

# **FICSA COUNCIL**

## **70<sup>th</sup> Session**

### **Technical Workshop on: Changes to the Post Adjustment System for 2016 round of Surveys**

# Outline

Introduction

2016 Round of Cost-of-Living Surveys; What's New?

Baseline Cost-of-Living Surveys at HQ duty stations

Strategy for Improving Staff Participation

Calculation of PAI

PAC Review for G I duty stations, February 2017

The Way Forward

# Introduction

At its 82<sup>nd</sup> session, the Commission approved the methodological and operational issues pertaining to the 2016 round of surveys (ICSC/82/R.7)



# Introduction (cont'd)

In particular, the Commission decided to:



Include staff at the D-2 grade in the list of eligible staff for the survey

Call for the active cooperation of organizations and staff federations

Approve contingency plan in case of low response rate:

- Use updated 2010 common weights

# 2016 Round of Cost-of-Living Surveys

- What's New?
  - A) Changes in Survey Instruments and Operations
    - ❖ New List of Items
    - ❖ Re-designed Staff Expenditure Survey Questionnaire
    - ❖ Re-designed Coordinator's Report
    - ❖ Integrated Data Processing and Management System
  - B) Changes in Methodology for calculating PAI
  - C) Changes in Operational rules for determining PAM

## New list of items

	2010 List	2016 List
<b>Pricing Agent/secretariat/ECP</b>	275	270
On-site (PA or ECP)	242	246
Group II only (PA)		11
RTPC-electronic	13	0
RTPC-CARS	20	13
<b>Coordinator's Report</b>	43	26
UN specific	43	19
RTPC-electronic	0	7
<b>Total</b>	<b>318</b>	<b>296</b>

<b>Summary</b>	<b># of items</b>
Items not matched kept for Group II	11
Cars deleted	7
RTPC deleted (electronic)	5
Items previously in CR moved to Pricing Book/ECP	24
Electronic RTPC items moved to CR	

# Demo of Survey micro-site (Survey Instruments)

<http://pp2016.commonssystem.org/>

INTERNATIONAL CIVIL SERVICE COMMISSION  
Cost of Living Division



Welcome

Welcome to this webpage dedicated to the new round of cost-of-living surveys and containing a comprehensive set of information and materials required for the efficient conduct of the surveys. It includes procedural instructions, up-to-date survey schedules, as well as the survey data collection forms.

## B. Changes in methodology for calculating PAI

- Rent index calculation for group I duty stations
- Harmonized specification of Out-of-Area weight for all duty stations

## C. Changes to operational rules for determining PAM

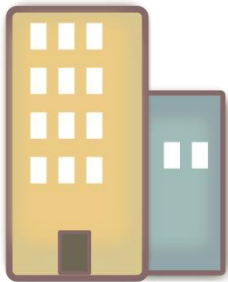
- 5 percent rule
- Gap Closure Measure (GCM)
- Rental Subsidy Thresholds
- Synchronization of PAC reviews



## *B. Changes in Methodology for Calculating PAI* *Rent index calculation for group I duty stations*

### **Current Round**

Duty station



**New York**

Kuala Lumpur, Malaysia

### **New round**

Duty station



**New York**

## *B. Changes in Methodology for Calculating PAI (cont'd)*

### *Harmonized specification of Out-of-Area weight for all duty stations*

#### Current Round

##### Group I (administrative formula)

*Although nearly all group I duty stations have low measured out-of-area weight, the applicable weight is ~22-25%*

##### Group II (system of bands)

Measured	Applied
<35%	30%
>=35% and <45%	40%
>=45% and <55%	50%
>=55% and <65%	60%
>=65% and <75%	70%
>=75%	80%

#### New round

##### All duty stations (system of bands)

Measured	Applied
<15%	10%
>=15% and <25%	20%
>=25% and <35%	30%
>=35% and <45%	40%
>=45% and <55%	50%
>=55% and <65%	60%
>=65% and <75%	70%
>=75%	80%

