



**United Nations**

# **Report of the International Civil Service Commission for the year 2019**

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# **Report of the International Civil Service Commission for the year 2019**



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*Note*

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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## Abbreviations

CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
CEB	United Nations System Chief Executives Board for Coordination
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
IOM	International Organization for Migration
ITU	International Telecommunication Union
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNISERV	United Nations International Civil Servants Federation
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNWTO	World Tourism Organization
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

## Glossary of technical terms

The glossary of technical terms can be found in a separate document on the website of the International Civil Service Commission at <https://icsc.un.org/Home/Library/>.

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Letter of transmittal

**Letter dated 28 August 2019 from the Chair of the International Civil Service Commission addressed to the Secretary-General**

I have the honour to transmit herewith the forty-fifth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit the present report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

*(Signed)* Larbi **Djacta**  
Chair



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## Summary of recommendations of the International Civil Service Commission that call for decisions by the General Assembly and the legislative organs of the other participating organizations

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*Paragraph reference*

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### Conditions of service of Professional and higher categories

#### 1. Base/floor salary scale

63 and annex IV The Commission recommends to the General Assembly, for approval with effect from 1 January 2020, 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 IV to the present report, reflecting a 1.21 per cent adjustment, to be implemented by increasing the base salary and commensurately decreasing post adjustment multiplier points, resulting in no change in net take-home pay.

#### 2. Evolution of the United Nations/United States net remuneration margin

69 The Commission reports 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, D.C., for the calendar year 2019 was estimated at 113.4.

#### 3. Education grant

85 The Commission recommends to the General Assembly a revised sliding reimbursement scale and a boarding lump sum increase in the amount of \$5,300 from the academic year in progress on 1 January 2020.

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## Summary of financial implications of the decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

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Paragraph reference

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### Remuneration of the Professional and higher categories

#### 1. Base/floor salary scale

59 The financial implications associated with the Commission's recommendation on an increase of the base/floor salary scale, as set out in annex IV, were estimated at approximately \$540,000 per annum, system-wide.

#### 2. Education grant

84 The financial implications of adjusting the sliding reimbursement scale were estimated at \$7.08 million per annum, whereas the financial implications of the proposed increase of the boarding lump sum were estimated at \$0.77 million per annum, system-wide.

#### 3. Hardship allowance

128 With the increase in hardship allowance of 2 per cent effective 1 January 2020, the financial implications were estimated at \$2.8 million per annum, system-wide.

#### 4. Mobility incentive

143 The financial implications of the proposed increase associated with the mobility incentive were estimated at \$2.1 million per annum, system-wide.

### Miscellaneous

163 Upon the request of the Commission for an additional post of Communications Officer at the P-4 level in the ICSC secretariat, the financial implications were estimated at approximately \$227,600 per annum.

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## Chapter I

### Organizational matters

#### A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute.

2. To date, 16 organizations have accepted the statute of the Commission and, together with the United Nations itself and its funds and programmes, participate in the United Nations common system of salaries and allowances.<sup>1</sup> One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.<sup>2</sup> Therefore, 28 organizations, agencies, funds and programmes (hereinafter “organizations”) cooperate closely with the Commission and apply the provisions of its statute.

#### B. Membership

3. The membership of the Commission for 2019 is as follows:

*Chair:*

Larbi Djacta (Algeria)\*\*\*

*Vice-Chair:*

Aldo Mantovani (Italy)\*\*

*Members:*

Andrew Bangali (Sierra Leone)\*\*\*  
 Marie-Françoise Bechtel (France)\*\*\*  
 Mohammed Farashuddin (Bangladesh)\*  
 Carleen Gardner (Jamaica)\*\*\*  
 Luis Mariano Hermosillo (Mexico)\*\*  
 Yuji Kumamaru (Japan)\*\*  
 Ali Kurer (Libya)\*\*\*  
 Jeffrey Mounts (United States of America)\*\*  
 Wolfgang Stöckl (Germany)\*\*  
 Vladimir Storozhev (Russian Federation)\*  
 Xiaochu Wang (China)\*  
 Boguslaw Winid (Poland)\*\*\*  
 El Hassane Zahid (Morocco)\*

\* Term of office expires 31 December 2020.

\*\* Term of office expires 31 December 2021.

\*\*\* Term of office expires 31 December 2022.

<sup>1</sup> ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA, UNIDO, UNWTO, the International Seabed Authority, the International Tribunal for the Law of the Sea and the Comprehensive Nuclear-Test-Ban Treaty Organization.

<sup>2</sup> IFAD.

**C. Sessions held by the Commission and questions examined**

4. The Commission held two sessions in 2019, the eighty-eighth, held at United Nations Headquarters in New York from 18 to 29 March, and the eighty-ninth, held at the Vienna International Centre in Austria from 29 July to 9 August.

5. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

**D. Programme of work of the Commission for 2020–2021**

6. The programme of work of the Commission for 2020–2021 is contained in annex I.

## Chapter II

### Reporting and monitoring

#### A. Resolutions and decisions adopted by the General Assembly at its seventy-third session relating to the work of the Commission

7. The Commission considered a note by its secretariat on resolutions and decisions adopted by the General Assembly relating to the work of the Commission. In the note, the secretariat highlighted the presentation given by the Chair of the Commission to the Fifth Committee of the General Assembly, in which he had briefed the Committee on the work of the Commission during 2018, highlighting items such as the review of pensionable remuneration, an end-of-service-grant, the children's and secondary dependant's allowances, the conditions of service in the field with respect to duty stations with extreme hardship conditions, the update of the framework for human resources management with regard to diversity and gender, the review of the post adjustment system, the review of salary survey methodologies for General Service and other locally recruited categories and the evolution of the United Nations/United States net remuneration margin and the base/floor salary scale.

8. Participants at the session were further informed that, in the weeks following the Chair's introduction of the annual report of the Commission, there had been in-depth discussions in the Fifth Committee centred around costs. Representatives of Member States had requested detailed information on all benefits, entitlements, grants and allowances, as well as on leave entitlements available to staff, questioning on occasion the legal basis thereof. With respect to the Commission's proposal on duty stations with extreme hardship (duty stations with a hardship classification of D or E), the representatives requested clarification on how those duty stations were differentiated, justification as to why an additional allowance was necessary, a list of duty stations classified as D or E and not designated as non-family and the number of staff at those locations, including the possible number of eligible dependants.

9. After the in-depth discussions, the majority of the ICSC proposals had been approved by the General Assembly, with the exception of its proposals on the children's and secondary dependant's allowances and the establishment of an end-of-service grant. The proposal regarding duty stations with extreme hardship had only been partially and conditionally approved: it had been decided that, for staff members at duty stations classified as E that were not designated as non-family, an allowance of \$15,000 would be offered to eligible staff on a pilot basis in lieu of the option to install the eligible dependants at the duty station.

10. On 22 December 2018, the General Assembly adopted resolution [73/273](#) on the United Nations common system without a vote.

#### Discussion in the Commission

11. The Human Resources Network and all three staff federations took note of the decisions of the General Assembly. The Network concurred with the statement of the Under-Secretary-General for Management Strategy, Policy and Compliance regarding the need to extend the reduced non-family service allowance to staff members serving in difficult family duty stations classified as D that were not designated as non-family. The Network strongly encouraged ICSC to continue its work on that matter and added that the organizations of the common system were committed to making the agreed pilot a success in order to convince the General Assembly of the necessity of the proposals presented in the annual report of the Commission.

12. All three staff federations, while acknowledging that cost might have been a factor in the decision of the General Assembly to not approve the Commission's proposals regarding the establishment of an end-of-service grant and the level of the children's and secondary dependant's allowances, and to only partially and conditionally approve the reduced non-family service allowance to staff serving at duty stations classified as E, expressed their disappointment and questioned whether the Commission had any intention of following up on those recommendations with the Assembly. The representative of UNISERV asked that duty stations classified as C also be considered in a review of the non-family service allowance in the future. The spokesperson for CCISUA expressed the view that some Member States did not appear to be well informed about the rationale for the proposals made with respect to the establishment of an end-of-service grant, adding that he had hoped that the Commission would address that matter. With regard to the review of all allowances, he believed more frequent reviews of allowances should be carried out so as to avoid large and sudden increases in allowances. With respect to the establishment of an end-of-service grant, he proposed what he believed would be the next best alternative, the granting of five-year fixed-term appointments to eligible staff. In addressing the subject of the General Assembly's approval of the portion of the framework with respect to "diversity and gender", the spokesperson for CCISUA informed the Commission that, since the presentation of the Commission's report, the Secretary-General had made proposals for the Assembly's consideration that, if approved, would have the effect of placing gender quotas on hiring and downsizing, which would have implications on articles 8 and 101 of the Charter.

13. Members of the Commission stressed the importance of fully implementing all General Assembly resolutions. Regarding the partial approval by the Assembly of the Commission's proposal for duty stations with extreme hardship, some members of the Commission saw the approval as a start and assured staff that there was indeed a need for the Commission to revert to the Assembly regarding the children's and secondary dependant's allowances. Members of the Commission believed that a more comprehensive look at the allowances was needed, and that all methodologies used in the past had to be studied before getting back to the Assembly, and agreed that more frequent reviews of allowances should be carried out so as to avoid large and sudden increases in allowances. While they cautioned against putting forth another proposal for the establishment of an end-of-service grant, bearing in mind that the Assembly had not approved any of the past few proposals, members of the Commission suggested using a completely different approach and that the Commission take its time in making a new proposal regarding this allowance.

14. The Chair of the Commission added that organizations and staff would be consulted regarding all the items that had not been approved, the Commission would consider different ways of presenting new proposals to the General Assembly, any approaches taken would be transparent and no recommendations would be rushed.

#### **Decision of the Commission**

15. The Commission decided to take note of General Assembly resolution [73/273](#).

### **B. Monitoring of implementation of decisions and recommendations of the International Civil Service Commission, the General Assembly and the legislative or governing bodies by organizations of the United Nations common system, including International Labour Organization Administrative Tribunal judgment Nos. 4134 to 4138**

16. The Commission considered a note by its secretariat on the implementation of decisions and recommendations of ICSC adopted by the General Assembly and the

legislative or governing bodies of the organizations of the United Nations common system as provided for under article 17 of its statute. Information had been provided by 24 common system organizations. The majority of the organizations had in one way or another adopted or incorporated a diversity component in their human resources policies. In the context of diversity, many of the policy changes related to gender, while a few organizations had developed or were in the process of introducing policies on disability and inclusion. It was noted that only one organization, the International Seabed Authority, had not yet taken any steps to implement the change related to the mandatory age of separation to age 65 for staff who had joined the organization before 1 January 2014. The same organization had also not yet implemented the new education grant scheme for the school year in effect on 1 January 2018.

17. Under this agenda item, the Commission also discussed judgment Nos. 4134 to 4138 of the Administrative Tribunal of the International Labour Organization, which had been issued on 3 July 2019, on the implementation of the post adjustment results following the 2016 round of place-to-place surveys in Geneva. In those judgments, the Tribunal had decided on complaints filed by staff members of ILO, ITU, IOM, WHO and WIPO against the respective organizations. The Commission focused its attention mainly on judgment No. 4134, which referred to ILO itself, considering that judgment Nos. 4135 to 4138 had been based on the same factual background and considerations. The judgment called for setting aside the implementation of contested ICSC decisions on post adjustment multipliers for Geneva on the basis of the 2016 survey. The judgment also called for a retroactive adjustment of remuneration of affected staff and the payment of interest fees.

18. The Chair stated that, while he would refrain from commenting on the Tribunal's decision, he was concerned about the arguments in the considerations part of the judgment, particularly the assertion that the ICSC decision had been unlawful. The judgment had misinterpreted the statute of ICSC and surprisingly concluded that the Commission "did not have power to decide, itself, the amounts of post adjustments"<sup>3</sup> to be attributed to duty stations such as Geneva; it further stated that: "ICSC could only make recommendations and not decide on amounts",<sup>4</sup> adding that the General Assembly had to approve any changes to post adjustment levels of duty stations. That interpretation was at odds with the practice of ICSC of expressing post adjustment classification in terms of post adjustment multiplier points and consequently at odds with article 11 (c) of the ICSC statute, which stipulated that: "The Commission shall establish: ... the classification of duty stations for the purpose of applying post adjustments."<sup>5</sup>

19. From its inception in 1975, the Commission had established the post adjustment multipliers for duty stations worldwide and those multipliers had been applied to the schedules of post adjustment (specifying the amount, in United States dollars, corresponding to one post adjustment multiplier point) as per article 10 (b) of the ICSC statute approved by the General Assembly in 1974 in its resolution 3357 (XXIX). The post adjustment schedules had subsequently been discontinued by the Assembly in its resolution 44/198, abolished by the Assembly in its resolution 45/259 and replaced by the Assembly's decision to equate the value of one post adjustment multiplier point to 1 per cent of net base salary corresponding to a post adjustment schedule with all entries equal to 1 per cent of net base salary, as opposed to earlier post adjustment schedules with different entries and differentiated by grade and step to reflect regressivity in the salary scale at the time. Neither of the two resolutions

<sup>3</sup> International Labour Organization Administrative Tribunal judgment No. 4134, para. 40.

<sup>4</sup> Ibid.

<sup>5</sup> ICSC/1/Rev.2, p. 8.

had affected the division of responsibility in the governance of the post adjustment system between the General Assembly and the Commission under articles 10 (b) and 11 (c) of its statute. As a result of the above decision by the Assembly, there was no longer any need for its explicit approval of “scales of post adjustments”, as the approval of the base/floor salary scale also implied the approval of the amount of post adjustment per one point of the multiplier.

### **Discussion in the Commission**

20. With respect to monitoring the implementation of ICSC and General Assembly decisions, the Human Resources Network and the staff federations took note of the information provided. CCISUA wanted to bring to the attention of the Commission recent proposals by the United Nations Secretariat to change the Staff Rules and make gender a primary consideration in hiring and downsizing. Giving preference to gender during times of downsizing over other criteria such as performance, contract type or length of service breached, in the view of CCISUA, articles 8 and 101 of the Charter of the United Nations. It further questioned whether those policies of the United Nations were compatible with the human resources framework of ICSC.

21. Members of the Commission were pleased to note that organizations had incorporated various policies on diversity. Some members were concerned, however, that the result with all the policies in place could be reverse discrimination. They reminded organizations that, while they were in support of promoting women, the best and most qualified candidate should always be selected for a post. Some members of the Commission pointed out that, while it seemed that several measures had been put in place for the advancement of women, it did not appear that many women were heading agencies. They requested statistical data on gender balance at all levels.

22. Members of the Commission were also of the opinion that there were other components relating to diversity that should be the focus of organizations. In that regard, they requested information on policies and statistical data, notably on equitable geographical distribution system-wide. The Chair concluded the discussion and noted that the purpose of the note by the secretariat was to report on the implementation of policies. He further informed participants that, the following year, the Commission would be provided with a more comprehensive report on diversity.

23. In addressing the judgments of the ILO Administrative Tribunal, the spokesperson for the Human Resources Network informed participants that the judgments would lead to unbudgeted, additional expenses for the affected organizations and would compound the effect on the organizations, as they also faced substantial political, governance and reputational risks which would need to be addressed urgently. She added that the Commission’s constructive and transparent engagement in addressing those challenges was essential. While a large number of similar cases were being examined by the United Nations Dispute Tribunal, she stressed the importance of protecting the coherence of the United Nations common system and therefore looked forward to a frank and pragmatic discussion in order to help preserve the common system in a manner that minimized legal, political and reputational risks, while recognizing the unique mandates and governing structures under which each organization independently operated. The Human Resources Network therefore welcomed the flexibility of the Commission, which had dedicated time for the discussion at the session. The spokesperson for the Network added that organizations had already stressed in previous sessions that, besides the objective of equalizing the purchasing power of salaries in different duty stations, goals such as predictability, stability and transparency of staff remuneration were equally important for a sound and universally accepted post adjustment system. Therefore, the process of reviewing the post adjustment methodology should have been directed in a way that ensured a high degree of accuracy while managing any potential legal risks for



the organizations. In the context of the recent judgments of the ILO Administrative Tribunal, the Network also urged the Commission to address the issue of the interpretation of the ICSC statute by that Tribunal with regard to post adjustment matters. She added that there was a need for a joint revision of the communications between all parties involved, in order to build a common understanding of that issue across the common system. Finally, the Network asked that collaboration between the ICSC and organizations be enhanced in a transparent, open and constructive manner to ensure that the common system decisions taken by ICSC were legally sound, universally understood and consistently applied.

