

Report of the International Civil Service Commission

Report by the Secretariat

1. Under its Statute,¹ the International Civil Service Commission is required to submit an annual report to the United Nations General Assembly that is transmitted to the governing bodies of the organizations of the United Nations system through their executive heads.
2. The Director-General submits to the Executive Board herewith the thirty-sixth annual report of the Commission.² The report is to be considered in December 2010 by the United Nations General Assembly at its sixty-fifth session. Decisions expected to be taken by the General Assembly on the Commission's recommendations that require a revision of WHO Staff Rules are reported separately to the Board.³ The subjects concerned are the remuneration of the Professional and higher categories and the level of education grant.
3. The following is a summary of the main elements of the Commission's report.

CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES OF STAFF

Review of the pensionable remuneration: roadmap and issues to be considered

4. In its resolution 51/217 of 5 March 1997, the General Assembly requested the Commission, in full cooperation with the United Nations Joint Staff Pension Board, to undertake in 2002 further comprehensive reviews of the methodologies for the determination of the pensionable remuneration of staff in the Professional and higher categories and the General Service and related categories, and for the adjustment of the pensionable remuneration between comprehensive reviews and to submit its recommendations thereon to the General Assembly at its fifty-seventh session. There were deferrals in 2002, 2004 and 2005 owing to the pay and benefits review, which could have had implications for pensionable remuneration. For this reason, the item was placed on the Commission's programme of work for 2010–2011.

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

² General Assembly Official Records, Sixty-fifth session: Supplement No.30 (A/65/30) (copies available in the meeting room).

³ Document EB128/36.

5. Several items were proposed for review by the International Civil Service Commission and the United Nations Joint Staff Pension Board. The Commission was in favour of all items except the actuarial comparison between the pension schemes of the United Nations and those of the federal civil service of the United States of America. It stated that such a comparison would be of limited value, since the two plans were fundamentally different.

The Commission decided that the following items be reviewed:

- (a) the common scale of staff assessment;
- (b) income replacement ratios;
- (c) cost comparisons of the pension schemes of the United Nations and of the United States;
- (d) double taxation;
- (e) non-pensionable component of salaries;
- (f) impact of the steep devaluation of local currency and/or high inflation;
- (g) small pensions.

6. In addition, the Commission decided:

To approve the proposed work schedule; and, that the secretariats of the United Nations Joint Staff Pension Fund and the International Civil Service Commission would meet informally and as necessary in order to complete the review in accordance with the working arrangements proposed in the document. The recommendations will be presented to the Commission at its seventy-second session, in early 2011.

Education grant methodology: consideration at the seventy-first session

7. In presenting its proposals for adjusting the levels of the education grant, the Human Resources Network of the United Nations System Chief Executive Board for Coordination also identified a number of issues pertaining to the education grant methodology which needed to be addressed.

8. The Commission requested its secretariat to expand its upcoming review of education grant methodology issues. Further, the Commission reiterated its request to the secretariat that it update the methodology to reflect all changes in the way that the current education grant is determined and, upon completion of its review, that it present the revised methodology at the seventy-fifth session.

Education grant: review of the level

9. The Commission recommended to the General Assembly that, as of the school year in progress on 1 January 2011, the maximum admissible expenses and the maximum education grant for 11 zones should be adjusted and that the normal flat rates and the additional flat rates for boarding should be revised for 13 zones. The special measures for China, Hungary, Indonesia, Romania, the Russian Federation, as well as the eight specific schools in France, should be maintained, while those for Bulgaria should be discontinued.

Evolution of the United Nations/United States net remuneration margin

10. Under a standing mandate assigned to it by 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 (hereinafter referred to as “the margin”). 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.

11. Based on the information before it, the Commission decided to report to the General Assembly that the margin forecast between the net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the United States federal civil service in Washington, DC, for the year 2010 was estimated at 113.3. It also decided to draw the attention of the General Assembly to the fact that the current average margin level for the past five years (2006–2010) was estimated at 114.0, which remained below the desirable midpoint of 115.

12. The Commission also decided that its secretariat should commence work on the review of the net remuneration margin methodology in 2011.

CONDITIONS OF SERVICE OF THE PROFESSIONAL AND HIGHER CATEGORIES

Establishment of grade equivalencies between the United Nations system and the United States federal civil service

13. The Commission, as part of its regular cycle, reviewed the results of the grade equivalencies study between the United Nations and the comparator, and reviewed the validation exercise organized with the United States federal civil service.

The Commission decided to:

- (a) approve and accept the results of the new grade equivalency study;
- (b) request the Advisory Committee on Post Adjustment Questions to review statistical methods recommended in the current report to determine their appropriateness for establishing equivalencies and calculating the net remuneration margin, and report to the Commission at its seventy-second session;
- (c) request its secretariat to review the methodology for determining the grade equivalencies with the comparator, with a view to simplifying it;
- (d) report to the General Assembly that it had conducted a new grade equivalency study as part of its regular review.

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

14. 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 dependant's allowances. Based on the revised methodology for the children's allowance approved by the International Civil Service Commission at its sixty-sixth session, an updated amount of the global United States dollar flat rate was calculated following the revisions in the tax provisions and social legislation payments since the last review in 2008.

