INTERNATIONAL CIVIL SERVICE COMMISSION

REVIEW OF THE COMMON SYSTEM COMPENSATION PACKAGE:

EXECUTIVE SUMMARY

(Extract from A/70/30)

Contents

A. Introduction

1. Reasons for a comprehensive review

1. At its seventy-fifth session, in 2012, the Commission decided to include in its work programme for 2013-2014 a comprehensive review of the common system compensation package in order to ensure that the pay and benefits provided to staff continued to be fit for purpose. Previous comprehensive reviews had been carried out in 1976 and 1989, with a minor review of the pay and benefits system in 2000. Since the previous major review, in 1989, the United Nations common system has experienced significant institutional challenges, including changes in the size, deployment patterns and demographics of the staff population. Over that period, the various elements of the compensation and benefits system have been examined individually on a regular basis, but a comprehensive analysis of the package, including its interrelationships and possible overlaps, has not been conducted. Consequently, a review in which all elements would be examined holistically was deemed necessary.

2. Guidance from the General Assembly and existing principles

2. In its resolutions 67/257, 68/253 and 69/251, the General Assembly made specific requests with regard to the conduct of the comprehensive review. It requested the Commission to report on the final conclusions and recommendations of the review no later than at its seventieth session, in 2015, and in particular that:

(a) The Commission review all remuneration elements holistically in order to safeguard the core values of the organizations of the United Nations common system;

(b) The proposals resulting from the review ensure the comparability of the total compensation package in the United Nations common system under the Noblemaire principle; as such, the principle would remain core to the common system, and therefore to the comprehensive review;

(c) The Commission bear in mind the financial situation of the organizations participating in the common system and their capacity to attract a competitive workforce;

(d) The Commission further examine issues relating to margin management in the context of the comprehensive review.

3. The Commission re-examined the underlying philosophy and principles governing the employment and conditions of service of staff in the United Nations common system. It observed that compensation was a major vehicle for the motivation and engagement of staff and played a significant role in aligning staff behaviours. Therefore, designing a remuneration system that reflected and promoted the values of the common system could be best achieved if a linkage was formed with the frameworks for human resources management and performance management.

4. It was agreed that the philosophy of compensation would continue to be grounded in the principles elaborated in Article 101 of the Charter of the United Nations, that the paramount consideration in the employment of staff and in the determination of the conditions of service should be the necessity of securing the highest standards of efficiency, competence and integrity and that due regard should be paid to the importance of recruiting staff on as wide a geographical basis as possible; and the Noblemaire principle, that as there should be no differences in pay based on nationality, in order to ensure organizations are able to recruit from all Member States, salaries should be set by reference to the highest paid national civil service. The Noblemaire principle supported the

concept of equal pay for work of equal value and had been the basis on which salaries for the Professional and higher categories had maintained their competitiveness.

5. The concept of total rewards was also considered important to the review of the compensation package, as it allowed for a broader perspective than focusing narrowly on the monetary aspects of compensation. Using the total rewards approach, the Commission would be able to consider the effectiveness of common system benefits, work-life balance, performance and recognition programmes and the development of career opportunities in the common system.

3. Review objectives and criteria for the design of a revised compensation system

6. A number of issues were identified in the preliminary stages of the review, including the overall complexity and the perceived lack of transparency of the current compensation package, the high administrative and staff costs, and the lack of flexibility in the system, which constrained some organizations in their responses to particular circumstances. In order to address these and other crucial issues properly, the Commission established the following set of criteria for the design of a revised compensation system:

(a) The revised system should support the delivery of the organizations' mandates and should be competitive, fair, equitable, transparent, simple in design, easy to administer, easily understood by staff and other stakeholders and designed to reward excellence and manage underperformance;

(b) The revised system should be cohesive at its core, while allowing for some flexibility to meet the specific needs and challenges facing the organizations, particularly with regard to diversity, specialized occupations or skills for which it was difficult to recruit;

(c) Implementation of the revised system would be premised on overall cost containment and sustainability.

7. In addition, the Commission elaborated broad objectives for the exercise, setting out the following mission statement:

(a) The objective of the review of the common system compensation package is to ensure the continued ability of the organizations to effectively deliver their respective mandates on the basis of the guiding principles and provisions of the Charter of the United Nations and within the framework of the common system;

(b) The review aims at a compensation system that, without prejudice to the overall cohesion of the common system, will provide the organizations with a degree of flexibility in applying the compensation package. Compensation should attract and retain the best combination of talents, competencies and diversity. The revised system should also promote excellence and recognize performance;

(c) The review should focus on the creation of a coherent and integrated system that is streamlined, transparent and cost-effective. Allowances would be targeted to drive organizational excellence through motivation and engagement of staff. Further, the revised system would allow Member States, organizations and staff to understand the structure, processes and outcomes. Finally, the revised system would offer the stability and predictability necessary for cohesion with the programming and budgeting process.

8. The Commission decided that, given the scope of the exercise, consideration of the National Professional Officer and the General Service and

related categories should be taken up at a later date, once the review of the Professional and higher categories had been completed.

B. Conduct of the review

9. The objectives and criteria for the comprehensive review having been established, an outline of the review process was drawn up, detailing the modus operandi and the main activities.

1. Building the required evidence base

Data gathering

10. Data and information were collected from common system organizations and staff, as well as external entities such as other international organizations, national civil services and relevant consultants. The secretariat benchmarked the existing compensation package with the comparator and studied other external compensation practices, including those of some international organizations. In addition, members of the Commission and the secretariat staff engaged in a two-day retreat, at which organizations external to the common system were invited to give presentations relating to their compensation packages and their reforms, where relevant.

11. The Chair and Vice-Chair also held discussions with the executive heads and human resources directors of 18 common system organizations. The key findings from the consultations were as follows:

(a) Organizations were challenged by the need to ensure that they had the technical capacity to fulfil the ever increasing and more complex mandates being assigned to them in the current financial climate. Recruiting and retaining high calibre staff was essential, as was the need to ensure and boost staff morale, especially for those serving in difficult duty stations;

(b) An additional challenge facing the organizations was in the finance/budget area. The executive heads, while underlining the need to maintain a common core, called for some limited discretionary flexibility to be granted to them;

(c) According to the executive heads, many of the current systems and procedures, including the compensation system, were considered to be overly rigid and cumbersome. The salary structure needed to be reviewed in order to address some important issues such as scale compression, the number of steps in particular grades and other technical matters;

(d) Regarding recruitment, several specific problems existed in attracting staff for certain levels, locations or occupational groups. Executive heads recounted the difficulties faced when highly specialized positions that were considered essential to each organization needed to be filled;

(e) Applying a single set of conditions of service to all common system organizations, each with different mandates, geographical locations and needs for specialist talent, remained a challenge;

(f) The executive heads expressed their concern that the organizations did not have a system that encouraged and rewarded high performance of staff or mobility. Along with human resources directors, they called for the simplification and regrouping of allowances and a closer link between pay and performance.