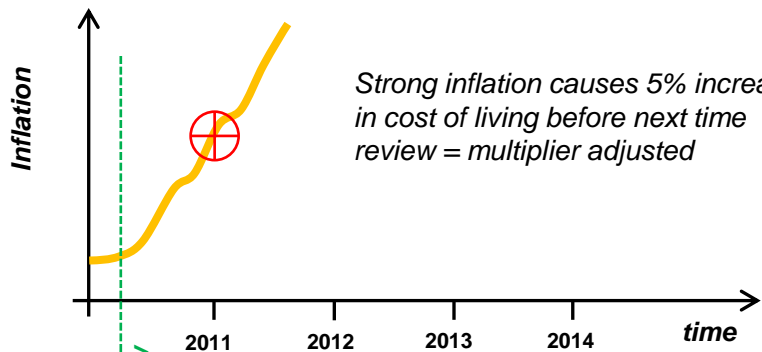
# C. Changes to Operational Rules for Determining PAM

## 5 percent rule

### Current Round

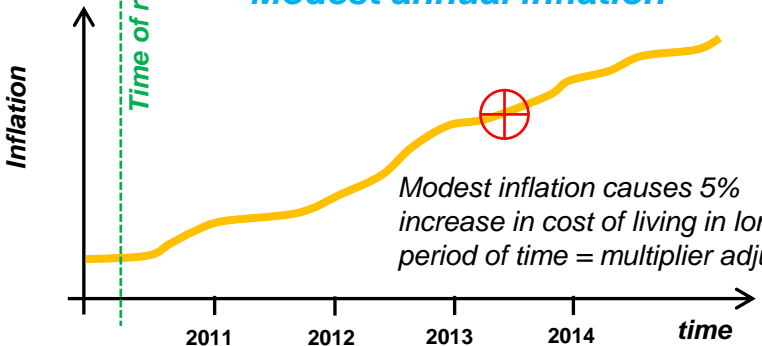
#### Significant annual inflation

Strong inflation causes 5% increase in cost of living before next time review = multiplier adjusted



#### Modest annual inflation

Modest inflation causes 5% increase in cost of living in long period of time = multiplier adjusted

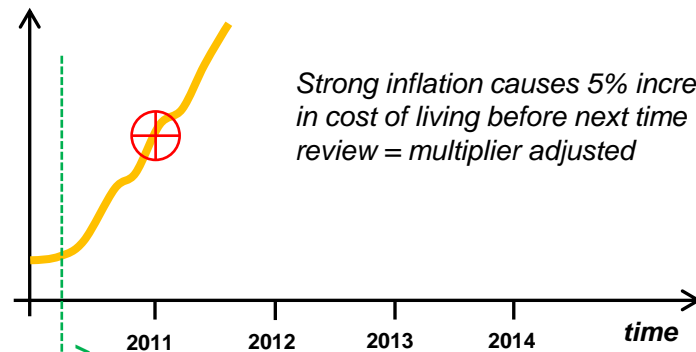


Kuala Lumpur, Malaysia

### New round

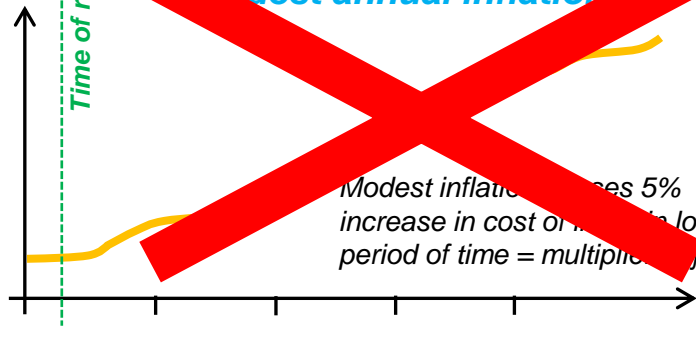
#### Significant annual inflation

Strong inflation causes 5% increase in cost of living before next time review = multiplier adjusted