24. The Deputy Director General for Management and Reform of ILO provided a historical background of the ILO Administrative Tribunal, which was the successor of the League of Nations Administrative Tribunal, which had been established in 1927. He explained that the Tribunal was comprised of seven judges who had all served as judges of high courts. The judgments by the Tribunal were final and without appeal. Executing them fully, promptly and correctly was essential for the proper administration of justice and respect for the rule of law. With respect to the suggestion that the implementation of the decision of the ILO Administrative Tribunal should be deferred until a decision of the United Nations Dispute Tribunal had been delivered, the ILO representative noted that a judgment from the Dispute Tribunal which might be at variance with the judgments of the ILO Administrative Tribunal would mark the beginning of a period of uncertainty and turmoil for the common system. Nevertheless, both tribunals predated the Commission and had coexisted for many years. ICSC had been established with full knowledge that both tribunals had jurisdiction within the common system; it was not unusual for multiple bodies to operate in a single "jurisdiction". He emphasized that the decisions of the two tribunals were completely independent of each other; therefore, implementation of the decision of the ILO Administrative Tribunal could not be halted in anticipation of the Dispute Tribunal ruling. Implementing the ILO Administrative Tribunal ruling and expediting the review of the post adjustment methodology were essential for restoring and maintaining the integrity of the common system. The fact that the Dispute Tribunal had not yet reached a decision on similar complaints from staff from other organizations did not affect the obligations of the organizations under the jurisdiction of the ILO Administrative Tribunal to execute the recent judgments of that Tribunal. Implementation of those judgments should in principle be within 30 days. The question of financial consequences, the Commission's reaction to the judgment, and the applicability of the 2010 round post adjustment multipliers were immaterial at the current stage. ICSC needed to assist the organizations in meeting their obligations to apply the judgments of the ILO Administrative Tribunal and urgently address the restoration of the post adjustment multipliers applicable before April 2018. In the absence of the provision of the requested post adjustment multipliers, the affected organizations would be left with no option but to apply their own calculations for adjusting the post adjustment multipliers to be in compliance with the relevant judgment of the ILO Administrative Tribunal.

25. In summary, the representative of ILO made the following four requests of ICSC: (a) to provide as a matter of urgency the revised post adjustment multipliers needed to implement the judgments of the ILO Administrative Tribunal; (b) to continue and expedite the review of the post adjustment methodology and gap closure measure in consultation with the organizations and staff federations; (c) to delay any further decision on major post adjustment reviews and surveys (not month-to-month adjustments) until the review of the methodology had been completed; and (d) to seek resolution by the General Assembly of the appropriate authority of ICSC and the Assembly to determine post adjustment matters, by amending the ICSC statute if the Assembly wanted that authority to reside with the Commission.

26. The representative of WIPO stated that the organization had moved expeditiously to execute the relevant judgment of the ILO Administrative Tribunal (No. 4138) to avoid further exposure to financial, legal and reputational liability. She added that the Director General of WIPO had written to the then Chair of the Commission expressing concern, and had informed the Chair that the ILO Administrative Tribunal had made it clear on a number of occasions that international organizations that form part of the common system were not supposed to implement blindly the decisions or recommendations of the Commission. Organizations were required to satisfy themselves that the decisions or recommendations in question would not be in breach of their own obligations towards their staff. In 1974, at the time it joined the United Nations family, WIPO had committed to align itself with the common system “to the extent feasible ... to avoid unjustified differences in terms and conditions of employment”.<sup>6</sup> This meant that WIPO did not have an absolute obligation of alignment, but was required to conduct an assessment. Despite the reservations expressed at the time by the Director General of WIPO and by other Geneva-based agencies, he had implemented the ICSC decision following assurances by the Commission of the soundness and propriety of that decision. Taking into account the comments made by the ILO Administrative Tribunal, it was imperative that any future recommendations on post adjustment multipliers by the ICSC be based on a methodology that was devoid of any flaw and was correctly applied. WIPO welcomed the commitment of ICSC to collaborate with the organizations and staff federations to work on improving the methodology underlying the post adjustment multiplier. WIPO was committed to the common system and to the implementation of ICSC recommendations, but such implementation required, first and foremost, that it not be in breach of the organization’s legal obligations towards its staff.

27. The representative of WHO expressed support for the statement made by the spokesperson of the Human Resources Network on the judgments of the ILO Administrative Tribunal but added that his organization welcomed the finality that it brought, as implementing those results had been very disruptive and distracting for more than two years for all those involved, including staff, management, Member States and the Commission itself. Like many organizations, WHO was undertaking a significant transformation exercise and needed its staff focused on those changes, as well as everyday work, which included the battle against major public health emergencies affecting their most vulnerable beneficiaries, who had never heard of a post adjustment multiplier. The organization saw the ILO Administrative Tribunal judgment as an opportunity to make changes to the post adjustment processes, as well as other compensation-related processes, to bring them more into line with the often-quoted goals of predictability, stability and transparency for staff remuneration. As in the past and throughout the process, the organization looked forward to that continued support from ICSC as the judgments were implemented.

28. The representative of UNHCR endorsed all of the statements made by the organizations, adding that UNHCR had concerns following the judgment, as staff would not be equally paid if a solution was not found in a timely manner and that would have a very negative impact on employee experience. Some organizations would not have the ability to attract and retain the right talent, which would therefore lead to competition among common system organizations. If there was a lack of credible and transparent explanation, that could undermine the relationship between management and staff, thus weakening the employer value proposition dramatically. In the speaker’s words, that was not an issue limited to Geneva; field staff had been seriously concerned about the repercussions, thus leading the speaker to anticipate that this could lead to increased litigation and eventually result in further division of the common system.

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<sup>6</sup> ICSC/1/Rev.2, p. 26.

29. The representative of the United Nations Secretariat joined the other organizations in thanking the Commission for taking up the issue as a matter of urgency. The United Nations did not fall under the jurisdiction of the ILO Administrative Tribunal; therefore, the recent judgments did not apply to it. Nevertheless, the impact was significant because that would mean different pay rates being offered by those organizations which implemented the ILO Administrative Tribunal ruling from the pay rates being offered to over 2,000 staff of the United Nations Secretariat in Geneva. She added that there had been a number of cases filed by Geneva-based staff of the United Nations that fell under the United Nations Dispute Tribunal. Importantly, differences in the relevant jurisprudence and the centrality of General Assembly resolutions meant that the United Nations Dispute Tribunal would have a basis on which to reach a different conclusion than the ILO Administrative Tribunal. She insisted that solutions should be found in order to preserve and strengthen the common system.

30. The representative of WFP expressed concern about ripple effects of the ILO Administrative Tribunal decision that would extend beyond Geneva and the organizations directly affected thus far. He reminded participants that WFP fell under the ILO Administrative Tribunal through one of its parent entities being the FAO Council. None of the complainants thus far had been from WFP; however, the organization had a small office in Geneva with seven staff who received Geneva post adjustment. Since the judgment, staff had been enquiring about the effect of the judgment on their pay. The organization was cognizant that each time a payslip was issued, staff could choose to challenge the administration, which would be bound by the ILO Administrative Tribunal decision. In Rome, the cost-of-living survey had also given rise to negative results, which had been implemented. In his view, if no action was taken by the Commission, that could lead to additional appeals by the staff in Rome. He therefore asked that action be taken so that the organizations could concentrate on delivering on their respective mandates.

31. With respect to the judgment of the ILO Administrative Tribunal, FICSA stated that there were two main issues on which the Tribunal had drawn its conclusions. In the Federation's view, the first conclusion of the Tribunal had been that, while an international organization was free to choose a methodology for determining salary adjustments, it had to be a methodology which ensured that the results were stable, foreseeable and clearly understood or transparent. The Federation was of the view that the issue was being addressed within the ICSC task force that was in the process of reviewing the post adjustment methodology. In addition, when the gap closure measure had been changed, no explanation had been provided as to why 5 per cent was appropriate up to and including 2015 and no longer appropriate in 2016 and 2017. The reduction of the threshold percentage to 3 per cent had been neither substantiated nor transparent. FICSA stated that, in its view, there was a simple way for the Commission to resolve the situation during its current session: by reinstating the 5 per cent gap closure measure for all duty stations, including Geneva, Rome and Madrid. Furthermore, such a solution would equally serve to preserve the principles on which the United Nations common system was founded. While FICSA stated that it respected the Commission's prerogative to take decisions in line with its mandate and in the best interest of the common system, the staff and the organizations, it also highlighted the organizations' legal obligation to comply with judgments of the ILO Administrative Tribunal. Furthermore, FICSA stated that the considerations contained in the judgments of the Tribunal had implications for duty stations beyond Geneva, such as Rome and Madrid. Consequently, FICSA reiterated the need for the Commission to retroactively reinstate the 5 per cent gap closure measure at the current session.

32. The representative of CCISUA pointed out that, based on the evidence received by the ILO Administrative Tribunal, a final, unappealable and unanimous decision had been reached. It was of the opinion that the judgment of the Tribunal regarding Geneva post adjustment did not imply that all decisions regarding post adjustment multipliers based on the 2016 survey round were illegal, as no appeals had been received from other duty stations. Nevertheless, that did not prevent staff in other duty stations from appealing future post adjustment changes or indeed other ICSC recommendations. CCISUA had warned against implementation of the Geneva post adjustment results, as it had been of the view that it would lead to complications. Having different post adjustment rates utilized by different organizations, following the judgment of the ILO Administrative Tribunal, created a situation of unequal pay for equal work for staff at the same duty station. In the view of CCISUA, that breached article 1 of the ICSC statute, which required that ICSC regulate and coordinate the conditions of service of the United Nations common system and further undermined the concept of “One United Nations” and the Secretary-General’s reform initiatives. Furthermore, in the view of CCISUA, having a broken compensation system violated the fundamental principles of the post adjustment system itself and created a precedent that could be used in other duty stations. He believed that restoring the gap closure measure retroactively for all duty stations and reverting for Geneva to a single multiplier based on pre-2016 post adjustment results would help preserve the post adjustment system. The speaker added that, upon completion of the ongoing review, it would be necessary to conduct a new survey in Geneva based on the revised methodology, which was expected to resolve the issue of unequal pay and lead to outcomes that would prove to be foreseeable, stable and transparent. In the view of CCISUA, fixing the methodology was particularly important for staff in the field, where economic conditions were highly volatile. He noted that CCISUA had warned the Commission at its eighty-fifth session that such a situation might occur, and it was therefore incumbent on the Commission to resolve the situation.

33. The representative of UNISERV expressed grave concerns about the suggestion that the Commission would await the decision of the United Nations Dispute Tribunal. In his view, waiting until 2020 to resolve such a critical issue that threatened the existence of the common system was too long. Hearing statements insinuating that organizations could be asked to leave the common system and the United Nations Joint Staff Pension Fund was even more worrisome. In order to avoid all those concerns, he respectfully suggested that the Commission make a recommendation to the General Assembly in the fall of 2019, which could resolve the problem and help to preserve the common system in Geneva.

34. The representative of the United Nations Office at Geneva Staff Coordinating Council expressed support for all the concerns and arguments that had been put forward by the staff federations.

35. With respect to the judgments of the ILO Administrative Tribunal, members of the Commission expressed disagreement about the considerations in the ruling, as the judgments created an awkward and unstable situation in the common system and brought about the possibility of dual pay rates among the common system organizations, all of which was a result of a complete misunderstanding of the Commission’s role, in particular as it related to post adjustment. In referring to paragraphs 40 to 42 of judgment No. 4134, which stated that the Commission did not have – and had never had – the power to determine the post adjustment for a duty station, and that such power was vested only in the United Nations General Assembly, members of the Commission pointed out that this was a misinterpretation of the division of post adjustment-related authority and functions between the Assembly and the Commission in terms of articles 10 and 11 of the Statute. For more than 40 years,

the Commission had established, on a monthly basis, the post adjustment multipliers for duty stations worldwide.

36. The Commission found that, in its presentation of facts, the judgment itself was not accurate. For instance, in paragraph 47 of judgment 4134, it was stated that the gap closure measure put in place to guard against sharp drops in the net take home pay of staff members had been reduced from 5 per cent to 3 per cent. In fact, it had been increased from 0 per cent to 3 per cent, to the advantage of staff members, after having been reduced from 5 per cent to 0 per cent two years earlier, in August 2015, with the support of the organizations, including Geneva-based organizations, through their representatives in the Human Resources Network of CEB. The judgment also confused the provisions of article 12 (2) with those of articles 10 (b) and 11 (c) of the Commission's statute, which specified completely different responsibilities for the Commission and the General Assembly. Article 12 (2) was pertinent only to the salary scales of the General Service and other locally recruited categories, to which post adjustment was not applicable, at non-headquarters duty stations and only at the request of the concerned executive heads. Moreover, the Commission had found flaws in the report of the Geneva statisticians. The Commission's counterarguments about those flaws had been conveyed to the legal offices of the concerned organizations upon their request, but it was unclear whether they had been conveyed to the ILO Administrative Tribunal and, if so, whether they had been taken into account by the Tribunal in the considerations of the judgment.

37. Members of the Commission highlighted the prerogative of the General Assembly to create a common system and cited a number of resolutions in which the Assembly had confirmed the authority and role of the Commission and that thus confirmed that proper procedures had been followed by ICSC. The Commission highlighted Assembly resolution 48/224, in which the Assembly had, inter alia, requested the executive heads of organizations of the common system to consult with the Commission in cases involving recommendations or decisions of ICSC before the Administrative Tribunal of the United Nations (now the United Nations Dispute Tribunal and the United Nations Appeals Tribunal) or the ILO Administrative Tribunal, where they were the respondents, and urged the governing bodies of the organizations to ensure that the executive heads of their organizations consulted the Commission on all such cases before either Tribunal. The Commission stated that it had not received any such request for consultation from the ILO Administrative Tribunal, particularly on such an important case in which the legal foundation of its power to establish post adjustment multipliers had been contested. Organizations pointed out that they had requested comments from the ICSC secretariat in the context of the defence of the cases and that they had received, in response, a full series of background information and documents.

38. The Commission also made reference to General Assembly resolution 49/223, in which the Assembly had, inter alia, requested that the Director General of ILO consult the ILO Administrative Tribunal, with a view to introducing an amendment to its rules, stating that in any proceeding in which it appeared that the judgment of the Tribunal could affect a rule, decision or scale of emoluments or contributions of the common system of staff administration, the Registrar of the Tribunal would contact the Executive Secretary of ICSC and enquire whether the Commission wished to participate in the proceeding. The Executive Secretary of ICSC had never been contacted by the ILO Administrative Tribunal regarding the current case.

39. Finally, members of the Commission further observed that the arguments of the ILO Administrative Tribunal were not valid mainly because of the misinterpretation of the statute and the role of the Commission. They further questioned the existence of two different dispute tribunals in a common system. As the Commission was accountable to the General Assembly, members of the Commission were of the view

that further direction and advice should come from the Assembly. Some members considered that, owing to previous General Assembly resolutions directing agencies to implement the 2016 round of post adjustment results, ICSC was not in a position to provide formally or informally revised post adjustment multipliers or any other related data in support of the implementation of the recent decisions of the ILO Administrative Tribunal.

40. One Commission member considered that, without addressing the analysis underlying judgments Nos. 4134 to 4138, it should be noted that those judgments placed the Commission in the most extreme difficulties when continuing to ensure the management of post adjustment, which was an essential element of the maintenance of the common system. That consideration in itself would justify a decision of the General Assembly, as soon as possible, to reconfirm the authority of the Commission in that area.

41. The Commission took note of the concerns of the organizations and expressed its strong belief in the common system and urged all organizations to collaborate and preserve it.

#### **Decisions of the Commission**

42. The Commission decided to take note of the document and expressed concern that one organization had still not implemented the mandatory age of separation for staff who had joined the organization prior to 1 January 2014, and that the same organization had not implemented the new education grant scheme. The Commission urged organizations to fully implement decisions of the General Assembly and the Commission in a timely manner.

43. With respect to ILO Administrative Tribunal judgment Nos. 4134 to 4138, the Commission:

(a) Expressed its disagreement with arguments and premises put forth in the consideration part of those judgments questioning the authority of the Commission regarding post adjustment;

(b) Recommended to the General Assembly that it reconfirm the authority of the Commission to continue to establish post adjustment multipliers under article 11 (c) of the Commission's statute;

(c) Requested guidance as soon as possible from the Assembly concerning the implementation of General Assembly resolutions 3042 (XXVII), 3357 (XXIX), [44/198](#), [45/259](#), [48/224](#) and [72/255](#);

(d) Drew the attention of the Assembly to the challenge of having two concurrent independent administrative tribunals among the organizations of the United Nations common system;

(e) Expressed the view that it was inappropriate to take any further decision with regard to calls to implement the judgments of the ILO Administrative Tribunal for all organizations, pending issuance of the United Nations Dispute Tribunal judgment on the Geneva post adjustment issue.

## Chapter III

### **Conditions of service applicable to both categories of staff: implementation of the principles and guidelines for performance appraisal and management for the recognition of different levels of performance**

44. In its resolution [73/273](#), the General Assembly, *inter alia*, requested the International Civil Service Commission to report to the Assembly at its seventy-fourth session on the implementation of the principles and guidelines for performance appraisal and management for the recognition of different levels of performance. In response, the Commission considered a note by its secretariat which had been prepared on the basis of a questionnaire to the organizations of the common system, to which 24 organizations had responded.