12. The executive heads stressed that the revised compensation system should be competitive, easy to explain and administer, and aimed at rewarding performance and encouraging mobility. They also expressed the desire for more

flexibility on compensation issues, particularly in the areas of recruitment and performance recognition.

Staff survey

13. A global staff survey was conducted by the Commission secretariat in late 2013, with the primary aim of gathering staff views on the current compensation package. The survey generated some 14,000 responses (a sample offering results considered to be a reliable estimate of the perceptions of the United Nations common system staff population to within 1 per cent at a 95 per cent confidence level). Key findings pointed to high levels of staff engagement, with 85 per cent of respondents reporting that they felt engaged by their work.

14. Although the main reasons for joining the common system were the opportunity to use specific skills and competencies, a strong belief in the goals and objectives of the organizations and challenging work (salary ranked only as the eighth reason for joining an organization), the mandates of the organization and the compensation package emerged as the main motivating factors for staff to remain.

15. About half of staff who completed the questionnaire (49 per cent) expressed positive overall views regarding the current compensation package, and a little over half of respondents (53 per cent) felt that their overall compensation package was fair. Respondents expressed, however, that they would like to see stronger links between pay and individual performance and between career progression and individual performance. Among staff considering leaving the common system, the top two reasons for wanting to leave were the lack of opportunities for career progression and promotion, and the lack of reward for individual performance.

16. Overall, the survey indicated that the level of compensation was not a problem per se. How individual staff members' contributions were recognized, however, in particular of those who were performing well, was a concern. In other words, the survey revealed that pay was an important factor but that attention had to be paid to ensuring staff growth and development and to recognizing their performance. According to perceptions expressed in the staff survey, more should be done with regard to valuing high performance and addressing underperformance.

2. Working groups and sessions of the Commission

17. To undertake the review, the Commission established working groups consisting of Commission members, representatives from the organizations and staff. The working groups were tasked with undertaking detailed consideration and analysis of issues and approaches for implementation, bearing in mind the guiding principles of the review and with particular regard to the sustainability of the system. The working groups would then report their analyses and recommendations to the Commission. Three working groups were established, focusing on the following themes:

(a) The remuneration structure, including post adjustment;

(b) Competitiveness and sustainability;

(c) Performance recognition and related human resources issues.

18. Between November 2013 and May 2015, eight meetings of the three working groups were held. The initial objective was to study all aspects of the existing system, with particular reference to the comparator service. Although it was understood that the United States would remain the comparator for the common system, the working groups also reviewed best practices prevalent elsewhere, with a view to exploring their applicability to the common system.

19. Having benchmarked the current package against those of other organizations, the working groups then considered specific elements of the overall package, analysing them according to the overarching criteria that had been established for the review and reporting findings to the Commission, together with possible options for changes. The related reports were then considered by the Commission during its subsequent sessions, when proposals were either finalized or sent back to the relevant working group for further analysis and study. This process of analysis, proposal, consideration and further development of proposals continued throughout the duration of the review, culminating in a final package proposal, reviewed by the working group on competitiveness and sustainability before being finalized by the Commission at its eighty-first session, in 2015.

C. Summary of recommendations

20. The main recommendations of the Commission at the culmination of the review process outlined above are set out below.

1. Salary scale structure and recognition of dependants

21. One net salary scale would be introduced for all staff in the Professional and higher categories without regard to family status (the proposed scale is included in annex II, section A, to the present report, which reflects the proposed consolidation from post adjustments of the factor 1.08 for January 2016). It would simplify the existing salary system and reinforce the notion of payment of salary for work done rather than the recognition of individual circumstances of staff members. Table 1 shows a summary comparison of the current and proposed systems in terms of salary and related recognition of dependants. It is also proposed that the unified salary scale be updated to reflect any further increases in base/floor salaries that may be approved prior to its implementation.

22. Support provided for dependent family members would be separated from salary. In order to ensure that the support of the organization in relation to dependants is better targeted, some changes to the eligibility criteria for such assistance are also put forward. Under the proposals, dependent spouses would be recognized through a spouse allowance at the level of 6 per cent of net remuneration. That proportion was based on the difference in net pay as a result of taxes between a single and a married taxpayer in the United States. Staff with non-dependent spouses currently in receipt of the dependency rate salary by virtue of a first dependent child would instead receive the child allowance.

Table 1
Salary and dependency: proposed changes

Current system	*Proposed system*
• Two net salaries: one for staff with dependants, another for staff with no dependants	• One base salary scale, applied uniformly to all staff, regardless of family circumstances
• Dependent rate salary paid in respect of a spouse with earnings less than a threshold amount. The dependent rate is also paid in respect of a first dependent child for staff without a dependent spouse	• Spouse allowance equivalent to 6 per cent of net remuneration (base salary plus post adjustment) payable to staff with a spouse earning below the threshold amount. The spouse allowance would not transfer to the first dependent child in the case of a

Current system	Proposed system
	staff member with a non-dependent spouse; rather, a child allowance would be paid
• Differing numbers of step increments within different grades	• A more uniform salary scale: 13 steps for grades P-1 to P-5, with additional steps at the D-1 and D-2 levels

23. Given that the proposed scale is largely based on the existing dependency rate salary scale less the proportion to be granted as a spouse allowance, the present pensionable remuneration amounts would be maintained in the majority of cases and would continue to be adjusted on the same date and by the same percentage as net remuneration changes in New York. Where the proposed salary scale implies a structural change to the current scale, based on the need to address existing problems, including grade spans and scale compression, new pensionable remuneration amounts would be calculated by means of interpolation and extrapolation as appropriate, on the basis of the existing salary and pensionable remuneration scales for each individual grade (see annex II, section D, to the present report for the proposed pensionable remuneration scale). It is intended that the proposed pensionable remuneration scale would be updated to reflect any changes in net remuneration that may occur in New York prior to its implementation. In addition, the pensionable remuneration scale would continue to be updated on the same date and by the same percentage as net remuneration changes in New York.

24. Proposed staff assessment rates, revised in consultation with the United Nations to ensure the appropriate balance in the Tax Equalization Fund, are provided in annex II, section C, to the present report. Under the proposal, the rates would be reviewed two years after the implementation of the revised compensation system to continue to ensure that there is no adverse impact on the Tax Equalization Fund.

25. The proposed revisions to the salary scale structure would require adjustments to the current net remuneration margin methodology. In accordance with the Noblemaire principle, salaries would be subsequently referenced against net salaries of staff in comparable positions in the United States federal civil service, with the margin comparisons based on the assumption of a single official without dependants. The calculation of United States federal civil service gross salaries would be netted down by the continued application of the "married filing jointly" tax schedule, with the resulting averages for each grade reduced by a factor representing the United Nations spouse allowance. Under the revised methodology, payments related to performance would not be included in the margin comparison.