#### Modest annual inflation

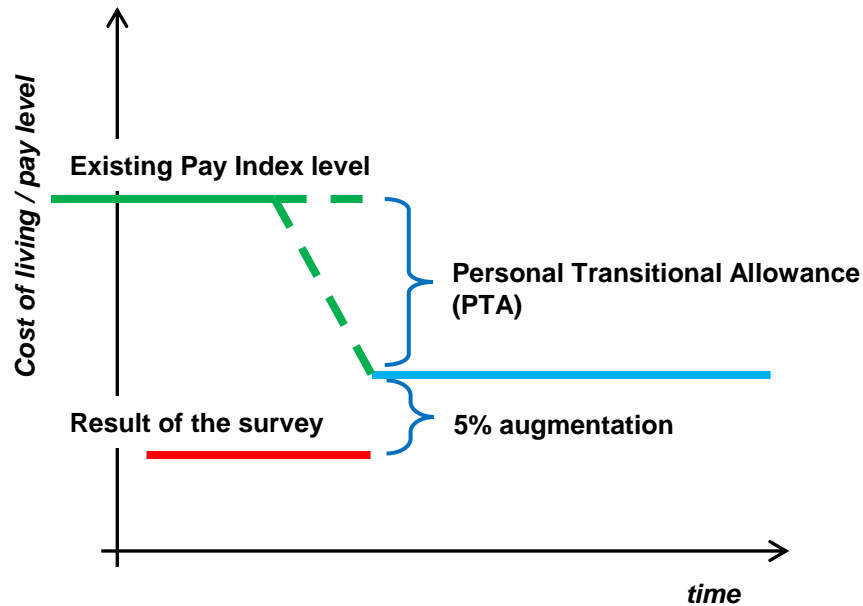
Modest inflation causes 5% increase in cost of living in long period of time = multiplier adjusted



# *C. Changes to Operational Rules for Determining PAM (cont'd)*

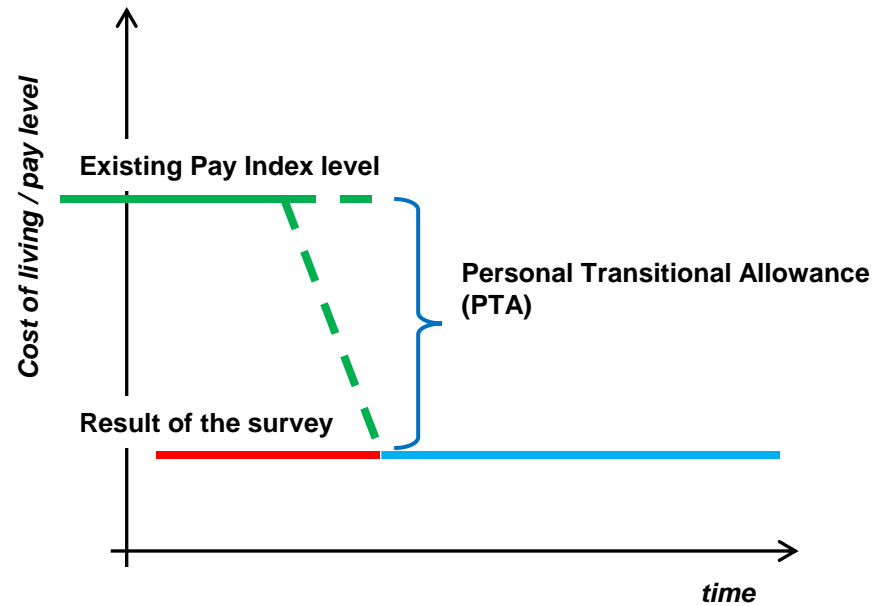
## *Gap Closure Measure (GCM)*

### *Current Round*



Kuala Lumpur, Malaysia

### *New round*



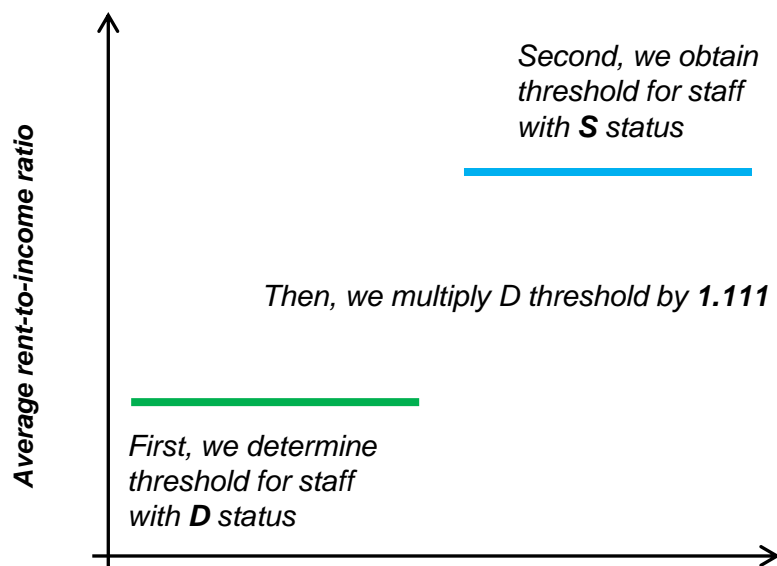
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10-11 February 2017