45. The principles and guidelines for performance appraisal and management for the recognition of different levels of performance include the following components:

- (a) Principle for performance appraisal;
- (b) Framework for recognition and rewards programmes, including:
  - (i) Cash and non-cash awards;
  - (ii) Treatment of underperformance;
- (c) Outline of a training programme for managers.

46. The organizations had reported on the level of the alignment of their policies and procedures with the aforementioned components and the extent to which those met their needs.

#### **Discussion in the Commission**

47. The Human Resources Network, while noting that the item fell within articles 14 and 15 of the Commission's statute, stated that it had established an active working group on performance management which reviewed good and emerging practices. The Network noted that the organizations had actively worked on the development of the ICSC principles and guidelines, which fully met their current needs. As such, no changes were considered necessary.

48. FICSA noted that the main thrust of the discussion was to provide feedback to the General Assembly on cash and non-cash awards. In its view, financial rewards to recognize outstanding performance remained an important recognition of well-performing staff which could be even more effective with team-based awards in addition to individual awards. FICSA, while noting the Commission's support for lump-sum non-pensionable bonuses to recognize exceptional performance, considered that personal promotions could be effective in addressing both recognition and career development issues. In that regard, FICSA noted the emerging focus on career development supported by managerial coaching within performance management processes and emphasized the importance of continuous dialogue between staff members and their managers.

49. CCISUA observed that the issue of performance management was not an easy one. Issues of fairness in appraisal systems and measurement of performance presented particular difficulties in the use of cash awards and recognition, as the United Nations common system organizations were not profit-making enterprises where it was relatively easier to identify organizational, departmental and individual performance metrics, which were used as a basis for awards. Although cash awards

might be appropriate in some common system organizations that generated revenue, how performance could be separated between those directly responsible for the generation of revenue and other staff members presented substantial difficulties. Therefore, in the view of CCISUA, all those issues presented a challenge to the widespread use of cash awards within the common system. CCISUA also considered that the many awards applied to large populations were often merely for satisfactory performance, so as to avoid any judgment of individual performance, and other awards for small populations were very small, thus rendering them insignificant albeit uncontroversial. Finally, the question arose as to whether cash awards were really in keeping with the public sector ethos.

50. UNISERV stated that, in its view, there was a need for a single system-wide performance management system which included both appraisal and recognition, as that would, inter alia, support mobility and career development within the common system organizations. UNISERV was also of the view that a common approach was needed with regard to addressing underperformance, including realistic and justified performance improvement plans and rebuttal systems, as that would ensure that the decisions of managers were fair. There was a need for a system that encouraged both management and staff to improve.

51. The Commission noted that almost all the organizations responding to the secretariat's questionnaire had reported that their policies and practices aligned with the principles for performance appraisal. The Commission further noted that, of the organizations that had introduced some form of cash awards (see annex II), all were within the overall 1.5 per cent budgetary cap specified in the framework for recognition and rewards (see annex III). With regard to the outline of a training programme for managers, 19 organizations had reported being in alignment while most of the others had indicated that they were partially aligned and/or reviewing their frameworks and would take into account the provisions of the ICSC principles and guidelines in any new policies. The large majority of the organizations had also indicated that their policies on dealing with underperformance aligned with the ICSC framework.

52. On the issue of organizational performance awards, some members were of the view that all common system organizations should establish any awards programmes within the established framework for recognition and rewards programmes and that no organizations should deviate from the framework. In their view, ultimately, only the Member States could assess the performance of the common system organizations as such. Some other members of the Commission also considered that the issue of exceptional organizational performance was distinct from the issue of performance management and that it could not be the reason for rewarding individual performance. In that context, a point was raised as to what constituted exceptional performance and which criteria served as the basis for the definition of "exceptional". In that context, the representative of WIPO stated that the organization would seek to formulate a clearer policy in terms of organizational performance and individual rewards.

53. The Commission also considered the issue of personal promotions. Some members of the Commission noted that the issue needed to be considered in the light of its impact in a rank-in-post job classification system such as that followed by the common system, which differed from rank-in-person systems. Recalling its earlier considerations in that regard, the Commission was in broad agreement that the issue of personal promotions should be looked into further (see [A/39/30](#), [A/39/30/Corr.1](#) and [A/39/30/Corr.2](#), para. 222, and [A/49/30](#), para. 338). The Commission also considered that more information was needed on the treatment of underperformance, given that the revised principles and guidelines had only been implemented in 2018.



54. Overall, the Commission was pleased that most organizations had adopted the principles and guidelines for performance appraisal and management for the recognition of different levels of performance and further encouraged organizations along that route. The Commission asked its secretariat to keep it apprised of developments in that regard.

**Decisions of the Commission**

55. The Commission decided:

- (a) To bring to the attention of the General Assembly its above discussion;
- (b) To request its secretariat to keep it apprised of the general developments taking place in the area of performance management with a view to assessing the need for any changes to the principles and guidelines at the time of its next review in 2021;
- (c) To encourage the organizations to conduct more formal evaluations of their performance management systems in order to inform the Commission's future review.

## Chapter IV

### Conditions of service of the Professional and higher categories

#### A. Base/floor salary scale

56. The concept of the base/floor salary scale was introduced, with effect from 1 July 1990, by the General Assembly in its resolution [44/198](#) (sect. I.H, para. 1). The scale is set by reference to the General Schedule salary scale of the comparator civil service, currently the federal civil service of the United States of America. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials at the established reference point of the scale (P-4, step VI) with the corresponding base salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively).

57. A 1.4 per cent increase in the base General Schedule scale of the comparator civil service was approved in March 2019 with retroactive effect as from 1 January 2019. In addition, tax changes were introduced in the United States in 2019. In the federal tax system, the income levels of the tax brackets and the standard deduction amounts were increased. The standard deduction amounts for the District of Columbia and the state of Maryland were also increased. There were no changes registered in the tax legislation of the state of Virginia in 2019.

58. In order to reflect the combined effect of the movement of gross salaries under the General Schedule and the tax changes in the United States and to maintain the common system salaries in line with those of the comparator, an increase of 1.21 per cent in the base/floor salary scale with effect from 1 January 2020 was proposed. In addition, in accordance with General Assembly resolution [70/244](#) of 23 December 2015 (sect. III, para. 9 (a) and (b)), 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. The proposed salary scale and pay protection points are shown in annex IV to the present report.

59. The annual system-wide financial implications resulting from an increase in the base/floor salary were estimated as follows:

(United States dollars)

(a) For duty stations with low post adjustment where net salaries would otherwise fall below the level of the new base/floor	0
(b) In respect of the scale of separation payments	540 000

#### Discussion in the Commission

60. The Human Resources Network took note of the proposal. The representatives of the staff federations, noting the increase in the comparator civil service base salaries, expressed support for an increase in the base/floor salary scale.

61. The Commission noted that an increase in the base/floor salary of 1.21 per cent as from 1 January 2020 would be implemented through the standard no-loss-no-gain procedure, i.e. by increasing the base/floor salary scale and commensurately decreasing post adjustment multipliers. The Commission also took note of the proposed adjustment of the pay protection points, in accordance with resolution [70/244](#). Finally, the Commission recalled that the base scale adjustment procedure,

while generally cost neutral in terms of net remuneration, would have implications in respect of separation payments, as indicated in the table above.

62. With respect to the review of the staff assessment rates used in conjunction with gross salaries, the Commission was informed that, as no request had been received from the organizations, no revision of the rates was required at the present stage. The Commission further recalled General Assembly resolution [66/235 A](#), which provided that the rates of staff assessment should be reviewed every three years. It therefore agreed that the next review of the rates would be conducted in 2022 unless a change in the situation of the Tax Equalization Fund necessitated earlier action.

### **Decisions of the Commission**

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

(a) For approval, with effect from 1 January 2020, 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 IV to the present report, reflecting a 1.21 per cent adjustment, to be implemented by increasing the base salary and commensurately decreasing post adjustment multiplier points, resulting in no-loss/no-gain in net take-home pay;

(b) That the current rates of staff assessment used in conjunction with gross salaries be maintained until their next regular review in 2022, unless a change in the situation of the Tax Equalization Fund necessitated an earlier review.

## **B. Evolution of the United Nations/United States net remuneration margin**

64. 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 tracks, on an annual basis, changes occurring in the remuneration levels of both civil services. In addition, in its resolution [71/264](#) of 23 December 2016, the Assembly requested the Commission to include information on the development of the margin over time in an annex to its annual reports.

65. As from 1 January 2019, the comparator civil service implemented a 2.27 per cent increase in the General Schedule in the Washington, D.C., locality, consisting of a 1.4 per cent increase in base salaries and an increase in the locality pay from 28.22 to 29.32 per cent. Other developments relevant to the comparison were:

(a) Revisions to the federal tax brackets and standard deduction amounts, as well as to the standard deduction amounts for the District of Columbia and the state of Maryland, which resulted in a slight increase in overall income taxes in the Washington, D.C., metropolitan area;

(b) An increase in the post adjustment multiplier for New York, from 63.9 for January to 67.5 as from 1 February 2019, owing to the normal operation of the post adjustment system, that is, the evolution of the cost of living at the duty station.

66. On the basis of the above, the Commission was informed that the estimated net remuneration margin for 2019 amounted to 113.4. The details of the comparison and information on the development of the margin over time are shown in annex V to the present report.

**Discussion in the Commission**

67. The representatives of the Human Resources Network and the staff federations took note of the findings of the latest margin comparison. It was further noted that the secretariat of the Commission would continue to monitor the margin level so that, should the margin fall below 113 or rise above 117, corrective action would be taken through the operation of the post adjustment system.

68. The Commission noted that the updated margin had been estimated on the basis of the latest statistics available at the time of consideration. It was agreed that, should further data updates become available, a revised margin estimate would be presented to the General Assembly during the introduction of the Commission's annual report.

**Decisions of the Commission**

69. The Commission, noting that its Chair would provide an updated margin estimate to the General Assembly, as might be required based on the availability of the most recent staff statistics, decided:

(a) To report to the Assembly that the margin between the net remuneration of United Nations officials in the Professional and higher categories in New York and that of officials in comparable positions in the United States federal civil service in Washington, D.C., was estimated at 113.4 for the calendar year 2019;

(b) To request its secretariat to continue to monitor the margin level so that corrective action could be taken as necessary through the operation of the post adjustment system should the trigger levels of 113 or 117 be breached in 2020.

**C. Education grant: review of scale and level of boarding lump sum**

70. As part of the comprehensive review of the common system compensation package for staff in the Professional and higher categories, the General Assembly, in its resolution [70/244](#), approved a revised education grant scheme, which was introduced as of the school year in progress on 1 January 2018. In contrast to the old scheme, which consisted of multiple reimbursement ceilings associated with 15 country/currency areas, the revised scheme had a global United States dollar-based sliding scale to partially reimburse tuition- and enrolment-related expenses and a uniform lump sum to cover boarding expenses. This scale was designed in such a manner that the effective rates of reimbursement declined gradually as the levels of admissible expenses increased.

71. In its resolution [71/264](#), the General Assembly took note of the Commission's decision that the sliding reimbursement scale and the boarding lump sum would be adjusted on a two-year cycle, starting from 2019. Accordingly, the Commission reviewed the sliding scale and the lump sum, based on the approved methodology for tracking tuition and boarding fee movements at selected schools in United States dollar terms.

72. For the sliding reimbursement scale, tuition fee data were collected, at the primary and secondary education levels, from 29 representative schools which had been selected and approved in 2015. The weighted average rate of tuition fee movements over a period of five years – from school year 2014/15, on which the current sliding scale was based, to school year 2019/20 – amounted to 15 per cent. It was therefore proposed that each bracket of the sliding scale be adjusted by that percentage to reflect the tuition increases over the review period and, at the same time, to maintain the scale structure intact.

73. For the boarding lump sum, the average boarding fees at 30 International Baccalaureate schools selected and approved for the current lump sum were found to have increased by 5.3 per cent over five school years from 2014/15 to 2019/20. Accordingly, an adjustment of the lump sum by that percentage was proposed, which would result in an increase from \$5,000 to \$5,300.

#### **Discussion in the Commission**

74. The Human Resources Network stated that adequate education grant provisions were an important element of the United Nations system's employer value proposition and a crucial underpinning for organizations' endeavours aimed at facilitating and supporting deployment and reassignment of staff and enhancing geographical mobility. It therefore concurred with the proposed revision of the sliding scale and the boarding lump sum. The Network also noted that the average rate of tuition fee movements was driven by rather steep tuition increases at a subset of schools located in larger duty stations. In that regard, going forward, it expressed its commitment to actively engaging in any suitable action to find practical solutions for those duty stations which aligned with the efforts of international schools to achieve greater budgetary prudence and more stable fees.

75. The representatives of the staff federations expressed full support for the proposed adjustment of the sliding scale, which would bring it to the level applicable to the 2019/20 school year. They also agreed with the proposal to increase the lump-sum boarding assistance. Recalling that boarding assistance was granted solely to staff serving at field locations and – only under exceptional circumstances and at the discretionary authority of executive heads – to those who served at H duty stations, the federations requested the Commission to reconsider those eligibility requirements. In particular, UNISERV pointed out that there were clear examples where the duty station was classified as H, especially as a result of it being a member of the European Union, but relevant and certified international schooling might not always be available. CCISUA echoed that request, expressing the view that boarding assistance was a vital incentive for staff mobility and recruitment of a mid-career workforce with school-age children. It was also important to recognize that, while the Commission classified all duty stations in the European Union as H, some nevertheless did not have adequate international educational facilities and boarding assistance should therefore be available for those H duty stations. FICSA enquired whether any issues had arisen in the context of organizations' implementation of the revised boarding assistance provision. UNISERV further requested the Commission to include a line in the report that would further encourage organizations to use the current exceptions granted in General Assembly resolution [70/244](#) (sect. III, para. 29), which stated that, in exceptional cases, boarding assistance should be granted to staff in H duty stations under the discretionary authority of executive heads.

76. Members of the Commission were generally supportive of the proposed adjustments of the sliding scale and the boarding lump sum. At the same time, certain issues were raised about some elements of the new education grant scheme. While recognizing that the list of representative schools had been approved with the introduction of the scheme, some members expressed concern about the geographical coverage of the list, in particular in Africa, Asia and Latin America. The representative of the secretariat recalled, however, that those schools had been selected not on the basis of geographical coverage but rather on the basis of attendance by children of common system staff members (a minimum of 50 enrolments) so as to ensure their representativity and the relevance of the education costs covered by the review to the common system. Still, some members of the Commission believed that the issue of geographical coverage, as well as the exclusive use of International Baccalaureate schools in establishing a boarding lump sum,

merited further consideration when the list of schools was next reviewed. A view was also expressed that, during the review of representative schools that was scheduled for 2021, a reduction in the minimum number of enrolments could also be explored. Some members of the Commission were of the view that such a reduction could result in a larger set of schools and would be expected to produce more reliable information.

77. With regard to the selection of representative schools, a question was asked by a member of the Commission regarding whether the use of enrolments as a qualifying requirement for inclusion on the list might have reintroduced a certain level of circularity which had been removed by the revised education grant scheme. The representative of the secretariat clarified, however, that the circularity under the old system consisted of tracking education grant claims that had been used as a criterion for triggering grant ceiling adjustments. That was clearly not the case under the new scheme, which only identified schools relevant to the children of common system staff members but did not drive the adjustment of the scale.

78. While agreeing with the proposal to increase the lump-sum boarding assistance, CCISUA stated that the rates of tuition increase at schools with fees denominated in United States dollars might not have been adequately reflected in the data collected over the most recent five-year period. That was because the scale was based on a global average. The appreciation of the United States dollar against most currencies meant that school fee increases outside the dollar zone had paradoxically brought down the indicative global average when expressed in dollar terms. That penalized parents in New York especially. CCISUA suggested that the Commission examine the possibility of going back to currency zones as before and proposed that fee movements be tracked more frequently.

79. On a more general note, some members of the Commission wondered whether the revised scheme and, in particular, its declining scale with its variable reimbursement rates and with a global boarding lump sum was a fairer solution than the old scheme which granted a uniform reimbursement rate to all claims up to a specific ceiling. In that connection, it was recalled that the new scheme had been the result of a careful and detailed analysis and thorough discussions as part of the comprehensive review of the compensation package. It had replaced a system which had been considered one of the most complicated allowance schemes to administer and review, with its multiple zones and expense ceilings, a long list of admissible expenses which had often been difficult to verify and which had not been consistent among various organizations, and a convoluted circularity-based adjustment procedure.