26. The proposed introduction of one net salary scale for all staff in the Professional and higher categories would also have implications for other elements of the compensation package currently linked to the salary scale directly. Separation payments, which include the termination indemnity, death grant and repatriation grant, all have payment schedules based on the current salary scale. As such, changes to the salary scale would logically affect the amounts payable under those schemes.

2. Step periodicity and other incentives

27. Although the use of step increments provides a transparent and administratively straightforward way of recognizing performance, under the current arrangements the granting of steps has become almost automatic and

more or less considered an entitlement linked to length of service. Further, step increments do not allow for recognition of different levels of performance. Consequently, step increments in their current form are not fully fit for purpose, in particular as a tool for rewarding high performance.

28. With that in mind, and recognizing the importance of the financial situations of organizations when considering changes to the current package, the option of altering the current step periodicity is being put forward by the Commission (see table 2). It is additionally proposed that the current practice of granting staff members an accelerated step increment after 10 months, instead of 12, as a language incentive within some organizations be discontinued.

Table 2
Step periodicity: current and proposed systems

Current system	*Proposed system*
• Step increments granted annually for most grades, subject to satisfactory performance	• Steps granted on an annual basis for grades P-1 to P-5 up to step VII
• Biennial steps in a small number of cases (all steps of grade D-2 and some steps near the top of the range for grades P-3 to P-5 and D-1)	• Biennial increments from step VII to the top of the new scale for grades P-1 to P-5 (step XIII). Current periodicity would be retained for grades D-1 and D-2, with additional steps

29. Some of the savings expected to accrue from such a change would be used to fund a performance incentive scheme. The cash awards for exceptionally meritorious performance would consist of flexible amounts in the range of 5 to 10 per cent of net base salary.

30. In order to assist organizations in the recruitment of experts in highly specialized fields where they have previously failed to find suitable candidates, the Commission recommends the introduction of a recruitment incentive scheme. Amounts payable under the scheme would not exceed 25 per cent of annual base salary for each year of the agreed contract. The Commission intends to assess the scheme after a period of three years from the date of implementation, with organizations to report to the Commission periodically on the payment of the additional incentives.

3. Education grant

31. The reimbursement mechanism of the existing education grant is based on a system of 15 currency/country zones conceived in accordance with the currencies in circulation within those countries. Following the introduction of the euro, some of the independent currency zones became redundant. There is a maximum reimbursement threshold, adjusted over time, for each of the currency zones. The number of zones and adjustments required entails a heavy administrative burden.

32. While the cost-sharing approach within the scheme, with staff always liable for at least 25 per cent of the educational expenses, has been effective, the current mechanism for updating the maximum admissible expenses based on claim data has led to concerns about staff claims driving up the overall cost of the scheme, thereby weakening the cost control aspect. At the same time, because verifying admissible expenses is difficult and can lead to inconsistent claim processing, organizations consider the administration of the scheme to be cumbersome.

33. The provision of support for staff in relation to education at the tertiary level, which is not a mandatory part of a child's education, was examined as part of the review. Based on a comparison of the cost of the comparator's scheme with that of the common system, that is, comparing 100 per cent of reimbursement for the primary and secondary education levels with that of 75 per cent of the cost from the primary to tertiary education levels, it was concluded that the costs of the two schemes were largely comparable. With that in mind and in view of the importance of the education grant in attracting and retaining staff, it was considered preferable to maintain tertiary level education within the scheme.

34. In view of the above concerns, the Commission felt that there was a strong case for streamlining the grant scheme, in order to make it more cost-effective and predictable in terms of cost, as well as easier to understand, administer and maintain. As a result, a number of revisions to the education grant scheme are presented and compared with the existing provisions in table 3.

Table 3
Education grant: proposed changes

Current system	*Proposed system*
• Scheme based on 15 currency/country zones, with a maximum threshold of admissible expenses associated with each zone. Staff are reimbursed up to 75 per cent of costs, based on the cost-sharing principle	• Scheme based on one global sliding scale for reimbursement consisting of seven brackets, thus retaining the cost-sharing principle. Take-up of low-cost options is incentivized, with higher rates of reimbursement for lower expenses
• Scheme covers admissible expenses from primary, secondary and tertiary level expenses	• Scheme covers admissible expenses from primary, secondary and tertiary level expenses
• Admissible expenses limited to tuition, enrolment-related fees, books, daily transportation to school and other expenses (including capital assessment fees)	• Admissible expenses limited to tuition (including mother tongue language tuition) and enrolment-related fees. Capital investment fees to be dealt with outside of the scheme. Boarding expenses dealt with separately
• Boarding expenses dealt with within admissible expenses for all levels and locations (up to a maximum where child is studying away from the duty station of the staff member), with additional support to staff serving in designated duty stations	• Boarding expenses to be reimbursed only for staff in the field based on a flat amount of $5,000 if child is in primary or secondary education and is boarding at a school outside of the staff member's duty station. Special flexibility to be granted to organizations to provide boarding support to staff in H-category duty stations, under certain conditions
• Education grant travel provided for each scholastic year for child studying away from the duty station of the staff member (twice a year for staff in	• One round trip for each scholastic year for child of a staff member in receipt of assistance

Current system	Proposed system
designated duty stations, once a year otherwise)	with boarding expenses
• Updating of maximum admissible expenses based on pragmatic decision of the Commission, with reference to a dual system of movement in fees data from representative schools and level of claims made by staff members	• Updating of sliding scale for reimbursement based on pragmatic decision of the Commission, with reference to movement in fees data for representative schools on a biennial basis

35. In order to address concerns regarding organizational responsibility for tertiary education, it is proposed that the provision of boarding-related financial support at the tertiary level be discontinued, which would make the system more cost-effective. At the same time, the Commission recommends updating the eligibility criteria for support at the tertiary level, with the grant payable up to the end of the school year in which the child completes four years of post-secondary studies or attains the first post-secondary degree, whichever is earlier, subject to the upper age limit of 25 years.

36. Under the provisions of the proposed education grant scheme, a seven-bracket global sliding scale would be used to calculate the reimbursement of tuition and enrolment-related fees. A scale model, constructed with reference to actual tuition fees paid by staff members based on data for the school year 2010/11, is presented in table 4.

Table 4
Seven-bracket sliding scale structure (based on data for the 2010/11 academic year)

Claim amount bracket (United States dollars)	*Reimbursement rate (percentage)*
1-10 000	86
10 001-15 000	81
15 001-20 000	76
20 001-25 000	71
25 001-30 000	66
30 001-35 000	61
35 001 and above	–

37. The Commission recommends that the scale be updated every two years on a pragmatic basis, using the movement of tuition fees in 29 selected representative schools as the reference point. Should the scale be updated to fully reflect tuition fees in the school year 2014/15, the expense brackets would need to be revised. A duly updated scale is shown in table 5.