## *C. Changes to Operational Rules for Determining PAM (cont'd)*

### *Rental Subsidy Thresholds*

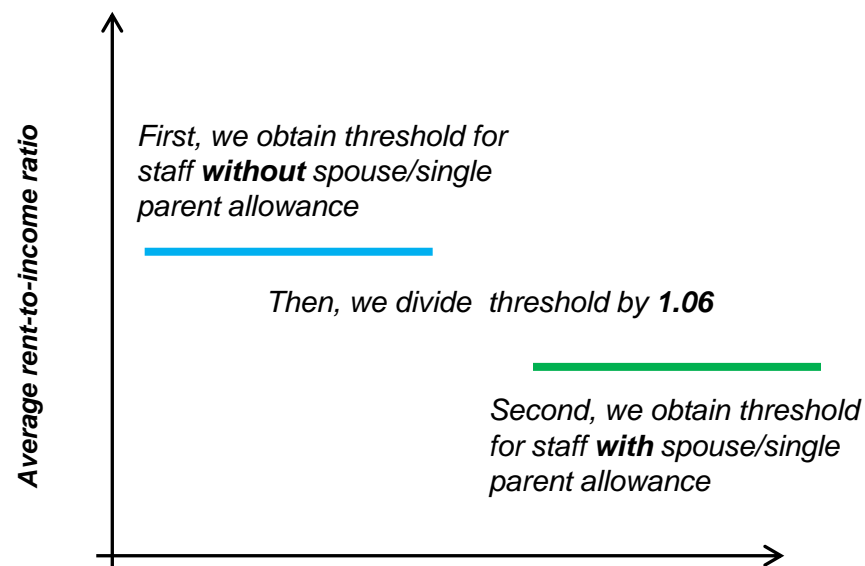
#### *Current Round*



Kuala Lumpur, Malaysia

13

#### *New round*



10-11 February 2017

# C. Changes to Operational Rules for Determining PAM (cont'd)

## Synchronization of PAC reviews

### In the past

	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
New York								✓				
Geneva						✓						
London											✓	
Madrid	✓											
Montreal			✓									
Paris			✓									
Rome			✓									
Vienna				✓								

### New Round ( but already in force)

	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16
New York		✓										
Geneva		✓										
London		✓										
Madrid		✓										
Montreal		✓										
Paris		✓										
Rome		✓										
Vienna		✓										

## Baseline Cost-of-Living Surveys at HQs Schedule

Duty Station	Prices	Expenditure Survey	ISRP <sup>1/</sup>	Coordinator's Report 2 <sup>/</sup>
New York	June	September/October	June/July	June
Geneva (including Canton Vaud)	October	October	June/July	October
Montreal	October	October	June/July	October
Washington, D.C.	September	September	June/July	September
London*	Autumn 2016	September	June/July	September
Madrid*	Autumn 2016	September	June/July	September
Paris*	Autumn 2016	September	June/July	September
Rome*	Autumn 2016	October	June/July	October
Vienna*	Autumn 2016	October	June/July	October
Duty stations linked to headquarters duty stations				
Lyon (linked to Paris)		September		
Brindisi (linked to Rome)		October		
Ottawa (linked to Montreal)		October		
Toronto (linked to Montreal)		October		

