance and encouraging mobility. They also expressed a desire to see more flexibility over compensation, particularly in recruitment and performance recognition. They explained the difficulties encountered in filling highly specialized positions considered to be essential to an organization.

13. The Commission decided:

- (a) to take note of the findings of the global staff survey and those arising from the consultations with executive heads and human resources directors, and to take into account the challenges faced by organizations, as well as the suggestions made by executive heads of organizations during their discussions on the overall compensation review;
- (b) to request the Commission's secretariat to continue its analysis of the staff survey results and to make the information available to the working groups, as required; and
- (c) to request the secretariat to continue to undertake staff surveys in the future.

### **Progress report on the compensation review**

14. The working groups met five times between November 2013 and June 2014. Their initial task was to study all aspects of the existing system, paying particular attention to the comparator service. While it was understood that the United States would remain the comparator for the common system, the working groups reviewed best practices prevalent elsewhere with a view to exploring their applicability in the common system context. Most importantly, the working groups drew on the results of the global staff survey conducted by the Commission's secretariat in October 2013 on the pay and benefits system. The report of executive heads and other senior management personnel in the organizations on the strengths and weaknesses of the pay and benefits system was also referred to in the working groups' deliberations.

15. The working groups analysed each element of pay and benefits according to the criteria that had been established, and reported their findings to the Commission, together with possible options for changes, where necessary. Further working group sessions would be conducted before the eighty-first session of the Commission, to be held in the third quarter of 2015, when the final package would be formalized.

### **Future steps**

16. To date, substantial progress has been made with the review process. The exploratory phase, during which the necessary research, and analysis of the existing package, was carried out by the Commission, has been completed. Based on the findings and subsequent feedback from both the working groups and the Commission, some general directives have been agreed. The next step will be for the Commission to develop a specific outline of the proposed system. At its eightieth session, the Commission will appraise the revised compensation package in a holistic manner in order to ensure that it fully corresponds to the attributes agreed by the Commission and the General Assembly, which

include its sustainability, overall competitiveness and the acquired rights of staff. The question of possible transitional measures will also be discussed.

17. At its eighty-first session, to be held in 2015, the Commission will finalize its package proposal and present it to the General Assembly for consideration at its seventieth session.

### **Mandatory age of separation for existing staff**

18. In its report for 2013 (document A/68/30), the Commission recommended to the General Assembly that the mandatory age of separation for current staff members should be raised to age 65, with effect from 1 January 2016. In resolution 68/253, the General Assembly decided to defer its decision on the recommendation without prejudice to its proposed time frame. It requested the Commission to conduct a further analysis, in consultation with all relevant stakeholders, on the impact of the adoption of the recommendation on workforce and succession planning frameworks and all relevant human resources management policies, including performance management and appraisal, rejuvenation, gender balance and equitable geographical representation, across the United Nations common system, and to report thereon at its sixty-ninth session.

19. The Human Resources Network stated that the subject was important to executive heads and human resources directors, as the actions proposed by the Commission's secretariat would have an immediate impact on managing human resources within the organizations. It said that the proposals from the secretariat on modalities for the implementation of the recommendation could have serious implications and that the organizations were concerned about their viability. The concerns mentioned were:

- (a) a potential lack of clarity about the roles, responsibilities and authority of various stakeholders, including staff members, executive heads and human resources departments;
- (b) a significantly increased risk of litigation in the organizations of the common system;
- (c) increased administrative efforts and costs; and
- (d) a perception of unequal treatment, given the modalities for implementation suggested in the document.

20. Most organizations, in particular the specialized agencies, requested a later implementation date or a more paced implementation, taking into account that they would have to present the matter to their respective governing bodies as they had the final authority in approving changes to their staff regulations. While the representatives of the staff federations strongly opposed the request, most members of the Commission were willing to accommodate it, provided that that would facilitate acceptance of the proposed change to the mandatory age of separation for current staff members. The Commission also considered that the mandatory age of separation for staff members who were due to retire at age 60 could be increased to 62, with immediate effect, while changes to the mandatory age for other staff members could take effect at a later date. Some Commission members could see no rationale for varying the date.

21. After lengthy discussions, the Commission decided to inform the General Assembly that it had conducted the required analysis of workforce and succession planning and all relevant human resources policies, including performance management and appraisal, rejuvenation, gender balance

and equitable geographical representation across the United Nations common system. The findings of the Commission and positions of the stakeholders are contained in the report.