80. The Commission recalled that the primary goal of the scheme review had been to simplify the old system and most members agreed that that goal had largely been achieved. With the introduction of a global scale, it was no longer necessary to establish separate ceilings. In addition, the list of admissible expenses was better focused on the most relevant ones and the adjustment procedure had been revised to remove circularity. Also, the structure of declining rates of reimbursement imbedded in the scale was aimed at encouraging parents, without limiting their choices, to select less expensive schools as long as they were considered adequate. While most members of the Commission agreed that the revised scheme represented an improvement over the previous one, it was recognized that this was a new system that required careful review and monitoring. The Commission agreed that the comprehensive assessment report on the compensation package, scheduled for 2020, which would also include the revised education grant scheme, would provide an opportunity to do that, as well as address other questions and issues raised with regard to that subject.

81. Turning to the concerns expressed by the staff federations with respect to the eligibility of boarding assistance under the revised scheme, the Commission recalled that the primary reason for revising the eligibility had been to recognize a wide range

of adequate schools presumably available at most H duty stations. Nevertheless, given the recent observations shared by some participants, such an assumption might merit further review. Boarding assistance was generally considered an incentive for staff mobility, which contributed to the ongoing efforts to achieve gender parity. The Commission therefore agreed that the matter would also be taken up under the 2020 comprehensive assessment of the compensation package, including the revised education grant scheme.

82. The Commission recalled that, while the established review cycle provided for the adjustment of the sliding reimbursement scale and the boarding lump sum every two years, their present levels were based on 2014/2015 data, i.e. were five years old. Accordingly, the proposed adjustments reflected tuition and boarding fee movements over a longer period than a regular cycle. It could therefore be expected that those adjustments would be somewhat higher than under a two-year review. In that context, it was noted that the average rate of tuition fee movements amounted to less than 4 per cent per year in United States dollar terms, which was slightly lower than in previous years. Based on that, the proposed increase of the declining scale appeared reasonable.

83. The Commission noted that, given the average tuition growth of 15 per cent, all brackets of the sliding scale needed to be adjusted by that percentage in order to maintain effective reimbursement rates at all levels. It was observed, however, that the 15 per cent adjustment of the sliding scale would not result in a commensurate increase in the cost of the system. Given the imbedded cumulative reimbursement formula of the declining scale, the notional reimbursement increases ranged from 0 per cent at the lowest bracket to about 3 per cent at the top bracket.

84. The Commission was informed that the financial implications were estimated at \$7.08 million for the adjustment of the sliding scale and \$0.77 million for the increase of the boarding lump sum.

#### **Decisions of the Commission**

85. The Commission decided to recommend to the General Assembly that, from the academic year in progress on 1 January 2020:

- (a) The sliding reimbursement scale be revised as follows:

<i>Claim amount bracket (United States dollars)</i>	<i>Reimbursement rate (percentage)</i>
0–13 300	86
13 301–20 000	81
20 001–26 700	76
26 701–33 400	71
33 401–40 000	66
40 001–46 700	61
46 701 and above	–

- (b) The boarding lump sum be increased to \$5,300.

#### **D. Post adjustment issues: report of the Advisory Committee on Post Adjustment Questions on its forty-first session and agenda for the forty-second session**

86. 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 its forty-first session and agenda for the forty-second session. The report included recommendations of the Advisory Committee regarding a range of technical questions pertaining to the ongoing comprehensive review of the methodology underpinning the post adjustment system, including proposals for refinement of the post adjustment index methodology by a task force that had been established by the Commission at its eighty-seventh session.

87. The report also included the Advisory Committee's recommendations regarding several aspects of the measurement of the housing component of the post adjustment index, as well as some initial proposals of the Committee for the agenda of its forty-second session. Other methodological and operational issues related to various aspects of the post adjustment system were presented by the secretariat, as part of the preparations for the next round of cost-of-living surveys.

88. In accordance with its terms of reference, the task force was composed of statisticians nominated by organizations, staff federations and the Commission, as well as top-level consultants in the field of economics and price statistics. The Advisory Committee reviewed the report of the task force with regard to the following themes:

(a) Theme 1: Measurement objective of the post adjustment index, index formula and aggregation (from top to bottom), price versus cost index, related considerations regarding treatment of pension contribution component and description of the index;

(b) Theme 2: Weighting issues – within the in-area (excluding housing) component, within the housing component and within the medical insurance component; and weighting across components, pooling of duty stations and characteristicity of the index;

(c) Theme 3: Statistical methods and procedures for the compilation of the index – scope and coverage, data sources, quality adjustment, inclusion/exclusion versus imputation/editing/cleaning, anonymity versus confidentiality, and boundaries for user involvement.

89. The task force reached consensus on a wide array of issues, but not on all of them. Among the areas of agreement was the recommendation, in principle, to switch from the present index formula used for the aggregation of the in-area (excluding housing) component of the post adjustment index to the Törnqvist index formula, which required symmetrical use of the weights from both the duty station and the base of the system, and hence could lead to a change in the use of common expenditure weights, a feature of the post adjustment index since the 1990s. In that connection, the Advisory Committee endorsed the proposal of the secretariat to adopt mixed weights, a weighted average of duty station-specific and pooled weights, the weight of each determined by the reliability of the duty station-specific weights. Since those proposed changes were discussed by the task force only at the conceptual level, the Committee indicated that, while it agreed in principle with recommending them, further studies were needed to operationalize and test their impact.

90. The Advisory Committee took note of the secretariat's assessment of the economic interrelationships among the five major components of the post adjustment index and its empirical findings of zero or very low interspatial elasticity of consumption, as well as the generalized decreases in post adjustment indices of all duty stations that would result from the task force's recommendation to switch to a superlative index, such as the Törnqvist index. In that context, the Committee concurred with the task force that there should not be a generalized negative impact on the levels of pay of staff that was attributable solely to the effects of methodological change, and therefore a compensatory mechanism should be applied



on a no-gain, no-loss basis by neutralizing such effects, possibly with the use of a recalibration factor in the post adjustment indices that would obviate a possible break in the index series. No operational solutions were discussed by the task force, and the Advisory Committee recommended that the secretariat embark on studies to propose adequate solutions for review at its future sessions.

91. The Advisory Committee made concrete recommendations on a wide range of technical matters, including the measurement objective and the description of the post adjustment index, and the proposition that the index should be based preferentially on market prices (price index) rather than unit costs derived from reported staff expenditures (cost index), even though the use of the latter approach was, in some cases, inevitable. The Advisory Committee recommended retaining the pension contribution component in the index, at least for the next round of surveys, but to continue studying alternative scenarios for its treatment. It also addressed two important areas where consensus had not been reached by the task force:

(a) The issue of whether the post adjustment system was to be a system of bilateral comparisons, with New York at its effective base as per the current normative, or a multilateral system, with an approach similar to that followed by the International Comparison Programme, whereby the effective base of the system corresponded to a synthetic, average location. After reviewing the advantages and disadvantages of both approaches, the Advisory Committee recommended a system of bilateral comparisons, adding that this was in fact easier for staff members to understand;

(b) The issue of whether, given the potentially large number of methodological changes that could emanate from the comprehensive review of the post adjustment system, it was better to group a number of changes at once or to follow a gradual approach. The Advisory Committee opted to recommend the latter approach.

92. Regarding issues related to the weighting of post adjustment index components and subcomponents, the Advisory Committee recommended the use of mixed weights, pending further studies to elaborate all the operational aspects and test the impact of the proposals. Furthermore, it recommended that the secretariat continue research and test scenarios related to alternative determinations of the weight of the five major components of the post adjustment index, in which the in-area (excluding housing) component was not the sole candidate for the residual United States dollar weight of the index. Similarly, it recommended that the secretariat continue studying the theoretical justifications for the use of both the household-based and the expenditure-based approaches to weighting within the spatial context of the post adjustment index. It noted that both approaches were valid and justifiable but were usually applied in different contexts. The expenditure-based approach was typically used in comparisons at the macro level, across economies or within the same economy, whereas the household-based approach was suitable at the micro level, even though it was currently of limited use in national statistical systems. Indeed, the literature was clear about the validity of its application in the context of wage indexation, or more generally the measurement of inflation as experienced by households. It also considered recommendations of the task force regarding weighting issues within the housing and medical insurance components and recommended a review of the use and impact of the incorporation of supplementary medical insurance on the measurement of the medical insurance component. Furthermore, the Advisory Committee concurred with the task force that characteristicity was an important feature for a cost-of-living index such as the post adjustment index and that methodological change should aim to maximize it to the extent possible and also that, in dealing with low response rates in surveys, or even with perfect coverage but in small duty stations, the use of spatial or temporal pooling of duty stations, or both, was methodologically valid if the introduction of such a bias was more than offset by the reductions in variance.

93. The Advisory Committee also recommended further studies and testing on a number of statistical methods and procedures for the compilation of the post adjustment index, including:

- (a) Selection of outlets and items for price surveys;
- (b) Use of quality-adjustment and imputation techniques;
- (c) Trade-off between confidentiality and transparency considerations in the reporting of survey results;
- (d) Use of external data sources in the compilation of the index;
- (e) Use of rent/housing consumer price indices, as opposed to internally calculated rent/housing projection factors, in updating the rent or housing component of the index;
- (f) Treatment of publicly provided services, with a focus on education;
- (g) Whether the education index was to be computed as a cost rather than a price index.

94. The housing component studies conducted by the secretariat also addressed some recommendations of the external consultant but were of a more operational nature. Focusing on group I duty stations, the Advisory Committee reviewed the analyses conducted by the secretariat on the use of the Törnqvist index formula, based on the expenditure-based weighting approach, for the calculation of the rent and the domestic service indices, the updating of rent indices using disaggregated consumer price indices and the adequacy of the six-year moving average model for updating past rent levels to current comparisons. For group II duty stations, the Advisory Committee considered similar analyses regarding the use of the Törnqvist index formula applied to the entire housing index. The Committee also considered proposals of the secretariat regarding the methodology for domestic services, for the resolution of double counting in the accounting of large household appliances and for the simplification of data collection regarding staff-reported expenditures on "other housing costs". Ultimately, the Advisory Committee recommended that the secretariat pursue all such research proposals with a view to their possible application in the next round of surveys.

95. The Commission also reviewed proposals by the Advisory Committee of items for the agenda of its forty-second session, as well as the terms of reference of the task force for the identification and treatment of outliers. The representative of the secretariat pointed out that the items on the proposed agenda had been selected in accordance with timelines, priorities and workload requirements specified in the project management plan of the comprehensive review of the post adjustment system. Nevertheless, some of the items were, out of necessity, proposed to be reviewed at the forty-third session of the Advisory Committee, to be held in 2021, prior to the launch of the next round of surveys, including the work of the task force on the identification and treatment of outliers, as specified in its terms of reference.

### **Discussion in the Commission**

96. Before opening the discussion, the Chair expressed appreciation for all the work done by the Advisory Committee and the statisticians who constituted the task force and asked whether it would be possible to accelerate the process of conducting the comprehensive review of the post adjustment system. The Vice-Chair of the Commission concurred that, while the foundations of the methodology were questioned and were being reviewed, efforts should focus on starting the next round of surveys in 2021. He believed that although the treatment of outliers was important, it could not claim priority over other areas of the review. Regarding possible

approaches to dealing with the general downward effects that would result from a switch to the Törnqvist index formula, he argued that since that was a statistical issue, it was more appropriate to devise a statistical solution than to create additional operational rules, or adjust the existing ones, for that purpose.

97. The representative of the Human Resources Network welcomed the review process undertaken so far, adding that the task force had proven to be a useful model for an exchange of views among experts on the relevant topics and had the potential to yield important improvements in the methodology both for the next survey round and beyond. The Human Resources Network expressed support for the general preference of the task force to group proposed changes so that the methodology could be relatively stable for a number of rounds, rather than introducing some changes in every round. It was also important to clearly understand the impact and practical implementation challenges before methodological choices were considered final. The Advisory Committee's recommendation to work on methods to address the issue of a break in series as a result of methodological change was critical to the prevention of unintended reductions in staff members' net take-home pay that were not attributable to changes in the cost of living. The Network also expressed the view that the change of the current index formula used for the calculation of the in-area (excluding housing) post adjustment index component to the Törnqvist formula, using a system of bilateral comparisons, should be recognized as an improvement from a statistical perspective. Nevertheless, implementation of that recommendation was contingent upon the further elaboration of a number of statistical issues and further studies and modelling, in order to fully assess its impact on salaries. Given that some technical experts on the task force had expressed preference for a multilateral approach, the Network suggested that further studies of that option should be retained in the future work programme of the secretariat. The Network concurred with the Advisory Committee's recommendations for further studies on all methodological issues, including the comparative analysis of household-based versus expenditure-based weighting across and within all post adjustment index components; the use of mixed expenditure rather than common weights; the inclusion of the pension contribution component in the post adjustment index; the review of the outlet selection process, along with the inclusion of outlet type in the development of item specifications; the preference for the price index, as opposed to the cost index, approach whenever feasible; the proposed research aimed at improving the measurement of the housing and domestic service components; and the assessment of the impact of the new education grant scheme on the calculation of the education index. The representative concluded by stating that, in discussing all such technical issues, available jurisprudence needed to be carefully considered to avoid unnecessary exposure to legal risks related to any revised methodology. Technical, policy and legal angles had to be considered equally thoroughly.

98. The representative of ILO, who had participated in the task force on behalf of the Human Resources Network, stated that there was a high level of convergence between the task force and the Advisory Committee in their respective recommendations, adding that the task force work modality had been very successful and should be continued if possible, to support the work of the secretariat and the Committee. He added that the recommendations of the Advisory Committee set a path to a very positive set of outcomes, creating a very strong basis for the next round of surveys. Most of the recommendations required further study, however, to develop the implementation approaches and to estimate the impact of proposals, before final approval of any methodological change. He noted that the number of issues requiring further study created a large volume of work to be completed by the secretariat. There was consensus among statisticians that it was valid and necessary to develop methods to link series that might be broken by the introduction of methodological change, so that unintended impacts could be mitigated. In the context of the post adjustment

index, such an approach would avoid a situation in which methodologies could not be changed out of concern that the impact on salaries would not be acceptable to some parties. He added that the Advisory Committee had shown a preference for the bilateral Törnqvist approach, as opposed to the multilateral version. In the other areas of application of the approach, however, the recommendation was to evaluate and study the impacts and implementation approaches, not to introduce it at the current time but to make use of the results of the studies for a final recommendation on the approach before the launch of the next round of surveys.

99. The representative of FICSA, speaking also on behalf of UNISERV, expressed agreement with the statements of the Human Resources Network and ILO and thanked the Advisory Committee for its work. He expressed appreciation to everyone who had participated in and contributed to the extensive work undertaken by the task force that had reviewed the post adjustment methodology, as well as to those who subsequently had contributed to the work of the Advisory Committee, adding that staff federations had been represented in both the task force and at the session of the Advisory Committee. With regard to the recommendation about the switch from the current index formula to the Törnqvist formula, UNISERV and FICSA reiterated their understanding, expressed during the Committee's session, that further studies would be conducted to assess the impact of the change and that any methodology produced by the ongoing review had to be fit-for-purpose, predictable, transparent and easily understandable by staff, adding that all of those issues required further examination by the Advisory Committee prior to the submission of recommendations to the Commission for a decision. Given the consensus that staff should not suffer negative consequences in their net remuneration solely because of methodological change, he emphasized that the two staff federations were not in a position to support such changes before seeing how the compensatory mechanism or recalibration factor would be put into place, either by a statistical formulation or at the level of the operational rules. The federations expressed support for the suggestion by the Human Resources Network that the task force should continue its work in examining all the relevant issues in order to further advance the review of the post adjustment system.

100. The representative of CCISUA, while expressing support for the review process, reiterated the need to evaluate and test the impacts of methodological changes before they were adopted. He expressed support for the view that whatever choice was made between different approaches in weighting, such as the choice between household-based and expenditure-based approaches, it should be applied consistently within the post adjustment index. On out-of-area expenditures, he expressed the view that this component was not really relevant for group I duty stations. Finally, he concurred with the view that the task force had worked well and encouraged ICSC to continue using that modality of work for future research and studies.

101. The representative of the secretariat clarified that, if out-of-area expenditures were based only on consumption, the weight of the out-of-area component would indeed be very limited in Headquarters duty stations. In view of the nature of the international civil service, however, that component also included other elements such as remittances to family members residing away from the duty station, non-consumption commitments or deferred consumption, or elements that were present even in duty stations with developed markets. In field duty stations, there were a variety of ways staff could spend their salaries outside the country of the duty station, and the present classification of out-of-area expenditures captured all such ways. Of significance for Geneva was the fact that a large number of staff resided beyond the Swiss national border in neighbouring France and all of their expenditures incurred in France, including for housing, were to be classified as out-of-area. Geneva was not unique in that regard, as there were a few other duty stations situated close enough to the national border to have similar situations, but Geneva, because of its

size, was the duty station where that phenomenon was most prevalent. In fact, when the post adjustment for Geneva was reviewed by ICSC under a standing mandate of the General Assembly, it became clear that expenditures incurred in neighbouring France would clearly heavily influence the determination of the out-of-area weight of the duty station, which in fact was the highest among Headquarters duty stations. An alternative definition of in-area and out-of-area expenditures, for example, based on commuting distance, could provide for lowering significantly the weight of the out-of-area component for Geneva, but at the same time would require the collection of prices and rents in neighbouring France, as expenditures of staff in those neighbourhoods should be classified as in-area.