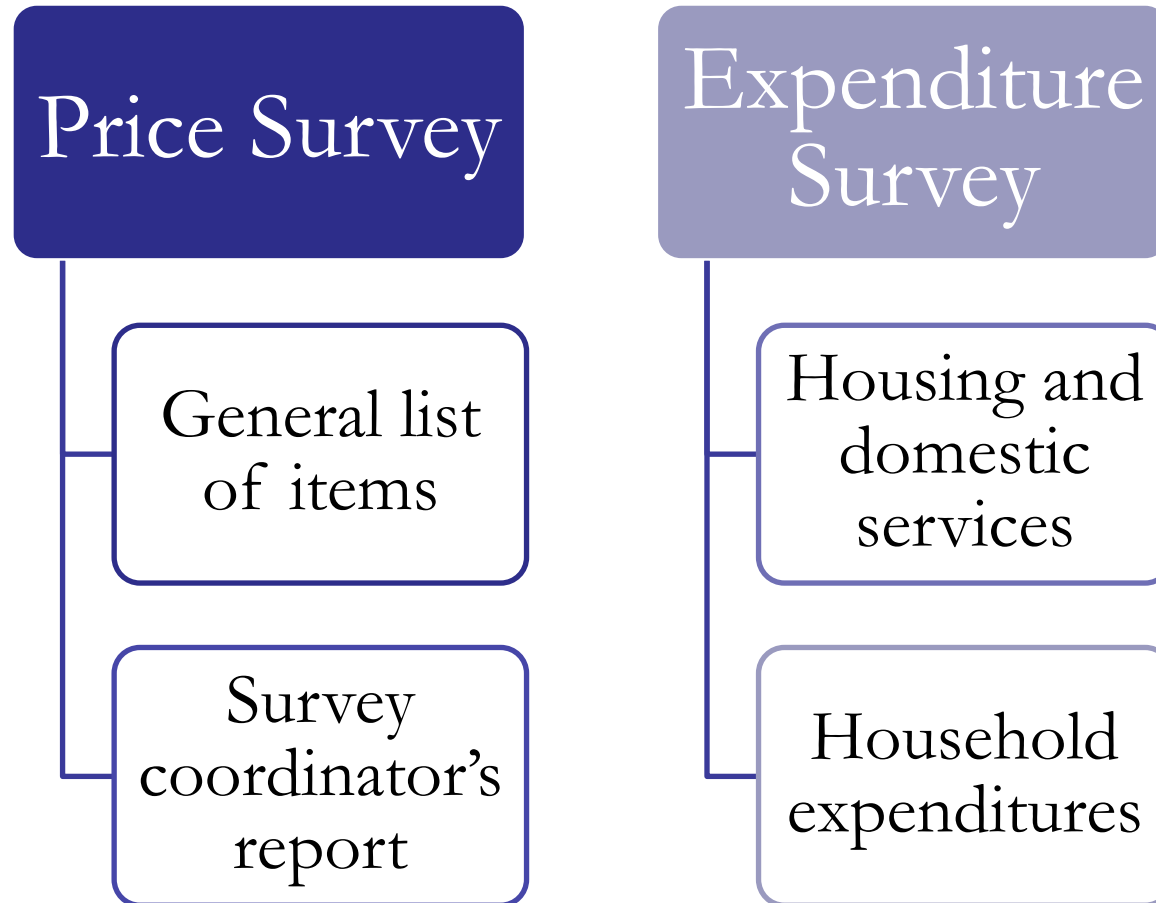
\* Covered by the ECP

1/ Schedule is driven by ISRP

2/ Includes items subject to Real Time Price Comparison (RTPC) approach.