## **CONDITIONS OF SERVICE OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES**

### **Report on gender balance in the United Nations common system**

22. The status of women in the United Nations common system is an important matter and one that has been addressed periodically by the Commission under its mandate from the General Assembly in resolutions 37/126, 38/232 and 40/244, in line with Article 14 of the Commission's Statute. The Commission had reviewed this item in 1985, 1993, 1998, 2004, 2006, 2008 and 2010. In resolution 64/231, the General Assembly welcomed the Commission's decision to encourage the organizations of the common system to promote and implement innovative approaches, such as outreach initiatives, in order to attract, develop and retain the most talented men and women. It also reiterated its disappointment at the insufficient progress made in increasing the representation of women in the organizations of the United Nations common system.

23. During its last review of the matter in 2010, the Commission had expressed concern that the goal of gender parity, especially at the D-1 level and above, remained unmet and that no noticeable progress had been made. The Commission also noted with disappointment that the organizations had failed to implement all its previous recommendations. It urged the organizations to enforce existing gender balance policies and measures, including the Commission's previous recommendations, and to regularly monitor the level of implementation. Further, it requested organizations to hold managers accountable, through their annual performance appraisal, for achieving established gender targets. The Commission also requested its secretariat to coordinate with other entities in the United Nations system in monitoring and reporting on gender balance and in exploring the feasibility of establishing a common data depository for future data collection. It further requested that future progress in achieving gender balance in the organizations of the United Nations common system should be monitored every four years, and that the Commission's secretariat should provide a report on the subject in 2014.

24. The report presented by the secretariat at the Commission's seventy-eighth session provided information on its collaborative efforts with the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) on gender balance, a summarized update on the status of women in the United Nations system as at 31 December 2011, and an overview of staffing profiles by region of origin as at 31 December 2012. The scope of the review extended to international staff holding an appointment of one year or more in the professional and higher categories. In addition, the report contained a summary of the status of implementation of the Commission's recommendations, and an analysis of available gender-sensitive policies and measures for recruitment, promotion (selection to a higher grade), retention, work-life balance, gender awareness (including harassment) and monitoring and accountability, which had been implemented as at 1 July 2013 in order to support a working environment conducive to achieving gender balance in the organizations.

25. The overall representation of women in the professional and higher categories in the United Nations system increased marginally from 39.9% in 2009 to 40.7% in 2011, an increase of 0.8%. As at 31 December 2011, women accounted for 29.5% of all staff members at the D-1 level and above, compared with 28.4% in 2009, representing an overall increase of 1.1% during the two-year period. A qualitative analysis showed that the number of policies and measures aimed at achieving gender balance already in place was sufficient.

26. The Commission decided:

(a) to take note of the progress made in enhancing the status of women in the professional and higher categories in organizations of the United Nations common system, while expressing concern that the goal of gender parity remained unmet, especially at the D-1 level and above;

(b) to urge organizations to fully implement existing gender balance policies and measures, including the Commission's previous recommendations outlined in documents A/63/30 and A/64/30 and A/64/30/Corr.2;

(c) to underscore the importance of integrating gender balance and geographical representation into its ongoing review of the United Nations common system compensation package;

(d) to request its secretariat to coordinate with UN Women in the preparation of its reports on this item; and to align the monitoring cycle with the reporting cycle of UN Women in order to obtain the most recent data and information on gender balance in the organizations of the United Nations system;

(e) to monitor future progress in achieving gender balance, as well as geographical representation, for inclusion in a comprehensive report on diversity in the United Nations common system; and

(f) to request its secretariat to prepare a report based on the latest information, and to monitor, every four years, future progress towards achieving gender balance in the organizations of the United Nations common system.

### **Diversity in the United Nations common system: study of recruitment policies**

27. In resolution 64/231, the General Assembly requested the Commission to review measures taken by organizations participating in the common system concerning the implementation of paragraph 3 of Article 101 of the Charter of the United Nations. At its seventy-third session, the Commission reviewed geographical representation in the organizations of the common system and decided to inform the General Assembly of the status of such representation and the actions being taken by organizations and their governing bodies to achieve geographical balance. It further considered that the General Assembly's request could best be carried out by focusing on recruitment policies and the elimination of barriers to recruiting from as wide a geographical area as possible.