102. Commission members expressed general support for the recommendations of the Advisory Committee but underscored the need to find a balance between technical sophistication in the system and the desirable features of simplicity and transparency. While acknowledging the highly technical nature of post adjustment issues, they expressed the wish to understand more in depth the implications of the various proposals of the Committee, through more simplified documentation and presentations, and they emphasized that it was important to communicate to staff all the major aspects of the ongoing process of change. Furthermore, they argued that the requirement of fitness-for-purpose of the methodology should not be interpreted as one that delivered only salary increases, adding that the methodology of the post adjustment system would never reach perfection but could always strive towards that unattainable goal. In that regard, they stressed that the process of improving the methodology was an ongoing one, which did not imply that the methodology previously applicable at any point in time had to be considered as flawed. The search for solutions for the neutralization of the effects of methodological change, on a no-gain/no-loss basis, was justified by the need to address the concerns of staff. On that particular issue, the Vice-Chair reconfirmed his view, expressed while chairing the Advisory Committee session, that a statistical solution to the problem of generalized decreases in the post adjustment index attributable to methodological change should be formed in the same context of statistical methodology in which it originated. Operational rules might prove to be useful in order to supplement the neutralization of the effects of methodological change operated by what was called a recalibration factor but should not be used to find a solution to a problem created by the choices made by statisticians to change the methodology. That would be a task for the statisticians, as acknowledged during the Committee's work.

103. The representative of the secretariat concurred with the need to share with all stakeholders, including staff at large, the ongoing process of review, as well as the view that the methodology of the post adjustment system would never be perfect, as there were always many choices to be made among various alternative methodological options requiring trade-offs between competing objectives and desirable features, such as comparability and representativity of the basket of items, and accuracy and simplicity in the design of the system. Those competing desirable features could not be attained perfectly at the same time: going more in the direction of one often meant sacrificing some aspects of the other, a process that would be even further complicated when policy or legal elements were considered by the Commission. Indeed, a statistically valid choice might clash with a policy requirement. It stressed that, since the post adjustment system would always be the result of compromise, it could never be perfect in all of its competing components.

104. In response to requests for clarification, the representative of the secretariat provided a concise review of all recommendations made by the external consultant in 2018, emphasizing that, contrary to the perception of some stakeholders, those recommendations were not a critique of the current system, but rather a programme of studies geared towards improving the methodology, with no prejudgment of the

outcome of such studies. Out of the original 64 recommendations, one was addressed to stakeholders and 7 had not been included in the project management plan for the review, because they were dropped as a result of a lack of support from stakeholders, or considered out of scope, or accorded very low priority by stakeholders. Eliminating a number of overlapping or linked recommendations resulted in 43 core recommendations that could be considered actionable. Out of 57 original recommendations pertaining to the action of the secretariat in the project management plan, 11 (or about 19 per cent) had been addressed, in full or in part, as part of the secretariat's regular activities, or were considered redundant because they were already part of the methodology, procedures or guidelines for the present round. Another 11 recommendations had also been addressed, in full or in part, with the combined work of the task force and the Advisory Committee, and eight further recommendations were expected to be addressed in various stages. Therefore, about half of the project management plan was expected to be executed before the start of the next round of surveys, and the rest of the plan, by necessity, was contemplated for the future survey rounds. The representative of the secretariat stressed that even though there had been significant progress in the implementation of the project management plan, acceleration of the required work towards launching the next round of surveys in 2021 was not easily achievable, unless the scope of the methodological work, as recommended by the Committee, was significantly redesigned. Another factor that should be considered was the fact that a minimum of one full year of work was needed, in addition to the time for developing and testing different methodological options, for putting in place the basic infrastructure for a new survey round, which included the redesign of a list of items and their specifications and the development of survey instruments, procedures and guidelines, as well as the information technology systems.

105. Regarding the key recommendation of the Advisory Committee pertaining to the change in index formula, the representative of the secretariat clarified that this was indeed a recommendation, in principle, pending the results of further study, modelling and testing, before it could be considered for implementation. No change to the index formula could be contemplated for the next survey round without proper testing and supplementary studies, specifically those related to the specification of the recalibration factor or other alternative measures, the coefficient of reliability and the criteria for identifying duty stations to be pooled for estimating mixed weights.

106. Members of the Commission and all other participants of the session expressed appreciation for the work of the task force so far, and called for the task force to continue working on other salient aspects of the ongoing review of the post adjustment system. The representative of the secretariat clarified that the task force on the review of the conceptual basis of the post adjustment index had concluded its work and there was no need for the time being to convene it again. That task force had produced a massive amount of recommendations for future studies that, owing to time limitations, could not be assessed and discussed in one session of the Advisory Committee but could be used as a guide for future work. Other task forces, for example, on the identification and treatment of outliers, could replicate the same modality of work. Beyond that model, the secretariat also looked forward to stakeholders taking ownership of studies for which there was more expertise outside the secretariat, for example on modelling medical insurance plans to obtain price estimates based on the hedonic method.

107. A member of the Commission asked whether low response rates were still a big problem for the post adjustment system and which measures could be undertaken to increase them. He also asked how the availability of different levels of health services across duty stations could affect the comparison of such services. In response, the representative of the secretariat informed participants that, in the past two survey

rounds, launched in 2010 and 2016, response rates in Headquarters duty stations had been much higher than in earlier rounds of surveys, exceeding by far the minimum requirements for precision set by the Advisory Committee, which it saw as an indication of confidence of staff in the survey process. Also, the provision of the questionnaire in electronic form, as well as the provision of technical tools for monitoring staff participation in real time, were all factors contributing to increased response rates. Nevertheless, there was still a margin for improvement for many other duty stations. In that connection, simplifying the household expenditure questionnaire was known to lead to higher response rates, but an excessively reduced questionnaire might compromise accuracy in estimating the weighting pattern.

108. The representative of WFP remarked that staff of his organization paid the same medical insurance premium across all duty stations, but reimbursement rates varied. He also suggested that the results of the modelling of the proposals made by the Advisory Committee be presented in the session such that participants could understand the impact of changes being proposed.

109. The representative of the secretariat explained that the measurement of the health-related basic headings of the post adjustment index was affected not only by the availability of different levels of health services, but also by differently regulated health and insurance markets. The primary effect of such differences, however, was on the weight of the component. For example, in situations where health services were not available or were available but in a cheaper market, the weight associated with health-related basic headings would be low. The representative of the secretariat added that the medical insurance index was essentially a cost index that reflected the information obtained by organizations. If all staff paid the same premium, that was reflected with accuracy in the calculation of the weight of the medical insurance component of the post adjustment index. Having different reimbursement rates meant that staff out-of-pocket expenditures on health could be different across duty stations. Staff could report such expenditures on health, beyond the medical insurance premiums, on the survey questionnaire, and those reported expenditures could contribute to the weight of health-related basic headings, which would be more precise if mixed weights were adopted. If the prices of health services were high, the higher weight assigned to high health-related basic heading ratios might contribute positively to a higher level of the post adjustment index.

110. A member of the Commission, while noting that the task force had achieved great progress in its assigned mandate for the comprehensive review of the post adjustment system, expressed a clear preference for improving the current index, rather than adopting, in principle, the Törnqvist index formula that required the use of a recalibration factor, the operational design of which was yet unknown. In his view, the Commission should not adopt the recommendation of the Advisory Committee, even though expressed in principle, until all aspects of the proposed change were clear, tested and well explained, and its superiority over the current index clearly elaborated the view that an alternative to the switch to the Törnqvist index formula, known to have generalized downward effects, was to improve the current index. In that connection, he asked for information about the advantages of the proposed Törnqvist index formula relative to the current one, as it did not seem to him that the proposed formula was simpler than the current one, whereas even the judgment of the ILO Administrative Tribunal indicated that the methodology should be simple and easy to understand. In response, the representative of the secretariat explained that the post adjustment system had been reviewed as part of the comprehensive review of the whole compensation package. In fact, when the comprehensive review of the compensation package had been launched, the Commission had asked the Advisory Committee to suspend its activities and reorient its work programme towards a review of the post adjustment system, including the

post adjustment index methodology and operational rules governing the system, that was in line with the desirable features of simplicity, transparency, predictability, accuracy and cost-effectiveness, which had guided the comprehensive review.

111. The Advisory Committee, at its thirty-sixth and thirty-seventh sessions (held in 2014 and 2015, respectively), had devoted a great deal of work to reconsidering aspects of the methodology that were deemed to meet those goals. The whole structure of the post adjustment index had been reviewed, particularly with regard to which of its components were to be retained or excluded. The specification of the applicable out-of-area weight had been harmonized and simplified among group I and group II duty stations, and studies undertaken regarding the definition of in-area and out-of-area expenditures. The compilation of the rent index had been revised, moving away from the use of an external, outdated and common weighting pattern for dwelling classes towards staff-reported and duty station-specific weights determined on the basis of fresh survey results.

112. Some key operational rules or procedures governing the post adjustment system had also been reviewed by the Commission, including changes to the 5 per cent rule, the gap closure measure rule and the synchronization of post adjustment classification reviews of group I duty stations with New York. In all such cases, the process had been conducted transparently, with the full participation of representatives of staff and organizations in the discussions. The representative of FICSA clarified that staff federations had in fact opposed, during that comprehensive review, the elimination of the 5 per cent augmentation of survey results from the formulation of the gap closure measure, adding that the Commission had subsequently pointed out that, because the augmentation had in fact been eliminated with the comprehensive review concluded in 2015, its action in 2017 had effectively raised the augmentation from 0 to 3 per cent.

113. Regarding the recommendation of the Advisory Committee to switch to the Törnqvist index formula, the representative of the secretariat clarified that the generalized downward effects pertained to the application of the index formula to the top-level aggregation of the post adjustment index. If the application were limited to the in-area (excluding housing) component, as recommended by the Committee, the foreseeable effects would be much more limited, especially among group I duty stations, even though there might still be significant enough effects to warrant the application of a recalibration factor at group II duty stations. Further studies and tests were clearly needed to assess the impact of the application of the Törnqvist index formula at these two levels of application, within the in-area (excluding housing) only and at the top-level aggregation of all five post adjustment index major components.

114. A member of the Commission argued that the post adjustment system needed to become simpler in order to be better understood by all stakeholders and, in that regard, stated that the European Union had chosen a system of bilateral comparisons over the multilateral system, in part because it was easier explain to staff, and suggested that the Commission should also consider that perhaps a slightly less perfect system that was easier to understand could be better for setting post adjustment. The representative of the secretariat explained that the quest for more simplification and transparency was one that was continuous, but that there was always a trade-off between these two desirable features, as well as the other desirable feature of accuracy. Therefore, a compromise should be found, both on the technical, statistical aspects of the post adjustment index and on policy considerations, with the latter being the prerogative of the Commission. In response to a question as to why the treatment of the pension contribution component in the post adjustment index was so difficult and controversial, the representative of the secretariat pointed out that the treatment of that component had been addressed many times in the history of the post adjustment index, most recently by the task force and the Advisory Committee. Generally, the pension contribution component would not be included in a consumer



price index since, along with other elements of expenditure such as mortgages, spending on contributions for social security was not strictly classified as consumption. At the same time, when the objective was measuring cost-of-living relativities, the scope and coverage of the index could legitimately and theoretically include such non-consumption commitments. The Commission had accepted that non-consumption commitments, which, in the case of the post adjustment system, might include items such as maintaining a mortgage for a dwelling abroad, remittances to family member or deferred consumption, were an important feature of the spending patterns of international civil servants. Thus, the contributions of staff to the Pension Fund, as much as they were mandatory, could be assimilated to such non-consumption commitments and included in the post adjustment index. This setting might be less familiar and acceptable, however, to those who worked within the framework of the measurement of inflation, in which only consumption expenditures would be covered.

115. Members of the Commission stated that it was difficult to justify a multilateral system only on the basis of achieving transitivity among parities. They agreed that elasticities of consumption in a spatial setting were not meaningful to explain changes in consumption patterns across group II duty stations, where other factors, chiefly the changes across markets, were at play. They expressed support for the inclusion of the pension contribution in the post adjustment index, even though it was not a consumption expenditure. They suggested that the secretariat should retain the option of continuing with the use of the current index, if the specified future studies and research conducted by the secretariat and other stakeholders revealed that the Törnqvist index formula was not suitable.

116. The representatives of FICSA and UNISERV, after expressing strong support for retaining the pension contribution within the post adjustment index on grounds of its stabilizing effects, stated that stakeholders participating in the working group on operational rules had argued that the working group could not finalize its work without knowing the outcomes of the task force on the review of the conceptual basis of the post adjustment index, since the post adjustment index was one of the variables in the formulation of operational rules. They asked the secretariat to elaborate as to whether any of the outcomes of the task force or the Advisory Committee's recommendations indicated any specific course for the future work of the working group. The representative of the secretariat explained that work on operational rules was not significantly influenced by the outcomes of the review of the post adjustment index methodology, even if it ended up changing the post adjustment index. Operational rules used the post adjustment index as input, along with other variables, to determine the post adjustment multiplier of duty stations. It did not matter much what type of index formula was used for the post adjustment index, so the working group could proceed with its work on salary-setting policy, without worrying about the type of post adjustment index that could emerge from the comprehensive review of the post adjustment system.

117. The Chair noted the hesitation and doubts of some stakeholders, which led him to conclude that communication was vital and had to be improved. The secretariat needed to work on how to most effectively present information. While the Commission took note with appreciation of the Advisory Committee's recommendations, he noted the enormous amount of work still required. He called for continued fruitful collaboration with organizations and staff federations and expressed his commitment to closely monitoring and advancing the progress of the review. The Chair thanked the Cost-of-Living Division for its leading role in the review and expressed his appreciation for the active contribution of all other participants in the Advisory Committee and task force meetings. Counting on the

goodwill of all concerned, he expressed confidence that the review of the post adjustment system could soon be finalized.

118. Members of the Commission expressed satisfaction with the progress made thus far in the review of the post adjustment system, as well as the gains in the ongoing efforts to improve the system, made possible by the establishment of flexible work modalities such as the task force and the working group. They expressed the hope that all stakeholders would continue to cooperate with the secretariat on the many methodological studies that lay ahead, so that a critical mass of the highest priority tasks could be accomplished and final recommendations submitted for the Commission's consideration for possible application to the next round of surveys.

119. The Commission decided to approve the agenda for the forty-second session of the Advisory Committee, while postponing consideration of the terms of reference for the task force for the identification and treatment of outliers to a future session.

#### **Decisions of the Commission**

120. The Commission decided to:

(a) Take note of the recommendations of the Advisory Committee on Post Adjustment Questions and invited it to continue with the review of the methodology underpinning the post adjustment system, in line with the project management plan and in preparation for the next round of surveys;

(b) Call for the continued collaboration with its secretariat, of organizations and staff federations, in the comprehensive review of the post adjustment system;

(c) Approve the agenda for the forty-second session of the Advisory Committee as reported in annex VI.

### **E. Hardship allowance: review of level**

121. The Commission reviewed an analysis of the application of three adjustment factors, in accordance with its decisions in 2016 (see [A/71/30](#)) in the context of the comprehensive review of the United Nations common system compensation package. The current amounts of the hardship allowance came into effect on 1 July 2016. The three adjustment factors reviewed were as follows:

(a) Average movement of the net base salary plus post adjustment at the eight headquarters duty stations of the United Nations system, which produced an increase of 1.03 per cent;

(b) Movement of the out-of-area index used for post adjustment based on inflation factors in 26 countries, which produced an increase of 8.34 per cent;

(c) Movement of the base/floor salary scale, which produced an increase of 2 per cent.

### Discussion in the Commission

122. The Human Resources Network concurred with the analysis prepared by the ICSC secretariat, noting in particular that, among the three reference factors agreed in the review approach, two had proved to be relatively volatile given their exposure to exchange rate fluctuations and inflation. In previous reviews the movement of the net base salary, the most stable factor, had been used by the Commission as the point of departure for the review of the allowance level. Therefore, it suggested continuing to apply that approach to adjust the levels of the hardship allowance, which would result in an increase of 2 per cent, according to the analysis.