## Baseline Cost-of-Living Surveys at HQs (cont'd)

### Components of the Survey





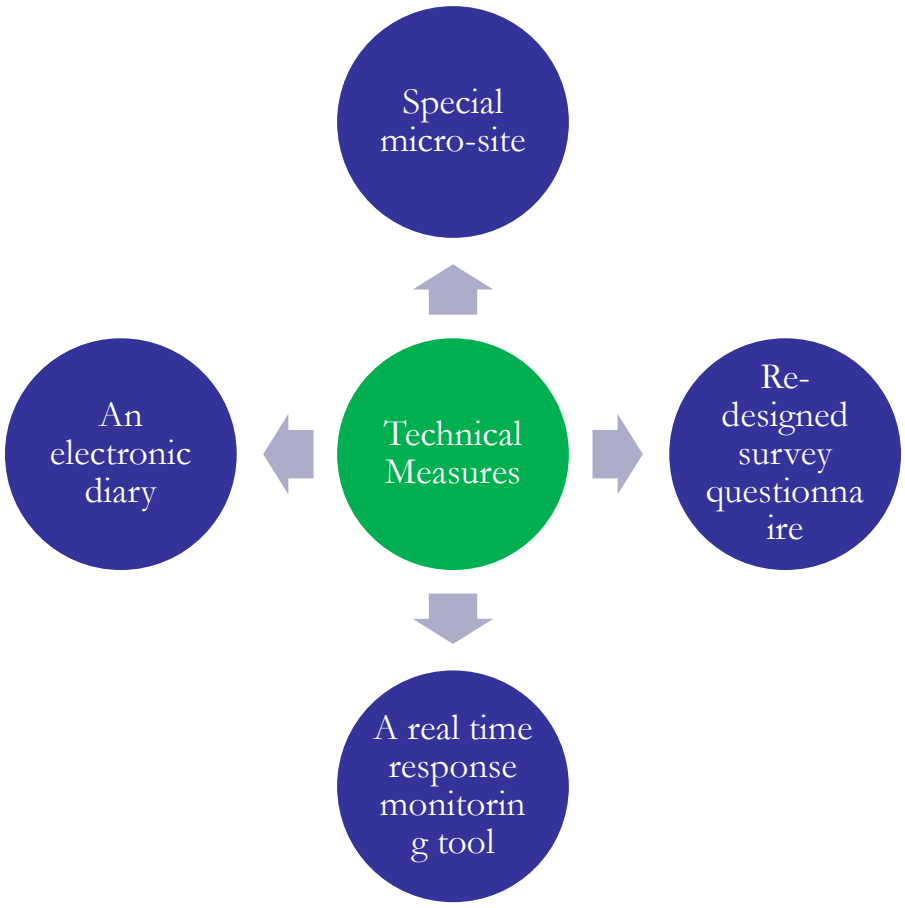
## Baseline Cost-of-Living Surveys at HQs (cont'd)

### Strategy for improving staff participation in the survey

Two components based on successful 2010 round

- **Technical measures** to ensure more efficient survey operations
- **Communication** with Local Survey Committees (LSCs) and other stakeholders

# Strategy for improving staff participation (cont'd)



# Strategy for improving staff participation (cont'd)

## Re-designed Micro-site

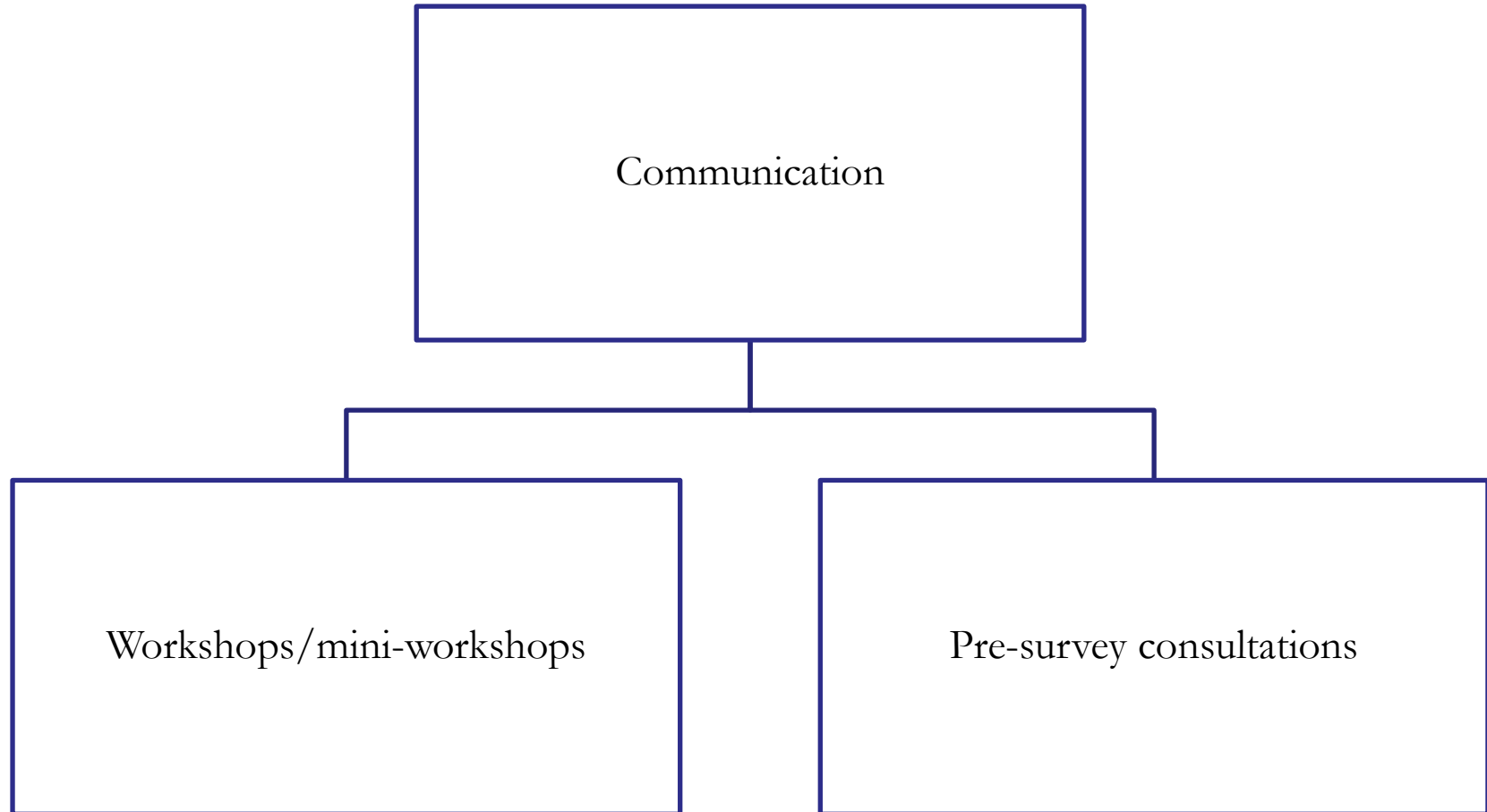
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## Strategy for improving staff participation (cont'd)