28. At its seventy-eighth session, the Commission considered measures which organizations of the common system had taken to successfully attract and recruit staff, and in so doing, secure as diverse a workforce as possible, while simultaneously ensuring that the best qualified person was appointed. The Commission was informed of the recruitment procedures, outreach programmes and organizational structures that had been put in place to create awareness of vacancies and to stimulate the interest of a broad cross-section of qualified persons, especially from underrepresented and unrepresented Member States.

29. The Commission commended the work of the organizations in this area and noted that at least one organization had reported achieving its target for geographical representation. The Commission observed that gender goals had not been achieved and that geographical representation was unsatisfactory in most organizations. Conceding that such matters could not be remedied overnight,

the Commission said it would continue to monitor them. It further acknowledged that, in some instances, there could be conflicting imperatives when implementing policies to simultaneously improve both geographical representation and gender parity, which in the context of the United Nations, were identified as the two most important elements of diversity. It nevertheless urged organizations to endeavour to establish supportive and respectful working environments, especially in hardship duty stations, and to develop training courses on diversity awareness for all staff members.

30. In its discussions on diversity in 2011, the Commission had said it would seek to define diversity in the context of the United Nations. At its seventy-eighth session, the view had been expressed that the nexus between geographical diversity and multiculturalism should be recognized and that different ways of thinking and of viewing the world, rather than merely balanced geographical representation, should be central to the functioning of the organizations of the United Nations. Such a concept needed to be defined. It was felt that various concepts and policies within the system were not “culture neutral” and tended to reflect the values of a dominant culture. Organizations should ensure that mechanisms existed to allow all the different cultures to participate equally in their work. It was reported that one organization had launched a pilot project to test the cultural neutrality of its assessment processes.

31. The Commission decided:

(a) to review diversity periodically, including geographical representation and gender balance;

(b) to include the following elements in the definition and scope of diversity as it relates to the United Nations common system:

(i) cultural diversity (multiculturalism)

(ii) generational diversity

(iii) gender parity, and

(iv) multilingualism

and

(c) to request its secretariat, in consultation with the organizations, to develop a compendium of good practices relating to inclusiveness and diversity.

### **Base/floor salary scale**

32. The Commission was informed that a 1% increase in the comparator’s base General Schedule scale would be effective as at 1 January 2014. Minor changes had also been introduced in the United States tax schedules at the federal level for 2014. The Commission noted that, in accordance with the normal adjustment procedure, in order to reflect the salary increase in the General Schedule, as well as the impact of the tax changes, the base/floor scale would need to be adjusted upwards by 1.01% as at 1 January 2015. That would be accomplished using the standard no-loss-no-gain procedure, that is, by commensurately decreasing post adjustment.

### **Review of staff assessment rates used in conjunction with gross salaries**

33. In resolution 66/235, the General Assembly endorsed the Commission’s recommendation to review the staff assessment rates used in conjunction with gross salaries every three years, for revision

as appropriate. As the last such review had taken place in 2011, the Commission noted that, according to the United Nations Secretariat, the present balance of the tax equalization fund did not require any adjustment of the staff assessment rates at the present time. Accordingly, the next review of the staff assessment rates would normally be conducted in 2017 unless a change in the situation of the tax equalization fund necessitated earlier action.

34. The Commission decided to recommend to the General Assembly:

- (a) approval, with effect from 1 January 2015, of the revised base/floor salary scale for the professional and higher categories, reflecting a 1.01% adjustment, to be implemented by increasing the base salary and commensurately reducing post adjustment multiplier points; and
- (b) no revisions at the present time to the staff assessment rates used in conjunction with gross base salaries.

### **Evolution of the United Nations/United States net remuneration margin and margin management around the desirable midpoint**

35. 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, D.C. For that purpose, the Commission annually tracks changes occurring in the remuneration levels of both civil services.

36. The Commission was informed that the estimated net remuneration margin for 2014 amounted to 117.4, with the corresponding five-year average (2010–2014) amounting to 116.4.

### **Margin management around the desirable midpoint**

37. In section II.B, paragraph 5, of resolution 68/253, the United Nations General Assembly recalled that the five-year average of the net remuneration margin should be maintained around the desirable midpoint of 115, and requested the Commission to submit to the General Assembly, no later than at the main part of its sixty-ninth session, recommendations on the range of actions and time schedules that would bring the margin back to its desirable midpoint.

38. The Commission decided:

- (a) the normal procedure for managing the margin within the established range would be suspended until further notice; and
- (b) the freeze in net remuneration in New York would be continued until such time as the margin had returned to its desirable midpoint.