123. UNISERV and FICSA were of the view that the most appropriate adjustment would be the movement of the out-of-area index because not only was it linked to the eight headquarters duty stations, but it also covered a broader geographical span that included 26 countries. Both federations questioned the rationale for paying the hardship allowance in relation to the grade of staff members given that the level of hardship was the same for every staff member irrespective of rank. They pointed out that danger pay was paid in equal amounts to all Professional staff and requested the Commission to look into that issue in the future.

124. CCISUA stated that the places in which the common system organizations operated had become more dangerous, with increasing levels of hardship, therefore the allowance needed to be increased by the highest of the three options, which it considered was not expensive in the context. As hardship factors such as isolation, poor health facilities or diseases such as malaria affected staff and their families equally, regardless of grade, it emphasized that the payment should not be linked to grade. CCISUA observed that more senior officials, through better accommodation and more frequent travel out of their duty stations, often experienced lower levels of hardship than junior staff. With regard to the argument by the organizations that it was necessary to prevent further compression of income, CCISUA was of the view that that was not relevant as it should be addressed in the salary scale, not in allowances. CCISUA also pointed out that other benefits, such as the education grant, did not vary by grade level. CCISUA joined the other two federations in requesting a study with a view to changing the payment structure to a flat amount with no relation to the grade of staff members.

125. The Commission noted that one of the three factors, namely the movement of the base/floor salary scale for the Professional and higher categories, was the most stable. The other two factors appeared more volatile, as they were directly exposed to inflation and exchange rate fluctuations.

126. Some members of the Commission expressed their concerns regarding the continued use of the movement of the base/floor salary scale in adjusting the hardship allowance. That could be seen as an alternative approach to retaining the automaticity of movement of the allowance to increases in base/floor salary, which had been a concern of the General Assembly in the past, prior to delinking the entitlements under the mobility and hardship scheme from the base/floor salary scale in 2005.

127. The Commission concluded that the increases under all three factors provided an indication that an adjustment upward was warranted for the level of the hardship allowance. The Commission also concluded that its methodology did not prescribe any specific approach to weighting the three adjustment factors, but that the factors provided reference points for a decision on the amount of the adjustment. Most members considered that an increase of 2 per cent in proportion to the movement of the base/floor salary scale would be reasonable. Some members considered that the increase should be proportional to the average of two factors: (a) the average movement of the net base salary plus post adjustment at the eight headquarters duty

stations of the United Nations system; and (b) the movement of the out-of-area index used for post adjustment based on inflation factors in 26 countries. Some other members were of the view that post adjustment, being akin to an allowance itself, should not be a part of the adjustment mechanism of another allowance. Some members were of the view that the out-of-area index alone could be an appropriate indicator because of its broader coverage.

128. The Commission agreed on a 2 per cent increase after considering all points of view and noted that an overall increase of 2 per cent as from 1 January 2020 would result in estimated financial implications of \$2.8 million per annum, system-wide. Those estimates were based on staff data for 2017 and the assumption that the hardship ratings of field duty stations effective 1 January 2019 would remain unchanged during the year 2020. The revised amounts of the hardship allowance, rounded to the nearest \$10, are presented in annex VII to the present report.

129. The Commission noted the concerns raised by the three staff federations with regard to the current approach of differentiating the amounts of the hardship allowance by the grade levels of staff members. It agreed that the issue needed further study in the future. Some members emphasized that such an examination should include an analysis of the impact of the hardship allowance on staff mobility and system-wide programme delivery.

#### **Decisions of the Commission**

130. The Commission decided:

(a) To grant a 2 per cent increase in the hardship allowance for implementation with effect from 1 January 2020, in accordance with article 11 (b) of its statute (see annex VII for the revised amounts of the hardship allowance);

(b) To conduct a study on the hardship allowance to explore the possibility of changing the payment matrix to a flat amount, regardless of grade level, and to assess its impact on staff movements and programme delivery in the near future.

### **F. Non-family service allowance: review of level**

131. In line with the review cycle of the level of allowances (see [A/71/30](#), annex IV), the Commission had decided to review the level of the non-family service allowance every three years.

132. The non-family service allowance is an incentive for staff to undertake assignments at non-family duty stations, in recognition of the increased level of financial and psychological hardship incurred through mandatory separation from family members, including additional service-related costs.

133. In accordance with the decisions of the Commission in 2015 (see [A/70/30](#)), as approved by the General Assembly in resolution [70/244](#), the current level of the non-family service allowance was set at \$19,800 per year for staff with eligible dependants and \$7,500 per year for staff without dependants, with effect from 1 July 2016. The amount of the allowance was established by taking as references the average rent in the latest surveys (covering the period 2010–2014) collected under the post adjustment system, which was found to be around \$1,500 per month, or \$18,000 per year. In addition, the levels of the former additional hardship allowance, which varied by grade and dependency status, and which the new allowance replaced, was also taken into account. On the basis of these considerations, the level of the allowance was established at \$19,800 per year.

134. In accordance with the adjustment methodology approved by the Commission, the rent data under the post adjustment system were used, which was the same basis as for the payment matrix that went into effect in 2016. The ICSC secretariat conducted a review of the level of the allowance by carrying out a detailed analysis of the rent data for the period 2015–2018. The average rent for a dwelling size of up to and including two bedrooms from the latest survey in each duty station since the most recent review (2015–2018), and excluding countries with non-family duty stations, was calculated. The resulting average global rent amount was \$1,600 per month, or \$19,200 per year, which was lower than the current non-family service allowance for staff members with eligible dependants of \$19,800 per year. Therefore, the Commission considered that the current levels should remain unchanged.

### **Discussion in the Commission**

135. The Human Resources Network took note of the analysis showing an increase in the average global rent, which had been used as a reference for the non-family service allowance, and also noted a similar trend in the comparator's practice with regard to its involuntary separate maintenance allowance. The Network therefore believed that a commensurate increase in the amounts of the non-family service allowance could be considered and welcomed the proposal to work on further details of an adjustment methodology for the next review, scheduled in 2022.

136. FICSA noted that the non-family service allowance was an incentive for staff to undertake assignments at non-family duty stations, in recognition of the increased level of financial and psychological hardship incurred through involuntary separation from family members, including additional service-related costs. Given that a detailed analysis of the rent data provided for the period 2015–2018 demonstrated that the average global rent had increased to \$1,600 per month, FICSA was of the view that the level of the non-family service allowance should be adjusted accordingly. CCISUA believed that there should be an increase in line with the overall global trend. UNISERV observed that close attention was being paid by the Commission to the reasons behind the allowance and was of the view that it should be increased in line with the rental data so that it remained an incentive. It looked forward to an upward adjustment of the allowance and proposed that it be implemented at the earliest opportunity. On a separate but related matter, UNISERV expressed appreciation for the Commission's support in getting the reduced non-family service allowance for staff serving at category E hardship locations that were not designated as non-family duty stations. UNISERV looked forward to the review of the reduced allowance and its expansion to include payment to staff serving at category D hardship duty stations that were not designated as non-family duty stations and hoped that it could be done soon.

137. The Commission recalled that during the recent review of the compensation package, significant time had been dedicated to this important allowance, noting that it was an incentive for separation from family and that it had been set at the same amount for staff regardless of their grade level. While the concept of mandatory separation from family and service at non-family duty stations was not necessarily present in various foreign service contexts, the Commission noted that non-family duty stations in the United Nations context were those duty stations at which the physical presence of all eligible dependants was mandatorily restricted for reasons of safety and security. Therefore, by definition, the presence of family members at the duty station was prohibited.

138. The Commission concluded that it would be appropriate to maintain the current level of \$19,800 per year for staff members with eligible dependants, noting that that amount was still higher than the average global rent of \$19,200 per year, according to the current review of rent data. The applicable amount for staff members without dependants would be maintained at \$7,500 per year, which represented 37.8 per cent of the amount paid to staff members with eligible dependants.

### Decisions of the Commission

139. The Commission decided:

(a) To maintain the current levels of the non-family service allowance at \$19,800 per year for staff with eligible dependants and \$7,500 for staff without eligible dependants;

(b) To review the level of the allowance again in three years;

(c) To request its secretariat to compile a document outlining details of the adjustment methodology for the allowances included in the review schedule for ease of future reference, by the time of the next review, in 2022.

### G. Mobility incentive: review of level

140. In accordance with the current review cycle, the level of the mobility incentive was to be reviewed every three years. In 2015, the Commission had decided to recommend a mobility incentive, in lieu of the mobility allowance that was in place at the time, to encourage mobility of staff to field duty stations (A/70/30, para. 431). The incentive, as approved by the General Assembly in its resolution 70/244, was established as from 1 July 2016.

141. The annual amount for the P-1 to P-3 grade band (100 per cent of the weighted average monthly base salary) was established as the lower limit (\$6,500). The amount for the P-4 and P-5 grade band was set at 125 per cent of the limit (\$8,125) and the amount for staff at the D-1 and above levels was set at 150 per cent of the limit (\$9,750). In accordance with resolution 70/244, the mobility incentive applies to staff with five consecutive years of prior service in an organization of the common system and from their second assignment (that is, following the first geographical move), excluding category H duty stations, and is increased by 25 per cent upon the fourth assignment and by 50 per cent upon the seventh assignment. Therefore, the mobility incentive is reflected in a matrix that varies by grade and number of assignments. The incentive is discontinued after staff have spent five consecutive years at the same duty station.

142. In accordance with the adjustment methodology approved by the Commission, the weighted monthly average base salary of staff in the Professional and higher categories in the year of review (the same basis as for the new payment matrix that went into effect in 2016) is to be used to revise the amounts of the mobility incentive. The ICSC secretariat conducted a detailed analysis of the applicable salary scale as at 1 January 2019 and the latest available staff data from the United Nations System Chief Executives Board for Coordination personnel database as at 31 December 2017. The resulting mobility incentive for the P-1 to P-3 grade band amounted to \$6,700 per year, which represented 100 per cent of the weighted monthly average base salary. The rest of the matrix has been recalculated accordingly, as shown in the table below.

#### Proposed new amounts for the mobility incentive

(United States dollars)

<i>Assignment number</i>	<i>Group 1 (P-1 to P-3)</i>	<i>Group 2 (P-4 to P-5)</i>	<i>Group 3 (D-1 and above)</i>
2 to 3	6 700	8 375	10 050
4 to 6	8 375	10 469	12 563
7+	10 050	12 563	15 075

143. The financial implications associated with the proposed increase in the mobility incentive were estimated at approximately \$2.1 million per annum, system-wide.

144. In 2015, the Commission decided to revisit the mobility incentive after five years of its implementation to re-evaluate the need for it, noting that mobility should be driven by work requirements relating to the international character of the organizations of the United Nations common system. That review will be carried out in 2021.

### **Discussion in the Commission**

145. The Human Resources Network stated that the programmatic and operational needs of the United Nations system required a continued focus on deploying staff to duty stations across the globe. That ensured that organizations could respond to evolving needs in various locations, while supporting the healthy and enriching movement of staff across and between organizations. The mobility incentive was an important compensation tool to facilitate this. The Network therefore looked forward to the discussions on the level of the mobility incentive, as well as on the general review of its purpose, scheduled for 2021. The Network took note of the analysis provided, including the agreed review cycle and approach, which was based on monitoring the movement of the net base salary scale. The Network believed that, following this approach, an adjustment of the mobility incentive, as outlined in the secretariat's proposal, was warranted.

146. The representative of WFP, speaking also on behalf of UNHCR, highlighted the organizations' desire to encourage their workforces to take up assignments in the most difficult places. While some of the tools in the compensation scheme helped, the organizations had limited flexibility. The representative stated that the review of various elements of the compensation system could not be carried out in isolation. The adjustment of one part could have unintended consequences for the system as a whole. With respect to movement and service at different duty stations, the representative stated that the organizations wanted to compensate and reward those who had moved as opposed to those who had not moved, and to be able to differentiate between the two. There were remunerative responses, such as the elements of the system under discussion, and there were management responses, such as promotion and career development mechanisms. It was highlighted that the movement of staff in WFP was not from one capital city to another, but rather from headquarters to the deep field, followed by several subsequent moves between field duty stations. In summary, the representative stated that the matter of remunerative compensation mechanisms for service in the field had to be looked at holistically.

147. FICSA stated that it had understood that the purpose of the mobility incentive was to encourage the mobility of staff to field duty stations, however, it had not understood why the amounts of the mobility incentive varied according to the staff member's grade. While FICSA supported the proposed revision to the levels of the mobility incentive, it had understood that the United Nations had paused its mobility policy and, therefore, wanted to learn more about possible changes to the mobility policy and the implications, if any, that such changes could have on the levels of the mobility incentive. CCISUA supported the proposed increase, noting that, as with hardship, the effort to move remained the same regardless of grade and requested that the Commission study the feasibility of flattening the scale at a future session. CCISUA also requested a review of non-payment of the incentive in category H locations. The purpose of the incentive was to encourage mobility, not to duplicate the hardship allowance. Furthermore, it was to the benefit of organizations to encourage, not discourage, those with practical field experience to apply some of that experience to roles in a normative and policy setting at headquarters.

148. UNISERV stated that the mobility incentive was key for the organizations that had staff working in harsh remote duty stations, thus increasing the attractiveness of employment in such locations and giving organizations the ability to respond to emerging situations. Many staff members applied for and moved to field positions on the basis of this key incentive. UNISERV strongly agreed that the increase in the mobility incentive as proposed should be implemented, bearing in mind that the issue at hand was the review of the level and not of the incentive itself. It looked forward to being part of the review of the incentive in 2021 in a transparent and open manner, with the possibility of examining differentiation by grade. UNISERV agreed with CCISUA that the mobility count that had been earned was not compensated for during an assignment to a category H duty station and that that should be reviewed.

149. The Commission noted that mobility for internationally recruited staff was inherent in the nature of their service and that mobility was a complex issue with varying factors influencing how staff members chose to move. Work requirements in the deployment of staff was a key factor for organizations so that they could allocate sufficient resources and deliver results. The Commission supported the proposal for an increase in the mobility incentive, considering it reasonable on the basis of the results of the review.

150. The Commission discussed mobility in a wider context, noting that while staff members were being encouraged to move, it was important to look at whether the mobility incentive really incentivized staff members to move and, if so, to what degree. The Commission noted that staff serving in the field often moved geographically after an average of three years of service. The Commission therefore considered that the requirement to serve for five consecutive years in the United Nations common system in order to qualify for the mobility incentive could be revisited during the review of its purpose.

151. The Commission looked forward to the review of the purpose of the allowance scheduled for 2021, in accordance with its earlier decision. It requested the organizations to provide data on the movement of staff and the impact the incentive had on staff mobility. The study would need to be designed carefully to elicit such information, noting that mobility was exercised on the basis of several factors.

#### **Decisions of the Commission**

152. The Commission decided:

(a) To set the lower limit of the mobility incentive to \$6,700 per year and apply the resulting matrix as outlined in the table in paragraph 142, with effect from 1 January 2020;

(b) To review the level of the mobility incentive again in three years in accordance with the established schedule (see [A/71/30](#), annex IV), subject to the outcome of the review of its purpose in 2021.

### **H. Relocation shipment: review of the ceiling for payments**

153. In 2015, the Commission concluded its comprehensive review of the United Nations compensation system, in which it had, inter alia, identified a need for streamlining and simplifying the various elements relating to relocation. The Commission therefore decided, at its eighty-first session, to establish a new relocation package consisting of three main features: relocation travel, relocation shipment and a settling-in grant. In terms of shipment, the Commission had decided the following ([A/70/30](#), para. 399):



(a) To provide full removal of household goods for relocation shipment if that option was available, and, if not, to provide the option of full removal up to the established entitlement, which would be reimbursed to staff upon presentation of an invoice. In lieu of full removal, one of the following options could apply:

- (i) Lump-sum option established at 70 per cent of the actual cost of relocation shipments;
- (ii) Lump sum set by organizations based on 70 per cent of costs of past shipments, not exceeding \$18,000;

(b) To provide an entitlement for relocation shipment of household goods for staff with assignments of two years or more up to a standard 20-foot container for single staff and a 40-foot container for staff with eligible family members, regardless of the weight of household goods, via the most cost-effective route and mode of transportation.

154. Furthermore, the Commission requested the organizations to report on the actual annual costs of relocation under the relocation package after two years of implementation of the new compensation system, in order to conduct a review.

155. In its resolution [70/244](#), the General Assembly approved the above-mentioned decisions of the Commission, and the new relocation package came into effect on 1 July 2016.

156. In line with the review cycle set by the Commission, the ICSC secretariat reviewed the ceiling for relocation shipment-related lump-sum payments using the data on actual costs for relocation shipments received from the organizations. A note by the secretariat also provided information on relocation shipment options offered by the organizations in the common system. Based on the analysis of the actual relocation shipment cost data for the period from 2015 to 2017, the ICSC secretariat proposed to maintain the ceiling for relocation shipment-related payments at the current level of \$18,000. Furthermore, it proposed, for the Commission's consideration, to review that ceiling every three years using actual shipment cost data.