# Pre-Survey Consultations



- ❖ April/May 2016
- ❖ Face-to-face interaction between ICSC secretariat and LSCs; preceded by regular electronic communications
- ❖ Review of roles and responsibilities of LSCs
- ❖ Review of the approved methodology and operational rules
- ❖ Discussion and resolving of any outstanding local issues at the duty station regarding the survey

# Pre-Survey Consultations (cont'd)

## Lessons Learned

- Specific guidance to LSCs
- Feedback from LSCs on the re-design of the survey instruments:
  - Implemented for this round
  - Earmarked for next round

# Staff Participation in the Baseline Surveys



Baseline Cost-of-Living Surveys at HQ Duty Stations - Staff Participation Rates



Duty Station	Survey month	Total staff	Target	No. of Submissions	Participation Rate*	
					As % of population	As % of Target
London	September 2016	198	163	154	78%	94%
Madrid	September 2016	40	40	39	98%	98%
New York	September 2016	5,543	2,145	2,518	45%	117%
Paris	September 2016	715	567	418	58%	74%
Washington D.C.	September 2016	354	309	293	83%	95%
Lyon	September 2016	119	98	86	72%	88%
Vienna	October 2016	2,191	1,118	1,246	57%	111%
Rome	October 2016	1,672	1,134	1,108	66%	98%
Geneva	October 2016	6,965	2,315	2,769	40%	120%
Montreal	October 2016	335	300	319	95%	106%
Brindisi	October 2016	139	139	117	84%	84%
Ottawa, Toronto	October 2016	8	8	8	100%	100%

\*Not accounting for questionnaires that may be excluded from the analysis for various reasons