Table 5
Seven-bracket sliding scale adjusted on the basis of 2014/15 tuition fees

Claim amount bracket (United States dollars)	*Reimbursement rate (percentage)*
0-11 600	86
11 601-17 400	81
17 401-23 200	76

Claim amount bracket (United States dollars)	*Reimbursement rate (percentage)*
23 201-29 000	71
29 001-34 800	66
34 801-40 600	61
40 601 and above	–

38. In considering the proposed education grant scheme, concerns were expressed by organizations that the rigid application of the new eligibility criteria for boarding assistance might, in certain circumstances, compromise the continuity of education for children of staff serving in H-category duty stations, which could be detrimental to staff mobility. Organizations with rapid or continuous deployment needs, as well as those that currently operate a staff rotation policy requiring staff to move on a regular basis with a limited term at each location, could be particularly affected. With that in mind, the Commission recognized that boarding assistance could be granted to staff at H-category duty stations in some situations, under the discretionary authority of the executive head.

4. Special education grant

39. Following the above-mentioned proposed changes to the education grant, the provisions of the special education grant were also reviewed. In the light of the small number of claims for transportation, meals and books under the special education grant scheme, it is proposed that such claims continue to be admissible. For the sake of simplicity, all such expenses, along with those covered by the education grant scheme, would be aggregated for reimbursement up to the ceiling amount.

40. The ceiling for the special education grant itself would be set with reference to the uppermost bracket of the sliding scale for the education grant ($35,000, based on data for the 2010/11 academic year), plus the amount of $5,000, equivalent to the lump sum for boarding expenses provided in the proposed education grant scheme. Admissible expenses would be reimbursed at a rate of 100 per cent up to the ceiling. In terms of boarding-related support, it is proposed that actual expenses be used in the calculation of total admissible expenses for reimbursement, and reimbursed up to the overall grant ceiling.

5. Hardship allowance

41. Under the current hardship scheme, duty stations are classified by level of difficulty, ranging from "A" to "E". H-category duty stations are considered outside of the classification system, while A to E locations are considered to be field duty stations and are reviewed for classification every three years, or less in the case of a significant change.

42. The hardship allowance is non-pensionable and is designed to compensate for the degree of hardship experienced by internationally recruited staff on assignment for one year or more to a B, C, D or E-category duty station. The allowance currently varies according to the category of duty station and the staff member's grade and family status. No hardship compensation is paid to staff members assigned to locations designated as H or A duty stations.

43. Following an analysis of the hardship allowance, during which the rationale for payment and the actual amounts payable were examined, the Commission noted that the hardship allowance was an important component in incentivizing staff to serve in difficult duty stations, and was therefore essential in assisting organizations to deliver their programmes.

44. The Commission considers that the current framework of five categories of hardship (from A to E) should be maintained; however, adjustments are proposed in order to provide one hardship rate for both staff with no dependants and staff with eligible dependants, based on the understanding that, with regard to hardship conditions at a duty station, the focus should be on the staff member exclusively and that the staff member's dependants at the duty station are outside the purview of the allowance. This would result in an increase in the amount for staff with no dependants. The proposed payment matrix (see table 7) would ensure a similar relationship with net base salary as in the case of the current system. A summary of the current and proposed hardship allowance schemes is provided in table 6.

Table 6
Hardship allowance: proposed changes

Current system	*Proposed system*
• Flat amount, differentiated by the classification of duty station and grade and dependency status of the staff member	• Flat amount, differentiated by the classification of duty station and grade of staff member
• Staff currently paid at the dependency rate are paid more than their peers at the single rate	• Staff would be paid the equivalent of the current dependency rate, regardless of their family status

Table 7
Hardship allowance payment matrix

	Hardship allowance (annual amounts in United States dollars)		
Hardship category of duty station	*Group 1 (P-1 to P-3)*	*Group 2 (P-4 and P-5)*	*Group 3 (D-1 and above)*
A	–	–	–
B	5 810	6 970	8 140
C	10 470	12 780	15 110
D	13 950	16 280	18 590
E	17 440	20 920	23 250

6. Additional hardship allowance/non-family service allowance

45. The additional hardship allowance was introduced on 1 July 2011 for staff serving in non-family duty stations. It is paid in addition to the normal hardship allowance and currently varies according to the staff member's grade and family status. It recognizes the increased level of financial and psychological hardship incurred by staff with families as a result of their involuntary separation from their families. It also acts as an incentive for staff to undertake assignments at non-family duty stations. Additional service-related costs are also taken into account.

46. Under the current scheme, for staff whose salary is paid at the dependency rate, the additional hardship allowance is equal to 100 per cent of the applicable dependency rate of the hardship allowance for E-category duty stations, the most difficult duty stations. For staff whose salary is paid at the single rate, the additional hardship allowance is equal to 50 per cent of the applicable single

rate of the hardship allowance for E-category duty stations. A staff member paid at the single rate receives 37.5 per cent of the amount paid at the dependency rate at the same grade.

47. The Commission considered the provisions of the current additional hardship allowance scheme and the rationale of the allowance as an incentive. It concluded that, logically, there should be no differentiation in the amounts payable based on family status if the allowance is paid only as an incentive. At the same time, although it was apparent that differentiation by job responsibility or seniority was less clearly justified, the needs of staff with and staff without dependants needed to be addressed in different ways. With those considerations in mind, and in order to improve understanding of the allowance among stakeholders, the Commission proposes to replace the current additional hardship allowance scheme with a non-family service allowance to be paid as a flat amount, depending on family status. Differences between the current and proposed systems are outlined in table 8.

Table 8
Additional hardship allowance/non-family service allowance: proposed changes

Current system	*Proposed system*
Payment differentiated by grade and dependency status, as follows: staff at grades P-1 to P-3 are paid $6,540 at the single (S) rate or $17,440 at the dependency (D) rate; P-4 to P-5: $7,845 (S), $20,920 (D); D-1 to D-2: $8,700 (S), $23,250 (D)	Payment differentiated as follows: staff members with a dependant (determined by the existing earnings criteria) would be paid an allowance of $19,800 per annum, while other staff members would be paid $7,500

7. Mobility allowance

48. The purpose of the mobility allowance scheme is to encourage the movement of internationally recruited staff from one duty station to another, in accordance with organizational needs. An internationally recruited staff member who has completed five consecutive years of service in the United Nations system and is assigned to a duty station for one year or more may qualify for the allowance, depending on the classification of the staff member's duty station (that is, "H" or field duty stations). Payment amounts vary according to the number of assignments and the grade and dependency status of the staff member.