#### **Discussion in the Commission**

157. The Human Resources Network concurred with the findings presented in the note by the secretariat and agreed that, at the present time, the level of the ceiling for relocation shipment-related payments should be maintained.

158. All three staff federations expressed their support for the proposals to maintain the ceiling for relocation shipment-related payments at the level of \$18,000 and to review that ceiling every three years. Furthermore, CCISUA noted that the note by the secretariat had come not long after the compensation review, for which similar extensive research had been undertaken. It pointed out that feedback from staff had shown that there was no reason to change the current amounts, but that ICSC should review the ceiling on a periodic basis.

159. The Commission concluded that the ceiling for the relocation shipment-related lump-sum payments should be maintained at the level of \$18,000. It also recognized the need to review that ceiling every three years using actual shipment cost data obtained from the organizations.

#### **Decisions of the Commission**

160. The Commission decided:

- (a) To take note of the information pertaining to the review of the ceiling for relocation shipment-related payments;

- (b) To maintain the ceiling for the relocation shipment-related lump-sum payments, in lieu of full removal by organization, at the current level of \$18,000;
- (c) To review the ceiling for relocation shipment-related payments every three years using actual shipment cost data obtained from the organizations of the United Nations common system;
- (d) To request the organizations to report to it every three years on the actual annual costs of relocation shipments in order for it to conduct its review.

## Chapter V

### Review of the consultative process and working arrangements in the Commission

161. Following a decision at its eighty-seventh session to review the consultative process and working arrangements in the International Civil Service Commission, a contact group established for that purpose met for the first time in October 2018. The findings of that meeting were reported at the eighty-eighth session of the Commission. At its eighty-ninth session, the Commission deliberated on a note prepared by its secretariat on the issues discussed and the conclusions reached at the second meeting of the contact group, held in April 2019. The contact group had discussed the following issues:

- (a) Definition of consultation;
- (b) Joint work planning;
- (c) Cost-effectiveness of meetings;
- (d) Importance of two-way discussions;
- (e) How decisions are reflected in the annual reports of the Commission;
- (f) Selection process of members of the Advisory Committee on Post Adjustment Questions.

162. The contact group reported a number of conclusions that had been reached at the second meeting, which included the following:

- (a) The Commission would share its biennial programme of work with stakeholders;
- (b) The draft provisional agenda of each session of the Commission would be shared with Commission members and organizations and staff federations at the same time;
- (c) The secretariat would make efforts to disseminate documents for meetings of working groups and the Advisory Committee on Post Adjustment Questions two to three weeks in advance;
- (d) The Chair would consult with organizations and staff with regard to candidatures for the Advisory Committee on Post Adjustment Questions before appointing members under the authority delegated to him or her (ICSC/R.77, para. 152);
- (e) The reports of the Commission would reflect what was said, and, wherever possible, the Chair would strive for consensus between organizations and staff;
- (f) The importance of improved communication.

163. As further agreed by the participants of the contact group, there needed to be specialized and professional communication to all stakeholders. The Commission was therefore requesting an additional post of Communications Officer at the P-4 level in the ICSC secretariat. The financial implications of the revised budget of the ICSC were estimated at \$227,600 per year.

164. The Commission reiterated that the main objective of the contact group was the identification of issues. It was decided that any possible non-compliance or difficulties encountered with the implementation of the Commission's decisions and related General Assembly resolutions would be discussed during the next meeting of the contact group, which would be held before the ninetieth session of the Commission. At the next session of the Commission, an informal meeting would be held to discuss the conclusions of the contact group.

## Annex I

### **Programme of work of the International Civil Service Commission for 2020–2021**

1. Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system.
2. Conditions of service applicable to both categories of staff:
  - (a) Review of the framework for contractual arrangements;
  - (b) Implementation of principles and guidelines for performance appraisal and management for the recognition of different levels of performance;
  - (c) Parental leave.
3. Conditions of service of the Professional and higher categories:
  - (a) Base/floor salary scale;
  - (b) Evolution of the United Nations/United States net remuneration margin;
  - (c) Post adjustment issues: status reports on the review of the post adjustment system, reports of sessions of the Advisory Committee on Post Adjustment Questions and agendas for the forty-fourth and forty-fifth sessions of the Advisory Committee;
  - (d) Children's and secondary dependant's allowances: review of methodology and level;
  - (e) Education grant: representative schools;
  - (f) Education grant: review of level;
  - (g) Identification of highest paid national civil service (Noblemaire): reference check with other international organizations;
  - (h) Global staff survey;
  - (i) Comprehensive assessment report on the compensation package approved in 2015;
  - (j) Review of the implementation of the recruitment incentive;
  - (k) Hardship classification methodology: impact of revised criteria;
  - (l) Review of the category H duty station designation;
  - (m) Payment of amount in lieu of settling-in at category E duty stations that are not designated as non-family;
  - (n) Mobility incentive: review of purpose;
  - (o) Report on the implementation of existing policies on gender equality: achievement of gender parity;
  - (p) Report on the geographical diversity and age distribution of the workforce.
4. Conditions of service of the General Service and other locally recruited categories: review of local salary survey methodologies.

5. Conditions of service in the field:
  - (a) Danger pay: review of level;
  - (b) Security evacuation allowance: review of level.
6. Review of the consultative process and working arrangements of the International Civil Service Commission.
7. Monitoring of the implementation of the decisions and recommendations of the International Civil Service Commission and the General Assembly by organizations of the United Nations common system.

## Annex II

## Cash and non-cash rewards in the common system organizations

<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
<b>Cash rewards</b>							
ICAO	Individual	24	An overall performance rating of “consistently exceeds expectations” or “occasionally exceeds expectations” is required. In making the recommendation for a cash award, the supervisor will highlight the achievement and contribution of the staff member in respect of key tasks and specific outcomes.	24	24	\$31 850	
ICAO	Team	33	For each team member, an overall performance rating of “consistently exceeds expectations”, “occasionally exceeds expectations” or “fully meets expectations” is required; a rating of “consistently exceeds expectations” or “occasionally exceeds expectations” is also required for the key task and expected output/result reflected in the staff performance appraisal system (PACE) performance plan that relates to the specific team/project for which the team award is recommended.	33	33	\$8 250	Introduction of merit-based criteria with award categories; reduction in number of available awards

Agency	Name of recognition/ reward	Number of awards available	Criteria for granting cash and non-cash rewards	Number of eligible staff	Number of staff receiving cash and non-cash rewards	Total amount distributed	Changes foreseen in amounts or criteria for 2019
ICAO	Merit increment	1	Staff members who are within three years of the mandatory age of separation, and provided that they are not already at the top step of their grade. An overall performance rating of “consistently exceeds expectations” or “occasionally exceeds expectations” is required.	1	1	\$900 (equivalent annual increment for General Service-4, Lima)	Discontinuation of scheme
ICAO	Personal promotion	–	Staff members who have completed at least 27 years of continuous satisfactory service on 7 December.	–	–	–	
IFAD	–	80	Ratings of 4-Superior and 5-Outstanding in the Professional and General Service categories. D-level staff are excluded.	80	80	\$136 500	
IFAD	–	69	Ratings of 4-Superior in the Professional and General Service categories. D-level staff are excluded.	69	69	\$103 500	Monetary reward is being abolished in 2019
IFAD	–	11	Ratings of 5-Outstanding in the Professional and General Service categories. D-level staff are excluded.	11	11	\$33 000	
UNHCR	Safe-driving bonus	–	The safe driving bonus is a monetary amount, generally equivalent to approximately one week’s salary. Locally recruited staff members who have served for six months or more as drivers during the relevant period and have spent at least 30 per cent of their time on driving duties may qualify for the safe-driving bonus if they have demonstrated that their performance promotes road safety. Within this spirit, drivers who meet the following criteria are eligible for the bonus: (a) the driver	–	1 505	\$480 547.76	–

Agency	Name of recognition/ reward	Number of awards available	Criteria for granting cash and non-cash rewards	Number of eligible staff	Number of staff receiving cash and non-cash rewards	Total amount distributed	Changes foreseen in amounts or criteria for 2019
			reported all vehicle incidents that they were involved in during the relevant period in accordance with established procedures; (b) no substantiated report of driver negligence or misconduct during the relevant period was submitted against the driver (for example, speeding, driving under the influence of drugs or alcohol or any other unsafe driving practices); and (c) the driver has not been subject to disciplinary measures connected with driving performance.				
UNHCR	Long-service step	–	If applicable to the local salary scale, linked to performance: (a) 20 years' cumulative service in the United Nations common system; (b) five years at the top step of the current grade; (c) satisfactory performance; and (d) positive recommendation by the supervisor.	–	35	\$5 009	–
UNHCR	Personal grade award	–	Applicable to staff members in the General Service category, linked to performance: (a) have reached the age of 55 or 57 or 60, according to their normal retirement age, whether that is 60, 62 or 65, respectively; (b) have completed five years of continuous service with UNHCR in positions at the staff member's current personal grade; (c) have not been subject to any disciplinary measures within the past five years; and (d) have consistently demonstrated satisfactory service reflected by consistent records of performance appraisals with overall	–	39	\$7 116	–



<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
			ratings of “successfully meets performance expectations” or “exceeds performance expectations”, or equivalent ratings under former performance management policies, and less than 18 cumulative months of missing or not finalized performance appraisals attributed to the staff member during the preceding five years.				
UNHCR	Excellency in service	–	Linked to performance: granted to staff members who have served loyally and courageously in the field, often in difficult circumstances and in outstanding ways in the following categories: Team Achievement in Field Operations, Accomplishment as Representative, Accomplishments in the Field of Community Service and Accomplishments to Ensure Protection.	–	5	\$2 652	–
UNHCR	Long-service awards	–	Not linked to performance: recognition of service of staff members at intervals of 10, 15, 20 and more than 25 years: 10 years of service: certificate; 15 years of service: certificate; 20 years of service: plaque; 25 years of service: gold pin.	–	875	\$40 373.13	–
UNIDO	Merit award (every second year)	5 per cent of the regular staff on established posts (circa 30)	Merit, demonstrated achievements and contributions to the UNIDO mandate and strategic and management priorities.	Circa 30	28	The merit award is equivalent to the annual equivalent of two steps.	No changes

<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
UNIDO	Role model award (every second year)	3 (regular staff)	As above, plus demonstrated management/supervisory skills.	3	3	UNIDO subsidizes participation in a leadership training programme at a recognized academic institution	No changes
UNOPS	Merit rewards	No ceiling	In accordance with applicable policy for goals achieved at the organization, region or country level and for satisfactory individual performance	3 984	3 100	\$2.96 million	No changes
WIPO	“Delivering excellence” cash lump sum of SwF 6 000	1 individual reward per sector; in more than 50 staff members, 1 individual reward per 50 staff members. In 2018, 27 rewards were available.	The staff member has achieved an “outstanding performance” rating in the relevant Performance Management and Staff Development System cycle; has demonstrated exceptional effort, creativity and competence, going far beyond the call of duty; has achieved outstanding results or has been noted for outstanding service orientation; and has demonstrated in their daily work the core values of WIPO.	1 077	26	SwF 156 000	No changes in criteria; amount of reward increased to SwF 7 500

<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
WIPO	“Acting responsibly” cash lump sum of SwF 3 000	3 individual rewards	The staff member has significantly contributed to a positive and harmonious work environment with her or his highly professional attitude and behaviour in the execution of work, for example, in the way she or he has shared knowledge, provided services or demonstrated team spirit; has achieved at least an “effective performance” rating in the relevant Performance Management and Staff Development System cycle; and has demonstrated in daily work the core values of WIPO.	1 077	3	SwF 9 000	No changes in criteria; amount of reward increased to SwF 4 000
WIPO	“Working as one” cash lump sum of SwF 9 000	5 team rewards	The team must consist of at least three members from within or across organizational units and sectors who have worked collaboratively for a minimum period of three months; the results achieved by the team contribute clearly and substantially to the organization’s strategic objectives; the team has demonstrated exceptional effort, creativity and competence, going far beyond the call of duty; all team members nominated have achieved at least an “effective performance” rating in the relevant Performance Management and Staff Development System cycle, or the equivalent in the applicable performance management system; and all team members nominated have demonstrated in their daily work the core values of WIPO.	1 631	Five teams, a total of 76 team members, including the team leader	SwF 45 000	No changes in criteria; amount of reward increased to SwF 10 000

<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
WIPO	“Organizational performance” cash lump sum	All staff subject to certain conditions	Based on the organization’s overall results and financial performance. The reward was paid to staff members who worked at WIPO for at least six months in 2017, either under a fixed-term, continuing, permanent or temporary appointment, on loan from another organization or as a Junior Professional Officer. For those who worked at WIPO for only part of 2017, but for at least six months, and for staff on part-time employment, a prorated amount was paid. The organizational performance reward was not paid to staff members who were dismissed from WIPO in 2017 or thereafter as a result of misconduct.	1 160	1 085 SwF	2 087 516.95 (SwF 2 000 per staff member subject to prorating depending on individual circumstances)	There are no plans for the payment of an organizational performance reward in 2019.  Change in criteria: in the future, staff members whose performance was rated “below effective” in any of the two years preceding the award will not be eligible.
IAEA	Individual recognition awards		Individual excellence on an informal level.	All fixed-term staff	38	€60 000	None
IAEA	Merit awards		Individual or team excellence over a number of years.	All fixed-term staff	126 (3 teams)	€12 6000	None
IAEA	Superior achievement awards		Individual and team excellence in pivotal areas.	All fixed-term staff	28 (4 individuals and 3 teams)	€28 000	None

Agency	Name of recognition/ reward	Number of awards available	Criteria for granting cash and non-cash rewards	Number of eligible staff	Number of staff receiving cash and non-cash rewards	Total amount distributed	Changes foreseen in amounts or criteria for 2019
<b>Non-cash rewards</b>							
ICAO	Individual	Unlimited	An overall performance rating of “consistently exceeds expectations” or “occasionally exceeds expectations” is required.	66	66	No cost. Internally issued certificate.	
ICAO	Team	Unlimited	For each team member, an overall performance rating of “consistently exceeds expectations”, “occasionally exceeds expectations” or “fully meets expectations” is required; a rating of “consistently exceeds expectations” or “occasionally exceeds expectations” is also required in relation to the staff member’s contribution for the task/outcome reflected in their PACE report that relates to the specific team/project for which the team award is recommended.	99	99	No cost. Internally issued certificate.	Introduction of merit-based criteria with award categories; reduction in number of available awards
ICAO	Bronze lapel pin	As required	Five years continuous service with ICAO	29	29	\$200	
ICAO	Silver lapel pin	As required	12 years continuous service with ICAO	15	15	\$200	Qualifying service and award levels are currently under review.
ICAO	Gold lapel pin	As required	25 years continuous service with ICAO	12	12	\$1 000	
ICAO	Clock	As required	30 years continuous service with ICAO	4	4	\$600	
ICAO	Watch	As required	35 years continuous service with ICAO	3	3	\$700	
ICAO	Pen	As required	40 years continuous service with ICAO	1	1	\$300	
IFAD	3 days extra annual leave	82 (2 D-level staff)	Ratings of 4-Superior and 5-Outstanding in the Professional and higher categories and the General Service and related categories	82 (2 D-level staff)	35	Cost is absorbed by divisions.	–

<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
IFAD	Mini sabbatical leave (up to 10 days)	82 (2 D-level staff)	Ratings of 4-Superior and 5-Outstanding in the Professional and higher categories and the General Service and related categories	82 (2 D-level staff)	17	–	–
ILO	ILO recognition awards	Up to 6	<p>Teamwork Award: recognizes a team in the organization for an outstanding result achieved through effective teamwork and collaboration. Each member of the team involved in the achievement may be recognized (all grades, contracts and funding sources)</p> <p>Innovation Award: recognizes a team in the organization for an innovative and outstanding contribution to the global impact of ILO. Each member of the team involved in the achievement may be recognized (all grades, contracts and funding sources).</p> <p>Leadership Award: recognizes an individual in the organization who, through qualities of outstanding leadership, has inspired and motivated colleagues to advance the ILO mandate and behaves in a manner that upholds and promotes the organization's values. Staff members nominated must hold either fixed-term or without-limit-of-time contracts (all grades and funding sources).</p>	All ILO staff	<p>Teamwork Award – 2 teams (6 staff and 16 staff)</p> <p>Innovation Award – 2 teams (19 staff and 11 staff)</p> <p>Leadership Award (2 staff)</p> <p>Total: 54</p>	–	–