## Price Data Available for Determination of PAI

	<b>Expenditure Category</b>	<b>New York</b>	<b>Geneva</b>	<b>Montreal</b>	<b>WDC</b>	<b>London</b>	<b>Madrid</b>	<b>Paris</b>	<b>Rome</b>	<b>Vienna</b>
1	Food and non-alcoholic beverages	1744	739	1081	1196	2044	3059	1336	3030	897
2	Alcoholic beverages and tobacco	329	165	174	311	593	375	153	259	255
3	Clothing and footwear	1251	559	657	685	506	721	519	591	698
4	Housing, water, electricity, gas and fuels	73	55	60	63	51	76	60	72	23
5	Furniture, household equipment and routine maintenance of the house	715	314	415	438	417	590	372	866	435
6	Health	252	218	155	277	229	401	99	307	124
7	Transport	247	147	151	183	274	241	149	624	119
8	Communication	46	39	37	49	71	33	35	35	50
9	Recreation and culture	376	303	277	313	411	524	249	557	349
10	Education	22	70	55	34	59	27	45	52	48
11	Restaurants and hotels	115	85	73	78	87	282	121	294	170
12	Miscellaneous goods and services	248	166	178	188	190	286	123	278	204
		5418	2860	3313	3815	4932	6615	3261	6965	3372



# Calculation of the Post Adjustment Index

## Aggregation of the PAI, examples

Updated PAI - January 2016	France- Paris	
Expenditure Group	P/P % Weight	Updated Index
Total	100.00	91.34
Total Excluding housing	75.16	97.19
Total in-area	61.61	89.35
<b>Total in-area excluding housing</b>	<b>36.81</b>	<b>99.95</b>
Food and non-alcoholic beverages	5.78	100.03
Alcoholic beverages and tobacco	0.92	78.60
Clothing and footwear	3.19	117.12
<b>Housing, water, electricity, gas and fuels</b>	<b>24.84</b>	<b>73.65</b>
Household equipment and routine maintenance of the	3.93	
	1.72	
	6.85	
Communication	1.38	
Recreation and culture	4.63	
Transportation	2.56	
Restaurants and hotels	3.74	
Miscellaneous goods and services	2.10	
<b>Pension contribution</b>	<b>9.90</b>	
<b>Medical Insurance</b>	<b>5.22</b>	
<b>Out of Area</b>	<b>23.23</b>	<b>95.68</b>
<b>PAI</b>		<b>139.08</b>

The sub-components of the PAI are indented to show its hierarchical structure. The index and weight for each sub-component are also shown

The sum of all weights in percentage terms is 100%; where as the sum of all weights in US dollar terms is the net remuneration for a P4, step VI at the dependency rate

# Calculation of the Post Adjustment Index

- Walsh Index is a multilateral index reflecting a comparison of prices
- **Rebasing factor is the New York PAI at the time of the price collection**
- As of now the Rebasing factor equals to NY June 2010 PAI = 152.267

**WALSH INDEX = 0.9134**

**REBASING FACTOR = 152.267**

$$\left( \begin{array}{c} \text{WALSH} \\ \text{INDEX} \end{array} \right) \times \left( \begin{array}{c} \text{REBASING} \\ \text{FACTOR} \end{array} \right) = \text{PAI}$$

$$0.9134 \times 152.267 = 139.08$$

# Determination of PAM

- PAI is translated into PAM subject to operational rules; for example
- Paris updated January PAI = 139.08
- Existing Multiplier = 43.9
- Pay Index = 143.9
- Updated PAI < Pay Index; Existing Multiplier prevails subject to operational rules

## Updated PAI/PAM February 2017

Duty Station	PAI		Feb-17 0.5%	MULTIPLIER		Change
	Feb-17	Feb-17		Feb-17	Feb-17	
	Pre-Scaling Up	Post-Scaling Up		Pre-Scaling Up	Post-Scaling Up	
New York	162.8	166.1	63.2	63.2	66.1	↑
Geneva	169.0	172.4	80.7	80.7	80.7	↔
Washington D.C.	140.2	143.1	45.7	45.7	45.7	↔
Montreal	133.4	136.1	35.3	35.3	36.1	↑
London	153.4	156.5	49.5	53.4	56.5	↑
Madrid	123.4	126.0	25.6	25.6	26.0	↑
Paris	136.3	139.1	37.3	37.3	39.1	↑
Rome	128.9	131.6	32.9	32.9	32.9	↔
Vienna	132.7	135.4	33.2	33.2	35.4	↑

# The Way Forward

- January/February 2017: Finalization of survey results by the secretariat; incorporating feedback from the experts/consultants;
- February 2017: review of survey results, and final recommendations by ACPAQ;
- March/April 2017: approval of the results by the Commission;
- TBD: implementation of survey results;
- TBD: Cost-of-Living Surveys in non-HQ group I and group II duty stations.

THANK YOU!