49. At A to E-category duty stations, the mobility allowance is paid as of the second assignment and is increased for each subsequent move up to the seventh move, after which the amount remains the same. The allowance is discontinued after five consecutive years at the same duty station. At "H" duty stations, the mobility allowance is not payable until the fourth assignment and the staff member must have had at least two previous assignments at A to E-category locations.

50. The Commission was of the view that mobility was an obligation for international civil servants, as organizations of the United Nations common system were established to serve worldwide. It was noted that there was no similar allowance in the comparator's compensation system. The Commission observed that the level of staff mobility varied among the organizations of the common system according to their needs, mandates and post structures.

51. The Commission further recognized that there might be a need to incentivize mobility until a culture of mobility was better established in

organizations across the common system. The proposed remuneration package therefore includes a mobility incentive in lieu of the current mobility allowance, to encourage movement of staff to field duty stations. This will consist of annual payments to be made to eligible staff members for a maximum period of five years spent at the same duty station. Eligibility for the incentive is unchanged except for staff serving in "H" duty stations, who would not be eligible for the incentive. Payments based on the past number of geographical moves of staff members would be discontinued. Noting that mobility should be driven by work requirements relating to the international character of the organizations of the United Nations common system, the Commission proposed to revisit the mobility incentive after five years of its implementation, to re-evaluate the need for such an incentive. The proposed amounts, alongside differences in the scheme when compared to current provisions, are shown in table 9.

Table 9
Mobility: proposed changes

Current system	*Proposed system*
• At "A" to "E" duty stations, the allowance is paid as of the second assignment and is increased for each subsequent move up to the seventh assignment, after which the rate remains the same and is no longer increased	• Mobility incentive payable to staff serving at an A to E-category duty station with at least two assignments in such a location
• At "H" locations, staff must have had at least two previous assignments at "A" to "E" locations. The allowance is not payable until the fourth assignment at "H" locations and reaches a maximum on the seventh or subsequent assignment	• Not payable at "H" locations
• A flat amount, differentiated by the number of assignments, grade and dependency status. Payments range from $2,020 for staff members at grades P-1 to P-3, paid at the single rate, serving in an "H" duty station and with four to six assignments, up to $16,900 for staff members at the D-1 level and above, paid at the dependency rate, serving in an "A" to "E" duty station with seven or more assignments	• A flat amount, differentiated by grade only: $6,500 per annum at grades P-1 to P-3, $8,125 at grades P-4 and P-5, and $9,750 at the D-1 level and above

8. Relocation-related elements

52. During its consideration of the relocation and assignment-related elements of the existing remuneration package, the Commission identified an urgent need for the streamlining and consolidation of the various payments to eliminate overlaps. The proposed relocation scheme aims at providing a modern and fit-for-purpose package, is less layered than the current package and better reflects the real costs of relocation.

53. The proposal consists of three basic elements: relocation travel, relocation shipment and a settling-in grant. With the introduction of the new relocation package, the Commission recommends the discontinuation of the non-removal allowance, the assignment grant and the relocation grant. A summary of the proposal, compared with the current provisions, is provided in table 10. The Commission intends to review the actual annual cost of the new relocation package compared with the existing provisions two years after its implementation.

Table 10
Proposed relocation package

Element	*Current package*	*Proposed package*
Relocation travel	Provided to staff member and eligible accompanying family members by most direct and cost-effective route	Provided to staff member and eligible accompanying family members by most direct and cost-effective route
Relocation shipment	(a) Full removal of household goods by organization up to an established weight/volume entitlement by family size	(a) Full removal managed by organization up to an established volume entitlement by family size (standard 20-ft. container for single staff, 40-ft. container for staff with family)
	OR	**OR**
	(b) Non-removal of household goods by organization plus assignment grant (lump-sum portion) plus non-removal allowance	(b) Full removal managed by staff and reimbursed by organization up to an established volume entitlement by family size (standard 20-ft. container for single staff, 40-ft. container for staff with family)
	OR	**OR**
	(c) Relocation grant ($15,000 for staff with eligible family members and $10,000 for single staff) plus assignment grant (lump-sum portion) plus non-removal allowance	(c) Lump sum paid to staff equivalent to 70 per cent of the actual cost of shipment for the established entitlement (standard 20-ft. container for single staff, 40-ft. container for staff with family)
		OR
		(d) Lump sum set by organization based on 70 per cent of cost of past shipments, not exceeding $18,000

Element	Current package	Proposed package
Settling-in grant	**Assignment grant** • Lump-sum portion: one month's salary • Daily subsistence allowance portion: 30 days local daily subsistence allowance for staff **PLUS** 30 days of daily subsistence allowance at 50 per cent for each eligible family member	30 days local daily subsistence allowance for staff and 30 days of daily subsistence allowance at 50 per cent for each eligible family member **PLUS** (Lump sum equivalent to the base salary plus applicable post adjustment of grade P-4, step VI

9. Accelerated home leave travel

54. In accordance with the current home leave travel arrangements, staff serving in duty stations classified as "H", "A" or "B" according to the hardship classification are currently entitled to home leave every 24 months. In contrast, for staff in "C", "D" and "E" duty stations, a 12-month home leave cycle applies.

55. The Commission established the rest and recuperation framework in 2011, whereby staff in duty stations with a high level of hardship are periodically granted rest and recuperation travel. In view of the overlap between accelerated home leave travel and rest and recuperation travel, the Commission proposes to discontinue accelerated home leave travel.

10. Repatriation grant

56. In considering elements of the compensation package directly linked to the salary scale, the question of whether to pay the repatriation grant after only a short period of service within the common system was raised. It was noted that the grant was established as an earned service benefit in 1951 in recognition of service outside of the home country and was aimed at assisting expatriate staff members and their primary dependants in re-establishing themselves following a geographical move upon separation from service.

57. The Commission was of the opinion that although repatriation after prolonged expatriate service could result in certain difficulties and challenges on resettlement, it was not necessarily the case after only a few years spent abroad. In that context, it is proposed that a threshold of five years be established for the length of expatriate service triggering eligibility for the repatriation grant, as shown in table 11.

Table 11
Repatriation grant: proposed changes

Current system	Proposed system
Four weeks of net base salary for each of the first two years of expatriate service plus two weeks for each additional year up to 12 years of service for staff with dependants. A	Grant payable starting on five years of expatriate service according to the current five-year payment schedule

Current system	Proposed system
reduced amount for single staff	

11. Post adjustment

58. The Advisory Committee on Post Adjustment Questions, as part of its regular review of the methodology underlying the post adjustment system in preparation for the next round of cost-of-living surveys, recommended revisions to the calculation of the post adjustment index itself, which were approved by the Commission at its seventy-ninth session. The revisions relate specifically to the use of a harmonized specification of the weight of the out-of-area component for all duty stations, based on a generalization of the system of bands currently used for group II duty stations, and a new methodology for calculating the rent index for group I duty stations, based on weights derived exclusively from staff responses to the expenditure questionnaires in the survey. The objective of the revisions is to produce a post adjustment index that is more accurate, transparent and cost-effective, than previously.

