



WORLD HEALTH ORGANIZATION

EXECUTIVE BOARD
111th Session
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Report of the International Civil Service Commission

Report by the Secretariat

1. Under Article 17 of its Statute,¹ the International Civil Service Commission (ICSC) 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 Executive Board herewith the twenty-eighth annual report of the International Civil Service Commission.² At the time of preparation of this document, the report was under consideration by the United Nations General Assembly at its fifty-seventh session.
3. Decisions of the United Nations General Assembly in connection with the Commission's recommendations on remuneration of staff in the professional and higher categories and the level of the education grant, which require revision of WHO's Staff Rules, will be reported separately to the Executive Board in an addendum to document EB111/19 Amendments to the Staff Rules. That document will also contain the financial implications of the Commission's recommendations.

SUMMARY OF RECOMMENDATIONS AND DECISIONS OF THE COMMISSION

Review of the pay and benefits system

4. A comprehensive review of the pay and benefits system is being undertaken by the Commission with a view to making the common system compensation package more responsive to and supportive of Member States' and organizations' current needs. The review, which at this stage is focused on professional staff, represents the most fundamental change in the pay and benefits package of the United Nations system since its inception. Consultations and preparatory work have been in progress for the last three years. In the context of a phased approach to the review (see time frame in the Annex), the Commission has to date agreed in principle to the following activities.

¹ WHO Official Records, No. 226, 1975.

² General Assembly Official Records, Fifty-seventh session: Supplement No. 30 (A/57/30) (distribution to members of the Executive Board only).

- (a) The testing, validation and promulgation in 2003 of a new master standard (a revised and simplified job evaluation system) for the classification of professional posts, designed to work eventually in conjunction with broad banding and pay for performance systems (see also (b) below).
- (b) A two-year pilot study of a broad-banded pay model and related pay-for-performance mechanisms in two volunteer organizations, subject to an assessment by the Commission that certain critical success factors are in place in those organizations (these would include a fully functioning performance management system).
- (c) Establishment of a senior management service as a tool for strengthening leadership and management capacity in support of improved organizational performance, both within organizations and across the system, by enhancing interagency cohesion and coordination and promoting mobility and knowledge exchange across the system. The pay and benefits package applicable to other professional staff would also apply to the senior management service.

Remuneration of the professional and higher categories

5. Under a standing mandate from the United Nations General Assembly, the Commission keeps under review the relationship between the net remuneration of the United Nations system staff in the professional and higher categories in New York and that of the current comparator, the United States federal civil service, using employees in comparable positions in Washington, D.C. This relationship is known as “the margin”. The margin, which has been established by the United Nations General Assembly at between 110 and 120, with a desirable mid-point of 115, has now fallen to a level of 109.3, i.e. below the lower level of the range. In order to bring the margin back within range, the Commission was required, in accordance with the methodology approved by the United Nations General Assembly, to make a recommendation for a real salary increase.

6. The Commission carefully reviewed this matter, noting, *inter alia*, that the United States/United Nations net remuneration differentials at different grade levels varied considerably, with a marked negative imbalance at the senior echelons. The Commission considered three options.

- (a) The standard adjustment of the base/floor salary scale on a no-loss/no-gain basis (an adjustment carried out annually to maintain the relationship between the base United Nations and United States scales).
- (b) A proposal for an across-the-board salary increase to bring the overall margin to its appropriate level.
- (c) A proposal for a differentiated salary increase that would address the overall margin level, the low levels of the margin at the upper grades of the scale, and the high margin levels at the lower end of the scale.

7. Following discussions, the Commission decided to recommend to the General Assembly, for implementation effective 1 March 2003, a differentiated real increase of the base/floor salary scale to address the low level of the margin at the upper grades of the professional and higher category salary scale and to restore the overall level of the margin to the desirable mid-point of 115. This increase will also have an impact on allowances linked to the base/floor salary scale (the mobility and hardship allowance and certain separation payments) which would be adjusted accordingly.

Salaries of staff in ungraded posts and of the Director-General

8. Subject to the above decision of the United Nations General Assembly, related modifications will be made to the salaries of ungraded posts and to the salary of the Director-General.

Common scale of staff assessment

9. The Commission decided to report to the United Nations General Assembly that the current common scale of staff assessment should continue to apply and should be reviewed again at the time of the next comprehensive review of pensionable remuneration in 2004.

Review of the level of the education grant

10. In accordance with the approved methodology, under which the levels of the education grant are reviewed biennially, the Commission is recommending an increase in the maximum admissible expenses and the maximum education grant in the following countries/currency areas: Austria (euro), Italy (euro), Spain (euro), Switzerland (Swiss franc), United Kingdom of Great Britain and Northern Ireland (pound sterling), United States dollar in the United States of America, and United States dollar outside the United States. In other countries/currency areas these amounts would remain unchanged.

11. Also in line with the approved methodology, the Commission is recommending an increase in the ceilings for boarding costs, both for the normal flat rate for boarding including the maximum admissible expenses and for the additional flat rate for boarding at certain designated duty stations.

12. The changes to the levels of the education grant, if approved, would be applicable as from the school year in progress on 1 January 2003.

Review of the level of children's and secondary dependant's allowances

13. The Commission has decided to recommend to the United Nations General Assembly that the children's and secondary dependant's allowances should remain at their current levels.

Hazard pay

14. In recognition of the dangers to which locally recruited staff are subjected at high-risk locations, the Commission has decided that, with effect from 1 January 2003, the level of hazard pay for locally recruited staff should be increased from 20% to 30% of the mid-point of local base salary scales.

Mobility

15. The Commission has decided that under its work programme for 2003, a framework should be developed which would review links between career development and mobility, and provide an analysis of the advantages, disadvantages and obstacles to mobility for both the organizations and staff members.

Conditions of service of the General Service and other locally recruited staff

16. Based on a survey of best prevailing conditions of employment at Geneva, the Commission recommended to the heads of the Geneva-based organizations a revised salary scale and revised rates

for dependency allowances for the General Service category, with retroactive effect from 1 January 2002. The Director-General, along with the heads of other agencies located in Geneva, has accepted this recommendation. The revised salary scale, which replaces two formerly applicable scales, is on average 1.93% higher than the current scales.

ACTION BY THE EXECUTIVE BOARD

17. The Executive Board is invited to take note of the twenty-eighth annual report of the International Civil Service Commission.

ANNEX

TIME FRAME FOR THE REFORM OF THE PAY AND BENEFITS SYSTEM

Year	Activity
2003	<ol style="list-style-type: none"> 1. Validation and promulgation of the new master standard for the classification of professional posts 2. Strategy for rewarding contribution 3. Further development of modalities for the senior management service <ol style="list-style-type: none"> (a) defining membership (b) validating core competencies (c) reviewing supplemental competencies (d) developing learning/assessment strategies 4. Modalities for broad banding/reward for contribution pilot study <ol style="list-style-type: none"> (a) assessing volunteer organizations (b) assessing organizations' reward for contribution schemes (c) approving/establishing mechanisms for financial controls 5. Developing reporting and monitoring framework
2004	<ol style="list-style-type: none"> 1. Development of modalities for strategic bonuses 2. Implementation of pilot study on broad banding/reward for contribution 3. Implementation of senior management service aspects (learning/assessment strategies) 4. Modernizing and simplifying allowances
2005	<ol style="list-style-type: none"> 1. Implementation of strategic bonuses 2. Assessing implementation of master standard 3. Monitoring of broad-banding pilot study, strategic bonuses, senior management service implementation
2006	<ol style="list-style-type: none"> 1. Assessing broad-banding pilot study

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