15. The Commission decided to recommend to the General Assembly that, as of 1 January 2011:

- (a) The children's allowance be set at US\$ 2929 per annum and the disabled children's allowance at US\$ 5858 per annum;
- (b) The secondary dependant's allowance be set at US\$ 1025 per annum;
- (c) The United States dollar amount of the allowance, as established in subparagraphs (a) and (b) above, be converted to local currency using the official United Nations exchange rate as of the date of implementation and remain unchanged until the next biennial review;
- (d) As a transitional measure, where, at the time of implementation, the revised flat rate allowance were to be lower than the one currently in effect, the allowances payable to currently eligible staff be equal to the higher rate reduced by 50% of the difference between the two rates;
- (e) The dependency allowances be reduced by the amount of any direct payments received by staff from a Government in respect of dependants.

CONDITIONS OF SERVICE IN THE FIELD

Harmonization of the conditions of service for staff serving in non-family duty stations in the common system

16. The traditional compensation offered to staff assigned to a non-family duty station is the payment of the extended monthly security evacuation allowance, as provided for in the United Nations Field Security Handbook, promulgated by the United Nations Chief Executives Board for Coordination. Since the late 1990s, however, an increasing number of organizations, in particular the United Nations funds and programmes, have adopted an alternative approach known as the special operations approach, whereby a staff member required to work in non-family locations has been assigned to a nearby, safer location with the necessary infrastructure in terms of medical and educational facilities and good communication links, where the staff member can establish a home base (known as the "administrative place of assignment"). Since the staff member is assigned to the administrative place of assignment, all emoluments are based on that location. The staff member then proceeds to the "place of duty" on travel status, and is paid a living allowance to cover the additional expenses of maintaining a second household at the place of duty. This allowance is known as the "special operations living allowance", and is payable to all staff, irrespective of their family situation. The special operations living allowance is separately calculated for each non-family location, and therefore varies from place to place. It is based on the after 30-day "mission subsistence allowance" which was paid to similarly situated mission appointees of the United Nations Secretariat. For

locations where no mission subsistence allowance had been established, the after 60-day daily subsistence allowance rate was applied.

17. Prior to the 2009 contractual reform in the United Nations, mission appointees in United Nations peacekeeping operations had a pay package that differed substantially from that applicable to all other common system staff. That pay package did not include any allowance for service in non-family duty stations and consisted of two elements only: base salary and mission subsistence allowance. With implementation of the contractual reform on 1 July 2009, the former mission appointees were converted to regular staff status, and received the standard pay package in terms of post adjustment and benefits/allowances, i.e. they were no longer paid the location-specific mission subsistence allowance, but they still remained the only common system staff not to benefit from any second household allowance because the mission subsistence allowance was intended as a lump sum to meet the costs of being at the place of duty, while the base salary was for other commitments outside the duty station.

18. The Secretary-General's proposed harmonization of conditions of service for staff serving in non-family duty stations also called for the harmonization of conditions applying to the United Nations rest and recuperation scheme and those applicable to other common system organizations.

19. In response to the request by the Commission, the secretariat established a technical working group with organizations and staff federations with a view to identifying options for the achievement of harmonization on the two issues of, respectively, second households, and rest and recuperation.

20. The Commission decided to recommend to the General Assembly that:

- (a) the designation of non-family duty stations be harmonized across the United Nations common system;
- (b) conditions of service for staff serving in non-family duty stations be harmonized across the United Nations common system by amending the existing hardship scheme to include a consideration for service in non-family duty stations;
- (c) the provisions governing rest and recuperation be harmonized across the common system by adopting a common rest and recuperation framework.

21. None of the organizations agreed with the decision of the Commission. All of them expressed their concern that the drastic decrease of the special operations living allowance rate could affect their operational effectiveness and have a negative impact on their ability to attract and retain staff in the most difficult locations.

Performance management framework

22. At its sixty-sixth and sixty-seventh sessions in 2008, the Commission reaffirmed the relevance of the principles and guidelines that it had established in 1994. It cautioned, however, that successful implementation could take place only with the full commitment of top management, which was why the Commission decided to keep the matter under continuing review. Further, the General Assembly, in resolution 63/251 of 16 March 2009, requested the Commission to work closely with organizations to identify workable means of rewarding performance, welcomed the Commission's work in benchmarking innovative practices, encouraged the Commission to keep performance management

under review and requested it to present an updated performance management framework to the General Assembly.

23. The Commission took note of the effort that had gone into preparing the elements of a performance management framework, which it saw as a work in progress at this stage. The Commission decided to request its secretariat to fine-tune the elements in the framework and present the updated framework in a format that was more accessible and user-friendly at its seventy-second session.

24. It also decided to request its secretariat to conduct further studies on the use of step increments in the common system for recognition and rewards, and to report thereon at its seventy-second session.

Review of gender balance in the United Nations common system

25. The Commission expressed concern that the goal of 50/50 gender balance, especially at the D-1 level and above, remained unmet without any noticeable progress and urged organizations to enforce existing gender balance policies and measures, including the Commission's previous recommendations, and to conduct regular monitoring on the level of implementation.

26. The Commission decided henceforth to monitor future progress in achieving gender balance in the organizations of the United Nations common system every four years, and to request its secretariat to provide a report on this issue at its 79th session in 2014.

Review of the General Service job evaluation standards

27. At the seventieth session, the secretariat presented the Commission with the requested final elements of the system, recommending promulgation of the new General Service job evaluation standards with effect from March 2010, in order that the planned roll-out of the new system might commence through delivery of regional workshops for common system classification specialists.

28. The Commission decided to promulgate the new General Service job evaluation standards, with effect from 15 March 2010.

ACTION BY THE EXECUTIVE BOARD

29. The Executive Board is invited to take note of the thirty-sixth annual report of the International Civil Service Commission.

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