59. As part of the compensation review, the Commission, in cooperation with the Advisory Committee, examined the possible simplification of the post adjustment index structure and related operational aspects of the post adjustment system.

60. After an extensive analysis of the structure of the post adjustment index, the Advisory Committee affirmed that the index ensured a proper and methodologically sound estimation of the cost-of-living differential between duty stations and the base of the post adjustment system (New York). The Advisory Committee noted that the index was based on the expenditure patterns of the population of United Nations common system staff in the Professional and higher categories, and was fulfilling the role for which it had been established. The Advisory Committee found no compelling reason to change the current structure of the post adjustment index.

61. The Commission considered modifications to the operational rules governing the post adjustment system as a means of improving the stability and predictability of salary adjustments, as well as ensuring the sustainability of the remuneration system of the United Nations common system over time. In that regard, the Commission decided:

(a) To retain the 5 per cent rule to account for excessive inflation in group I duty stations in a more timely manner. The reference date for monitoring inflation should be reset at the time of post adjustment classification reviews, whether or not there was a change in classification, and be implemented only if triggered more than three months before the date of statutory review of the post adjustment classification;

(b) Modify the gap closure measure by eliminating the 5 per cent augmentation of the post adjustment index derived from negative place-to-place survey results in determining the post adjustment multiplier applicable to a duty station.

12. Rental subsidy thresholds

62. Following the proposed change from the current dual salary scale by dependency status to a unified salary scale, it was considered necessary to modify the determination of rental subsidy thresholds. Regardless of any operational rules that may be applicable, the rental subsidy thresholds are, invariably, a function of the average rent-to-income ratio recorded at a duty station from a place-to-place or a housing survey.

63. Under the current methodology, two separate rental subsidy thresholds are determined for staff with and staff with no dependants, respectively, taking into account the dual salary scale, where the net remuneration of staff with dependants is higher for any given grade and step than for staff with no dependants. With the change to a unified salary scale in mind, it is proposed that rental subsidy thresholds be established by applying the thresholds calculated on the basis of the unified salary scale to staff with no dependants. The threshold applicable to staff with dependants would then be calculated by dividing by a factor of 1.06 (that is, the additional proportion of net remuneration payable as a spouse allowance).

D. Acquired rights and transitional measures

1. Acquired rights: legal definition and guidance from the Office of Legal Affairs

64. In considering the implementation of the new compensation package, the question of the "acquired rights" of existing staff and the potential need for transitional measures to smooth the implementation process was apparent. With that in mind, the Commission sought the advice of the Office of Legal Affairs, which provided summary information of relevant judgements by the administrative tribunals of the United Nations common system, namely, the former United Nations Administrative Tribunal, the United Nations Appeals Tribunal and the International Labour Organization (ILO) Administrative Tribunal.

65. In its summary, the Office of Legal Affairs stated that the legal framework relating to acquired rights contained broad principles that could only be applied on a case-by-case basis. More general principles were as follows:

(a) The prohibition on retroactive application;

(b) The distinction between contractual and statutory conditions of employment;

(c) The distinction between fundamental or essential, and non-fundamental or non-essential conditions of employment.

66. In the light of the principle of non-retroactive application, any amendment to the Staff Regulations of the United Nations and Staff Rules could be applied only prospectively. The Office of Legal Affairs also pointed out that although staff might have a contractual benefit or entitlement, the methodology for the computation of such an allowance or entitlement was generally considered a statutory element of employment that could be lawfully amended by the administration of an organization under certain circumstances. As a general rule, while an amendment to a statutory element of employment might lawfully reduce a benefit, the change should not result in the total evisceration of the benefit.

67. According to the Office of Legal Affairs, the tribunals had been clear that, irrespective of the question of acquired rights, any proposed changes to the Staff Regulations and Rules must not be "arbitrary" and must promote implementation of the principles in Article 101 of the Charter of the United Nations, that is, the requirement that the paramount consideration in the employment of the staff and in the determination of the conditions of service should be the necessity of securing the highest standards of efficiency, competence and integrity. The ILO Administrative Tribunal had similarly held that an international organization should refrain from any measure that was not warranted by its normal functioning or the need for competent staff. The rationale for the requirement appeared to be to ensure that the effect of an amendment to the Staff Regulations and Rules (individually or cumulatively)

should not be so draconian as to undermine the very functioning and health of the international civil service system.

68. The Office of Legal Affairs found that although the United Nations Appeals Tribunal had discussed substantively the concept of acquired rights in some 60 cases, only in approximately 12 of those did the Tribunal find a breach of an acquired right. The ILO Administrative Tribunal had likewise interpreted the concept of “acquired rights” conservatively. Of around 80 cases relating to acquired rights, it had found a breach of an acquired right in only two cases, one of which related to the discontinuance of the reimbursement of travel expenses, while the other concerned an amendment to a pension scheme.

69. According to the Office of Legal Affairs, acquired rights could be seen as rights that derived from the staff member’s contract of employment and accrued through service. Pursuant to the applicable legal principles, amendments to the rules that breached acquired rights would not withstand a challenge before the tribunals successfully. However, even in cases in which an amendment to the rules might not affect an acquired right, the administration of an organization had on occasion opted to implement the amendment in such a way as to permit staff to continue to take advantage of a benefit to which they were entitled prior to the amendment, for a limited period of time. This was commonly referred to as a “transitional measure”. Transitional measures could also include, for instance, deferral of the implementation of the amendment for a number of years, progressive alteration of the modalities for a reduction of allowances, payment to each affected staff member of an amount to counteract any negative effect of the amendments on allowances they might receive in future.

70. The decision to implement transitional measures was not necessarily relevant to situations concerning acquired rights. In other situations in which it is not clear that acquired rights are involved in a regulatory change to the terms and conditions of employment, the employing organization has the option to consider providing for transitional measures as a matter of administrative policy with regard to the best manner in which to implement an amendment to the rules.

2. Proposed transitional measures

71. Bearing in mind the legal considerations outlined above and the general principle of good employer practice in transitioning from one system of remuneration to another, the proposed transitional measures for existing staff in relation to each proposed change are outlined below.

(a) Salary scale structure and recognition of dependants: grade and step placement within the proposed salary scale structure and subsequent allowance

72. With regard to the appropriate grade and step at which staff should be placed on the proposed salary scale, transitioning staff members without any effect on salary would be impossible to achieve. This is due to the non-uniform nature of differences in the net base salaries of staff members with primary dependants and staff members with no primary dependants in the current salary scale across each grade and step. Under the proposed system, on the other hand, the percentage difference between staff with and staff with no dependent spouse would be provided as a spouse allowance of 6 per cent of net remuneration at each grade and step. Therefore, in transitioning staff from the current to the proposed package, the objective should be to minimize any effects on staff members.