### **Report of the Advisory Committee on Post Adjustment Questions on its thirty-sixth session**

39. 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-sixth session. Convened as part of the ongoing review of the United Nations common system compensation package, the Advisory



Committee undertook a number of pertinent studies at the request of the Commission. The secretariat presented the main findings from these studies, as outlined in the report, which contained some recommendations related to the possible simplification of the post adjustment index structure.

40. The Commission:

(a) approved the recommendations of the Advisory Committee, as outlined in paragraphs 175–177 of the Commission’s report; and

(b) requested the secretariat to initiate preparations for the next round of surveys and to submit proposals in that regard for review by the Advisory Committee at its next session.

### **Synchronizing the post adjustment classification review cycles at headquarters duty stations and other group I stations**

41. In response to the request from the General Assembly, which, in resolution 68/253, requested the Commission to review and submit to its sixty-ninth session, proposals on synchronizing the post adjustment classification review cycles at headquarters duty stations, the Commission considered two proposals submitted by its secretariat in that regard:

(a) Option 1: review all headquarters and other group I duty stations once a year, on a predetermined date; and

(b) Option 2: review all headquarters and other group I duty stations at least once a year, on the anniversary date of the post adjustment classification review for New York. Under both options, the review of the New York post adjustment, including any related changes to pension contributions, would be implemented at the same time for all group I duty stations. In the case of option 1, salaries would be adjusted a maximum of once a year, as the 5% rule triggering more than one review in a year would no longer be applicable. Thus, the only difference between the two options was the abolition of the 5% rule under option 1 and its retention under option 2. The secretariat assessed the impact of the proposals on its operations and concluded that there would be no significant budgetary or human resources implications under either option.

42. Representatives of the Human Resources Network expressed support for option 2, adding that it would contribute to the predictability and transparency of salary adjustments. Representatives of staff federations also expressed support for that option. Representatives of organizations, as well as staff federations, stressed the importance of the continued use of the 5% rule for locations with higher than expected rates of inflation.

43. The Commission decided:

(a) that the post adjustment classifications of all headquarters and other group I duty stations should be reviewed once a year, on the anniversary date of the post adjustment classification review for New York; and

(b) to refer the question of the continued use of the 5% rule for group I duty stations for consideration by the Advisory Committee on Post Adjustment Questions, at its next session, in the context of its review of the operational rules governing the post adjustment system.

## **CONDITIONS OF SERVICE OF GENERAL SERVICE AND OTHER LOCALLY RECRUITED STAFF**

### **General service salary survey methodologies: salary adjustments at duty stations with fewer than 30 staff members**

44. In 2011, following approval of the revised methodology for conducting surveys of the best prevailing conditions of employment at duty stations other than headquarters and similar duty stations (methodology II), the Commission decided that alternative modalities to comprehensive surveys should be used to review salary scales at duty stations with fewer than 30 general service staff members. Consequently, it had requested the United Nations, as the responsible agency for most duty stations, to study such modalities and report back to the Commission. At its seventy-eighth session, the Commission considered the proposals of the responsible agency for those locations, which are listed as category V under methodology II and referred to as non-survey duty stations, and decided that adjusting salaries in duty stations with fewer than 30 general service staff members should be carried out by the responsible agency using one of the methods listed in its report.

45. The Commission further decided to draw the attention of the organizations to the decision it had taken, in the context of the Madrid survey, in response to resolution 68/253, not to increase allowances, pending submission of its recommendations on the comprehensive review to the General Assembly, with a view to ensuring a consistent approach to the adjustment of allowances in all locations.

### **Survey of best prevailing conditions of employment in Madrid**

46. Using the methodology for surveys of best prevailing conditions of employment of general service and other locally recruited staff at headquarters and similar duty stations (survey methodology I), the Commission conducted a survey in Madrid, with a reference date of October 2013.

47. The recommended salary scale for the organizations based in Madrid, shown in annex V of the Commission's report, is 2.9% higher than the current scale.

48. In view of the General Assembly's request to the Commission, in resolution 68/253, not to increase any of the allowances under its purview until the comprehensive review decided on in resolution 67/257 had been submitted to the General Assembly for its consideration, the Commission decided that dependency allowances for general service staff of the common system organizations in Madrid would not be adjusted pending a decision by the General Assembly on the Commission's recommendations on the review of the compensation package in 2015.

## **ACTION BY THE EXECUTIVE BOARD**

49. The Board is invited to note the report.

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