<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
ILO	Merit increment	15 per cent of eligible staff	<p>1. Staff whose performance during the period under review has been appraised as frequently or consistently exceeding the performance requirements and who are not in receipt of the maximum salary for their grade.</p> <p>2. Decision by the Reports Board.</p> <p>3. The timing of special merit increments as well as the number of recommendations that may be made each year will be subject to limitations defined by the Director General after consulting the Joint Negotiating Committee.</p>	Approximately 650	100	Not budgeted separately; incorporated into the calculation of regular standard costs	The 2018 exercise (run in 2019) has been aligned with the performance cycle.
ILO	Personal promotion		<p>– Promotion to the next higher grade in their category for P-1 to P-5, National Officers (NO-A to NO-C) and General Service staff who have not reached the top grade of their category, once only in the course of their entire service with the organization</p> <p>Performance of duties has been consistently superior to that normally associated with the level of responsibilities of their job; and additional limitations based on years of service in present grade (13) and/or another specialized agency (25)</p> <p>As from 1 January 2000, for officials in the Professional category, normally completion of at least one posting outside Geneva, subject to exceptions that may be decided by the Director General after consulting the Joint Negotiating Committee.</p>	–	–	–	–

<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
UNFPA	Rewards/ recognition toolkit	Unlimited	This toolkit includes certificates in three languages, along with other ideas on how to reward/recognize staff and personnel for exceptional performance.	All staff and personnel	–	–	–
UNIDO	Merit award (every second year)	– (non-regular personnel)	Individual and team certificates for merit and demonstrated achievements and contributions to the UNIDO mandate and strategic and management priorities	–	14 individuals; 8 teams	–	No changes
United Nations	United Nations Secretary- General Awards	4	Selection by an independent jury	All	Up to 30	–	–
UNOPS	UNOPS awards	6 individual awards plus 1 project-of-the- year award	Multiple	All	12 individual/ group winners plus 1 winner for the project of the year	–	No changes
UN- Women	Team excellence awards	5 teams	Promotion or demonstration of the values of UN-Women: has the team acted with integrity, professionalism and respect for diversity? Measurable benefits: does the nomination provide evidence that the initiative, project or programme is having a tangible effect?  Working in partnership: has the team introduced effective collaboration arrangements that bring together colleagues from multiple teams, units or other internal or external stakeholders?	At least 2 persons per team	In total more than 50 persons	–	Award is planned for every two years



<i>Agency</i>	<i>Name of recognition/ reward</i>	<i>Number of awards available</i>	<i>Criteria for granting cash and non-cash rewards</i>	<i>Number of eligible staff</i>	<i>Number of staff receiving cash and non-cash rewards</i>	<i>Total amount distributed</i>	<i>Changes foreseen in amounts or criteria for 2019</i>
			<p>Sustainability: will the initiative, project or programme described leave a lasting legacy and can it be replicated across UN-Women and beyond?</p> <p>Inclusion: has the team been inclusive, engaged individuals' strengths, talents and experiences and been considerate of different views and groups in developing solutions?</p> <p>Impact: has the nominee made an impact beyond the immediate team/unit?</p>				
UN-Women	Value thank-you cards	–	For performance and behaviour in line with the values and competencies of UN-Women. Can be given by anyone in the organization. Online cards and hard copies of cards are available in each office.	Any staff member	Over 300 cards distributed	–	–
WFP	Best teams and individuals/ performance	–	Individuals and teams, paying tribute to the effort and commitment that they put into the WFP mission to save lives and change lives	All staff	1 individual and 1 team (319 and 256 nominations, respectively)	–	None at the moment
WFP	WFP gender equality award	–	Extent of achievement on the country office action plan to strengthen gender equality. Efforts are assessed against a benchmark matrix, with the use of data from documents, interviews, focus group discussions and observations.	All country offices	3 country offices	–	
WFP	2018 WFP innovation challenge	–	WFP innovation challenge, a competition that showcases the Programme's bold early stage ideas with true potential to make an impact in the field	All staff	4 (out of 150 applications from 53 countries)	–	

Agency	Name of recognition/ reward	Number of awards available	Criteria for granting cash and non-cash rewards	Number of eligible staff	Number of staff receiving cash and non-cash rewards	Total amount distributed	Changes foreseen in amounts or criteria for 2019
WFP	Long-service awards	–	10 (silver lapel) or 25 (gold lapel) years of service with WFP (total years include time served in other United Nations agencies)	Regular, short-term, Professional and General Service staff, and consultants	All eligible staff	–	
WHO	Director General's individual awards	6 (1 per major office, including headquarters)	In granting any of these awards, the Director General and regional directors recognize one or more of the following success criteria: (a) gender and diversity: recognizes exceptional contributions to the WHO gender and diversity goals; (b) leadership (supervisors/managers/team leaders): recognizes staff members who have inspired or motivated colleagues to achieve a shared goal, in line with the WHO strategy, priorities and values; (c) people management (supervisor/management/team leaders): recognizes demonstrated success in promoting inclusion, staff development, team-building, mentoring or coaching; (d) innovation: recognizes programmatic, managerial or administrative approaches or methods that have resulted in significant impact on WHO; (e) client orientation: recognizes excellence in client commitment by achieving the highest standards of quality, timeliness and effectiveness; (f) exceptional achievements: recognizes exceptional achievements in one or more of the areas covered by the WHO mandate; (g) WHO transformation: recognizes	6	5		The criteria will remain unchanged. The total amount will depend on the size of each team awarded. However, the amount spent per recipient will remain almost the same, as the awards will remain the same and each one receives a medal, a pin, a certificate and 3 days' special leave.
WHO	Director General's team awards	6 (1 per major office, including headquarters)		6	6		
WHO	Regional Director's team awards	5 (1 per major office)		5	4	Equivalent of \$12,000 (includes the cost of medals, pins and certificates for each recipient)	
WHO	Director General's award for headquarters	1		1	1		
WHO	Special leave	3 days			184	Equivalent of 3 days' salary for each recipient	–

Agency	Name of recognition/ reward	Number of awards available	Criteria for granting cash and non-cash rewards	Number of eligible staff	Number of staff receiving cash and non-cash rewards	Total amount distributed	Changes foreseen in amounts or criteria for 2019
			exceptional contributions to transformation objectives and, in particular, the general programme of work; (h) values champions (individuals/teams): recognizes exceptional modelling of the values in the WHO values charter through individual and/or team behaviour.				
WIPO	Appreciation for outstanding performance. Certificate of appreciation from the Director General. Programme Manager appreciation event.	All staff achieving an overall rating of “outstanding performance” in the relevant Performance Management and Staff Development System cycle	Overall Performance Management and Staff Development System rating of “outstanding performance” in the relevant Performance Management and Staff Development System cycle	1 077	220	–	No changes
WIPO	“Shaping the future” reward in the form of a professional training programme of not more than four weeks’ duration at an educational institution. Travel costs, accommodation and tuition. Special leave with full pay.	3 individual developmental rewards, 1 each at the following levels: senior staff (P-5–D-2); mid-level staff (G-7 and P-1–P-4); and support staff (G-2–G-6)	The staff member has achieved an “outstanding performance” rating in the relevant Performance Management and Staff Development System cycle; has demonstrated exceptional effort, creativity and competence, going far beyond the call of duty; has contributed significantly to change and innovation, getting WIPO future-ready, obtaining efficiency gains or achieving cost savings for WIPO; and has demonstrated in daily work the core values of WIPO.	1 077	3	Up to SwF 20,000 per reward, allocated to travel costs, accommodation and tuition.	–

## Annex III

### Amounts spent on recognition and reward programmes, 2018

<i>Organization</i>	<i>Funding for recognition and reward programmes</i>
FAO	Not applicable
ICAO	\$44,000 (0.074 per cent)
IFAD	\$330,000 (0.03 per cent)
ILO	Nil
IMO	Not applicable
ITU	Not applicable
United Nations	One staff member (P-4) to organize the United Nations Secretary-General Awards process over a period of 6 weeks.
UNAIDS	Not applicable
UNDP	Not applicable. The Programme does not have a centrally managed budget for recognition and rewards. Individual business units may have some budgets, but they are not monitored or tracked centrally.
UNESCO	Nil
UNFPA	Nil
UNHCR	\$535,698
UNICEF	Not applicable
UNOPS <sup>a</sup>	\$3,000,000 (0.9 per cent)
UNRWA	Not applicable
UN-Women	The \$50,000 amount for the team excellence awards ceremony in 2018 was an ad hoc funding allocation from senior management.
UPU	Not applicable
WFP	Mainly non-cash, with indirect costs related to the ceremony and travel of the winners. Most awards are decentralized and each division/office manages the associated costs.
WHO	\$12,000 (0.0021 per cent)
WIPO	\$2,460,600 (1.15 per cent)
WMO	Not applicable
IAEA	€159,700

*Note:* Amounts were sought on the basis of personnel on staff appointments and the percentages are calculated against an organization's projected remuneration costs (net remuneration for staff in the Professional and higher categories and salaries for the General Service and related categories) as specified in the International Civil Service Commission framework for recognition and reward programmes.

<sup>a</sup> Figures pertain to all staff and non-staff appointments and were calculated against the Office's personnel expenses for 2017.

## Annex IV

### Proposed salary scale and pay protections points

#### A. Salary scale for the Professional and higher categories showing annual gross salaries and net equivalents after application of staff assessment (effective 1 January 2020)<sup>a</sup>

(United States dollars)

Level		<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X</i>	<i>XI</i>	<i>XII</i>	<i>XIII</i>
USG	<b>Gross</b>	<b>200 998</b>												
	Net	148 159												
ASG	<b>Gross</b>	<b>182 411</b>												
	Net	135 891												
D-2	<b>Gross</b>	<b>145 717</b>	<b>148 886</b>	<b>152 179</b>	<b>155 542</b>	<b>158 906</b>	<b>162 270</b>	<b>165 629</b>	<b>168 992</b>	<b>172 353</b>	<b>175 714</b>	–	–	–
	Net	111 502	113 720	115 938	118 158	120 378	122 598	124 815	127 035	129 253	131 471	–	–	–
D-1	<b>Gross</b>	<b>130 429</b>	<b>133 211</b>	<b>135 999</b>	<b>138 784</b>	<b>141 560</b>	<b>144 347</b>	<b>147 130</b>	<b>149 910</b>	<b>152 861</b>	<b>155 811</b>	<b>158 762</b>	<b>161 711</b>	<b>164 665</b>
	Net	100 800	102 748	104 699	106 649	108 592	110 543	112 491	114 437	116 388	118 335	120 283	122 229	124 179
P-5	<b>Gross</b>	<b>112 374</b>	<b>114 743</b>	<b>117 113</b>	<b>119 477</b>	<b>121 847</b>	<b>124 213</b>	<b>126 584</b>	<b>128 950</b>	<b>131 319</b>	<b>133 684</b>	<b>136 054</b>	<b>138 419</b>	<b>140 790</b>
	Net	88 162	89 820	91 479	93 134	94 793	96 449	98 109	99 765	101 423	103 079	104 738	106 393	108 053
P-4	<b>Gross</b>	<b>92 126</b>	<b>94 232</b>	<b>96 336</b>	<b>98 441</b>	<b>100 591</b>	<b>102 876</b>	<b>105 164</b>	<b>107 449</b>	<b>109 733</b>	<b>112 016</b>	<b>114 304</b>	<b>116 584</b>	<b>118 870</b>
	Net	73 516	75 116	76 715	78 315	79 914	81 513	83 115	84 714	86 313	87 911	89 513	91 109	92 709
P-3	<b>Gross</b>	<b>75 608</b>	<b>77 557</b>	<b>79 504</b>	<b>81 450</b>	<b>83 400</b>	<b>85 346</b>	<b>87 293</b>	<b>89 245</b>	<b>91 191</b>	<b>93 138</b>	<b>95 089</b>	<b>97 037</b>	<b>98 986</b>
	Net	60 962	62 443	63 923	65 402	66 884	68 363	69 843	71 326	72 805	74 285	75 768	77 248	78 729
P-2	<b>Gross</b>	<b>58 414</b>	<b>60 157</b>	<b>61 897</b>	<b>63 639</b>	<b>65 383</b>	<b>67 128</b>	<b>68 872</b>	<b>70 609</b>	<b>72 354</b>	<b>74 095</b>	<b>75 837</b>	<b>77 582</b>	<b>79 322</b>
	Net	47 895	49 219	50 542	51 866	53 191	54 517	55 843	57 163	58 489	59 812	61 136	62 462	63 785
P-1	<b>Gross</b>	<b>45 133</b>	<b>46 487</b>	<b>47 841</b>	<b>49 195</b>	<b>50 599</b>	<b>52 079</b>	<b>53 557</b>	<b>55 037</b>	<b>56 514</b>	<b>57 995</b>	<b>59 472</b>	<b>60 950</b>	<b>62 429</b>
	Net	37 460	38 584	39 708	40 832	41 955	43 080	44 203	45 328	46 451	47 576	48 699	49 822	50 946

*Abbreviations:* ASG, Assistant Secretary-General; USG, Under-Secretary-General.

<sup>a</sup> The normal qualifying period for in-grade movement between consecutive steps is one year. The shaded steps in each grade require two years of qualifying service at the preceding step.

**B. Pay protection points for staff whose salaries are higher than the maximum salaries on the unified salary scale (effective 1 January 2020)**

(United States dollars)

<i>Level</i>		<i>Pay protection point 1</i>	<i>Pay protection point 2</i>
P-4	<b>Gross</b>	<b>121 159</b>	<b>123 444</b>
	Net	94 311	95 911
P-3	<b>Gross</b>	<b>101 011</b>	<b>103 126</b>
	Net	80 208	81 688
P-2	<b>Gross</b>	<b>81 064</b>	-
	Net	65 109	-
P-1	<b>Gross</b>	<b>63 908</b>	-
	Net	52 070	-

## Annex V

## Yearly comparison and the development of the margin over time

### A. Comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades (margin for calendar year 2019)

Grade	Net remuneration (United States dollars)		United Nations/ United States ratio (United States, Washington, D.C. = 100)	United Nations/ United States ratio adjusted for cost-of-living differential	Weights for calculation of overall ratio <sup>d</sup>
	United Nations <sup>a,b</sup>	United States <sup>c</sup>			
P-1	69 378	56 673	122.4	108.8	0.7
P-2	91 709	70 796	129.5	115.1	10.7
P-3	114 760	90 543	126.7	112.6	30.1
P-4	137 659	108 576	126.8	112.7	32.7
P-5	162 186	126 032	128.7	114.4	18.5
D-1	184 155	142 327	129.4	115.0	5.6
D-2	199 005	152 478	130.5	116.0	1.7
Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential					127.6
New York/Washington, D.C., cost-of-living ratio					112.5
Weighted average ratio, adjusted for cost-of-living differential					113.4

<sup>a</sup> For the calculation of average United Nations salaries, personnel statistics of the United Nations System Chief Executives Board for Coordination as at 31 December 2017 were used.

<sup>b</sup> Average United Nations net salaries by grade, reflecting 1 month at multiplier 63.9 and 11 months at multiplier 67.5, on the basis of the unified salary scale in effect from 1 January 2019.

<sup>c</sup> For the calculation of the average of United States federal civil service salaries, personnel statistics as at 31 December 2017, received from the United States Office of Personnel Management, were used.

<sup>d</sup> These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 2017.

### B. Calendar year margin levels, 2010–2019

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Margin	113.3	114.9	116.9	119.6	117.4	117.2	114.5	113.0	113.0	113.4

## Annex VI

### **Proposed agenda for the forty-second session of the Advisory Committee on Post Adjustment Questions**

1. Methodological issues pertaining to the compilation of the post adjustment index:
  - (a) Evaluation of the effects of applying the Törnqvist index formula in aggregation of the major components of the post adjustment index and its in-area (excluding housing) component;
  - (b) Proposal for statistical measures to neutralize the impact of pure methodological change on the post adjustment index;
  - (c) Specification of the coefficient of reliability used in the estimation of mixed expenditure weights by combining duty station-specific and pooled weights; and the criteria for the selection of candidate duty stations contributing to the pooled weights.
2. Methodological issues pertaining to the housing component of the post adjustment index:
  - (a) Evaluation of the use of appropriate consumer price indices for rent or housing in the temporal updating of rent indices for group I duty stations;
  - (b) Review of the classification of expenditures on major household appliances for group II duty stations;
  - (c) Proposals for streamlining the items currently categorized as “other housing costs”.
3. Review of the methodology for measuring the domestic services component of the post adjustment index:
  - (a) Examination of the feasibility of using market price data for the prevalent type of domestic service for the calculation of the domestic service index for group I duty stations;
  - (b) Treatment of the domestic services component as a separate basic heading of the in-area (excluding housing) component of the post adjustment index for group II duty stations.
4. Other business.



## Annex VII

### Revised annual amounts of the hardship allowance (effective 1 January 2020)

(United States dollars)

<i>Hardship category of duty station</i>	<i>Group 1 (P-1 to P-3)</i>	<i>Group 2 (P-4 and P-5)</i>	<i>Group 3 (D-1 and above)</i>
A	–	–	–
B	5 930	7 110	8 300
C	10 680	13 040	15 410
D	14 230	16 610	18 960
E	17 790	21 340	23 720

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