73. For staff members at grades P-2 to D-2 with a dependent spouse, the proposed grade and step matching (see annex II, section B) would ensure that there would be no differences in pay after the spouse allowance was factored in.

This is because the proposed salary scale was constructed at those grades by reducing the dependency rate salaries by a factor of 1.06, corresponding to the proposed 6 per cent spouse allowance.

74. Staff members with no dependent spouse but with a dependent child are currently paid at the dependency salary rate in respect of their first dependent child. Those staff members would not be eligible for a spouse allowance under the proposed system, but would receive, in lieu thereof, a children's allowance (currently $2,929 per annum) in respect of their first dependent child. Some of those staff members would therefore experience significant reductions in salary under the proposed system. As such, a transitional allowance is proposed for those staff members, equivalent to 6 per cent of net remuneration to be paid in respect of the dependent child upon implementation of the proposed salary scale (no child allowance would be paid in that case). The allowance would be reduced by one percentage point every 12 months thereafter. When the amount of the allowance became equal to or lower than the child allowance, then the child allowance would be payable in lieu. The allowance would in any case be discontinued if the child in respect of whom the allowance was payable was no longer an eligible dependant.

75. Staff members without dependants are currently paid the single rate of salary. When transitioned to the proposed salary scale, they would experience gains in base salary of up to $1,901 (at step VI of the D-2 level) per annum, varying by grade and step. The amounts would be proportionately higher when post adjustment was factored in. It should also be noted that 1,088 staff members at grades P-1 to P-4 would be outside the maximum of their grade on the proposed salary scale. A transitional allowance could be introduced to ensure such staff did not see a reduction in net remuneration following the implementation of the proposed scale.

76. Under the transitional arrangements, staff members would be placed at legacy "personal steps" until they left the common system or were promoted to a higher grade. The personal steps would be maintained by the Commission on the salary scales proposed to the General Assembly and would only be available to staff members placed at the steps at the time of transitioning to the proposed salary scale. No further step increments would be granted to those staff members. Consolidation of post adjustment to base salaries would be carried out at the personal steps, as with the regular steps. Pensionable remuneration at the personal steps would also be revised in the future at the same time and to the same extent as the other regular steps. Over a period of time, the number of staff members at the personal special steps would be reduced with the promotion or separation of staff members.

77. As a result of the above considerations, it would be necessary in some cases to place staff with and staff with no primary dependants (spouse or child), who were at the same grade and step in the current salary structure, at different steps on the proposed salary scale structure. Under the suggested transition, staff members would be placed on the proposed salary scale based on the grade and step matching shown in annex II, section B, to the present report.

(b) Step periodicity and other incentives

78. No transitional measures are foreseen following the implementation of the proposed changes in the frequency of granting of steps.

(c) Education grant

79. Owing to the related administrative burden of maintaining multiple schemes, a prolonged simultaneous operation of the two schemes is not recommended. As such, the Commission proposes that the new schemes for both the education grant and the special grant be implemented at least a full

school year cycle after the one in progress at the time when new schemes are approved by the General Assembly and the governing bodies of other organizations.

(d) Hardship allowance and additional hardship allowance/non-family service allowance

80. It is proposed that the new amounts for the allowances be effective immediately on the implementation date as approved by the General Assembly for all staff in the field. Further, as there would be no major change compared to the current system, no transitional measure would be required.

(e) Mobility allowance

81. It is proposed that the new amounts for the allowance be applicable to staff moving on or after the implementation date, as approved by the General Assembly. Although there are no apparent legal obligations to implement any transitional measures, in line with good human resources management practice it is proposed that staff who move before the implementation date continue to receive the current amounts for the mobility allowance for up to five years at the same duty station or until the staff move to a different duty station.

(f) Relocation and assignment-related elements

82. The proposed package for relocation would be applicable to all staff moving (new recruits and staff on mobility) on or after the implementation date. In addition, relocation travel and relocation shipment would also be applicable to staff upon separation from service, subject to relevant eligibility criteria set by organizations.

83. As a transitional measure, it is proposed that staff who move before the implementation date and opt for the "non-removal of household goods" option (that is, partial removal) continue to receive the non-removal allowance for up to five years of service at the same duty station, or until such time that the staff member moves to a different duty station.

(g) Repatriation grant

84. It is proposed that current staff maintain their eligibility to the repatriation grant under the present schedule up to the number of years accrued at the time of implementation of the new scheme.

(h) Rental subsidy

85. No transitional measures are foreseen. Rental subsidy thresholds would be computed on the basis of the new methodology for all housing surveys conducted after the promulgation of the unified scale.

E. Comparability of the revised package under the Noblemaire principle

86. In its resolution 68/253, the General Assembly requested the Commission, in its proposals resulting from the review of the United Nations common system compensation package, to ensure the comparability of the total compensation package, including all monetary and non-monetary elements, under the Noblemaire principle.

87. The Noblemaire principle links the salaries of staff in the Professional and higher categories to those of the highest paid national civil service, known as the comparator, which historically has been and currently is the United States federal civil service. Within the comparator civil service, differences have existed in the benefits received by officials posted at home and those posted

abroad. Therefore, if comparability were to be gauged on the basis of all cash and non-cash elements, it would be necessary to compare the United Nations package to the package applicable to civil service officials posted abroad, given that United Nations officials are for the most part expatriates. No meaningful comparison can be made, therefore, between all cash and non-cash benefits, including expatriate benefits, received by the comparator civil service employees in Washington, D.C., and common system employees in New York or, for that matter, Washington, D.C.

88. Having established that the package of cash and non-cash elements available to staff serving overseas in the comparator civil service would serve as the point of reference for assessing the comparability of the proposed common system compensation package, two separate studies were conducted. The first, a quantitative benchmarking exercise, considered the cash elements of the respective packages in order to calculate and compare their overall monetary value. The second examined the policies and practices of both the United Nations common system and the comparator civil service, detailing the different elements that made up the employee value proposition, or total rewards package.

1. Quantitative benchmarking analysis

(a) Pensions and medical insurance

89. Recent studies comparing some elements of compensation between the comparator and the United Nations formed the basis of the benchmarking exercise. The Commission completed a study on pensionable remuneration in 2012 with the assistance of a consultant and reported to the General Assembly that the income replacement ratios under the Federal Employees Retirement System and the United Nations Joint Staff Pension Fund were broadly comparable. However, employees in the comparator civil service had the potential to receive significantly higher benefits under the Federal Employees Retirement System owing to voluntary employee contributions, matched up to 5 per cent of salary (see A/67/30, para. 59 (a)).

90. More recently, a separate study carried out by the United States Government Accountability Office, entitled "United Nations: key compensation elements should be reviewed to address costs and sustainability", concluded that, with regard to pensions results varied depending on years of service and other factors. For employees with 30 years of service retiring at 62 years of age, the Federal Employees Retirement System and the United Nations Joint Staff Pension Fund both replaced a similar percentage of pre-retirement salary. For employees with 20 years of service retiring at 62 years of age, the Federal Employees Retirement System replaced a higher percentage of pre-retirement salary.

91. With regard to medical insurance, in its annual report for the year 2014 (A/69/30) the Commission had recommended that the current apportionment of health insurance premiums between the Organization and both active and retired staff in United States and non-United States health insurance plans be maintained at their existing ratios. The United States Government Accountability Office study, which had limited itself to the United Nations plans in New York, had concluded that the average cost to the Organization per staff member was 5 per cent higher for the United States Government than for the United Nations, based on all staff, regardless of their participation in the scheme. That difference increased to 29 per cent for participating staff only.

(b) Leave and holidays

92. Information on holidays, annual leave and home leave in the comparator civil service and the common system organizations was gathered and compared.

It was noted that the United Nations system provided 30 days of annual leave per year, while in the comparator civil service the number of days of annual leave per year varied with years of service, as follows: 0-3 years of service = 13 days; 3-15 years = 20 days; and more than 15 years = 26 days of annual leave per year for employees based in the United States and posted abroad.

93. The common system organizations did not provide any additional days of leave for home leave, with the exception of up to four days of travel time. According to the United States Department of State Foreign Affairs Manual, Volume 3, Handbook 1, on home leave, the comparator civil service provided home leave to employees posted abroad. That leave was accrued at the rate of 5 to 15 days per year, as follows:

(a) 15 days:

(i) The employee accepted as a condition of employment the obligation to accept assignment anywhere in the world as dictated by the needs of the agency;

(ii) The employee was serving with a United States mission to a public international organization; or

(iii) An employee was serving at a post for which a post differential of 20 per cent or more was authorized;

(b) 10 days: an employee not included under subparagraph (i) above, who was serving at a post with a post differential of at least 10 per cent but less than 20 per cent;

(c) 5 days: an employee not included under the above provisions would earn up to five days of home leave.

94. The common system organizations provided 10 holidays per year. The comparator civil service provided 10 days of leave to employees posted at home and employees posted abroad. In addition, employees posted abroad benefited from an additional 7 to 12 days annually, owing to the observance of local holidays.

(c) Other benefits

95. The secretariat carried out detailed comparisons of other cash elements of the compensation package. In addition to base salaries, these included post adjustment or cost-of-living allowance, housing benefits, dependency benefits, education grant/ allowance and hardship, danger, mobility and related payments, such as the proposed non-family service allowance (currently the additional hardship allowance).

2. Total rewards comparison

96. The secretariat of the Commission requested an external expert on compensation to prepare a report on total rewards by reviewing the policies and practices in the United Nations common system and the comparator civil service. The analysis, which included an inventory comparing United Nations and United States elements, was considered by the working group on competitiveness and sustainability, which subsequently reported its findings to the Commission.

97. The concept of total rewards provides organizations with a framework for strategies to attract, motivate and retain employees. Each organization's total rewards package will vary based on its philosophy, employee demographics, needs and budgets. There are four key elements of total rewards and, historically, many organizations have viewed those elements as separate dimensions, programmes and practices. From an employee perspective,

however, each element is part of the employee value proposition, and employees often recognize the value of the entire package as being greater than the sum of its individual parts. The elements are:

(a) Compensation and performance;

(b) Benefits;

(c) Work-life balance;

(d) Development and career opportunities.

98. In reviewing the policies and practices of both the United Nations and the comparator civil service, it was noted that there was broad comparability between the two entities. Both civil services utilized similar elements of total rewards to attract, retain and motivate employees. Both had opportunities to tailor their offerings and strategies to better align the programmes with the unique needs of functions, roles and individual staff members. No two organizations would offer the same total rewards package because of the diversity of the workforce. When determining if the United Nations and the comparator had comparable total rewards offerings, a review of available offerings was conducted and compared against the responses from the interviews conducted. When reviewing the comparator's total rewards offerings in relation to those of the United Nations, there were no essential gaps between them, although for each organization there was variation in how various rewards programmes were delivered.

99. For the comparator, represented by the United States federal civil service, there was some variation between national and expatriate civil service total rewards offerings. Given that the United Nations was more acutely focused on an expatriate staffing model, there were differences between programmes and policies, which was to be expected. In order for the United Nations to attract key talent, differentiation from the comparator seemed appropriate.

100. From a non-cash perspective, both the United Nations and the comparator offered various total rewards programmes. It appeared that the comparator might be more advanced in terms of the high priority given to the implementation of work-life programmes, such as flexible work scheduling or telecommuting.

101. The importance of having a good understanding of what the staff members wanted or considered important was emphasized. The Commission had conducted two global staff surveys, in 2008 and 2013, that provided a strong indication that money was not the main motivating factor for attracting and retaining staff in the common system. Intrinsic rewards such as career development opportunities and promotions were given higher value by the majority of staff.

102. The elements of total rewards represented the tool kit from which an organization chose to offer and align a value proposition that represented an advantage to both the organization and the employee. Such elements could be viewed as different levers that an organization could use to attract and retain staff; the selection and utilization of each lever determined an organization's unique employee value proposition.

3. Comparison conclusions

103. Comparing the total compensation packages of the United Nations and the comparator civil service is far from straightforward, owing to fundamental differences in the underlying philosophies even of seemingly similar allowances, which were designed to cater to the unique circumstances of each civil service (for example, hardship or housing). Moreover, the outcomes of any

such comparison depend heavily on the availability of accurate data and the assumptions required to make the necessary calculations.

104. The limitations outlined above notwithstanding, the qualitative and quantitative comparative analysis of the two packages, complemented by additional recent studies of major individual elements (pensions, insurance and leave) showed that the two packages were largely comparable. The comparison also confirmed that the United Nations compensation package is competitive vis-à-vis that of the comparator civil service.

F. Overall outcomes

105. As outlined above, the Commission is proposing to change a number of important aspects of the compensation package of staff in the Professional and higher categories, namely, the introduction of a single salary scale, a stronger linkage between performance and progression through the salary scale and the redesign and simplification of specific existing allowances and benefits, such as the education grant, relocation-related elements and field allowances and benefits.

106. The proposed measures have rationalized entitlements, simplified the system and made it easier to understand. Some decisions and recommendations, such as those on the performance framework and the introduction of recruitment incentives, give organizations more flexibility to adjust the package to their specific programmatic needs. The proposed compensation package is cohesive and transparent, while contributing to overall cost containment and sustainability.