REPORT
OF THE
INTERNATIONAL CIVIL SERVICE
COMMISSION

GENERAL ASSEMBLY
OFFICIAL RECORDS: THIRTIETH SESSION
SUPPLEMENT No. 30 (A/10030)

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New York, 1975
NOTE

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<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>Paragraphs</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. ESTABLISHMENT OF THE INTERNATIONAL CIVIL SERVICE</td>
<td>1 - 4</td>
<td>1</td>
</tr>
<tr>
<td>II. ACCEPTANCE OF THE STATUTE</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>III. ORGANIZATION OF THE COMMISSION'S WORK</td>
<td>6 - 20</td>
<td>3</td>
</tr>
<tr>
<td>IV. THE COMMISSION'S TASK</td>
<td>21 - 24</td>
<td>8</td>
</tr>
<tr>
<td>V. REVIEW OF THE UNITED NATIONS SALARY SYSTEM</td>
<td>25 - 36</td>
<td>10</td>
</tr>
<tr>
<td>VI. RECOMMENDATIONS OF THE COMMISSION REGARDING QUESTIONS</td>
<td>37 - 72</td>
<td>14</td>
</tr>
<tr>
<td>SPECIFICALLY BROUGHT TO ITS ATTENTION BY ACC AND FICSA AS REQUIRING</td>
<td></td>
<td></td>
</tr>
<tr>
<td>URGENT ACTION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Possible amendments to the application of the post adjustment system</td>
<td>37 - 65</td>
<td>14</td>
</tr>
<tr>
<td>B. Education costs for expatriate staff</td>
<td>66 - 72</td>
<td>22</td>
</tr>
<tr>
<td>VII. BUDGETARY AND ADMINISTRATIVE ARRANGEMENTS</td>
<td>73 - 92</td>
<td>24</td>
</tr>
</tbody>
</table>
LETTER OF TRANSMITTAL

22 September 1975

Sir,

I have the honour to transmit herewith the first annual report of the International Civil Service Commission, prepared in accordance with article 17 of the Statute of the Commission approved by the General Assembly in its resolution 3357 (XXIX).

I should be grateful if you would submit this report to the General Assembly and, as provided by article 17, 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.

The report also comprises the progress report on the review by the Commission of the United Nations salary system, called for by paragraph 3 of the above-mentioned resolution.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(Signed) Raúl A. Quijano  
Chairman of the International Civil Service Commission

Mr. Kurt Waldheim  
Secretary-General  
United Nations Organization  
United Nations  
New York, N.Y. 10017
I. ESTABLISHMENT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION

1. The General Assembly, by resolution 3042 (XXVII) of 19 December 1972 adopted at its twenty-seventh session, decided "to establish in principle" an International Civil Service Commission and requested the Secretary-General to draw up, together with his colleagues in the Administrative Committee on Co-ordination, detailed proposals for it and a draft statute. These proposals (A/9147 and Corr.1 and A/9370) were submitted to the General Assembly at its twenty-eighth session. The Assembly at that session decided to defer consideration of the draft statute until its twenty-ninth session and requested the Secretary-General to communicate the text to Governments of Member States for comment. 1/ At its twenty-ninth session, the General Assembly established the International Civil Service Commission by adopting its statute, which is annexed to Assembly resolution 3357 (XXIX) of 18 December 1974. In that resolution, it also endorsed the budgetary and other arrangements proposed for 1975 and appointed its members.

2. As defined in article 1, paragraph 1, of its statute, the Commission is established "for the regulation and co-ordination of the conditions of service of the United Nations common system". Article 9 states as follows:

"In the exercise of its functions, the Commission shall be guided by the principle set out in the agreements between the United Nations and the other organizations, which aims at the development of a single unified international civil service through the application of common personnel standards, methods and arrangements."

In accordance with article 1, paragraph 2, of the statute:

"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 ...".

3. In accordance with article 3, paragraph 1, of the statute, the 15 members of the Commission are appointed in their personal capacity as individuals of recognized competence who have had substantial experience of executive responsibility in public administration or related fields, particularly in personnel management. They are appointed for a term of four years and may be reappointed; of the members initially appointed, however, the terms of five members expire at the end of three years, and the terms of five other members at the end of two years. The Chairman and Vice-Chairman serve full time (article 2).

4. The General Assembly, at its 2325th plenary meeting on 18 December 1974, appointed Mr. Raúl Quijano (Argentina) Chairman of the Commission and

Mr. A. L. Adu (Ghana) Vice-Chairman, both for terms of four years. The other members appointed by the General Assembly and their terms of office as determined by the drawing of lots are the following:

- Mr. Pascal Frochaux (Switzerland) (four years)
- Mr. Jiří Nosek (Czechoslovakia) (four years)
- Mr. Doudou Thiam (Senegal) (four years)
- Mr. Toru Hagiwara (Japan) (three years)
- Mr. Robert E. Hampton (United States of America) (three years)
- Mr. A. H. M. Hillis (United Kingdom of Great Britain and Northern Ireland) (three years)
- Mr. Antonio Fonseca Pimentel (Brazil) (three years)
- Mr. Jean-Louis Flihon (France) (three years)
- Mr. Amjad Ali (Pakistan) (two years)
- Chief Michael O. Ani (Nigeria) (two years)
- Mr. A. S. Chistyakov (Union of Soviet Socialist Republics) (two years)
- Mr. P. N. Haksar (India) (two years)
- Mrs. Halima Warzazi (Morocco) (two years).
II. ACCEPTANCE OF THE STATUTE

5. By 31 August 1975, the executive heads of eight organizations had notified the Secretary-General, in accordance with the provisions of article 1, paragraph 3, of the statute, that appropriate action had been taken by the competent organs of these organizations to accept the statute. The organizations in question are the International Labour Organisation, the Food and Agriculture Organization of the United Nations, the Universal Postal Union, the World Meteorological Organization, the Intergovernmental Maritime Consultative Organization, the International Telecommunication Union, the World Health Organization and the United Nations Educational, Scientific and Cultural Organization. It is understood that similar action is being taken by the remaining organizations which participate in the common system (International Civil Aviation Organization, World Intellectual Property Organization, International Atomic Energy Agency and Interim Committee for the International Trade Organization/General Agreement on Tariffs and Trade).

III. ORGANIZATION OF THE COMMISSION'S WORK

6. The Chairman took up his duties on 1 April 1975 and the Commission began to function from that date. The Vice-Chairman took up his full-time duties on 1 July 1975.

7. The Commission has held two sessions in 1975, the first at United Nations Headquarters, from 19 to 30 May 1975, and the second at the headquarters of the International Labour Organisation in Geneva, from 11 to 29 August 1975. 2/

8. The first session was devoted mainly to organizational matters. After hearing statements by the Secretary-General of the United Nations, as Chairman of the Administrative Committee on Co-ordination (ACC), and the President of the Federation of International Civil Servants' Associations (FICSA), the Commission reviewed its statute article by article in order to take cognizance collectively of its terms and of the mandate entrusted to it by the General Assembly. It then considered in this light its programme, methods of work and budgetary and administrative arrangements, and adopted its rules of procedure.

Programme of work

9. As regards its programme of work, the Commission noted that the General Assembly, by resolution 3357 (XXIX), had requested it to review, as a matter of priority, the United Nations salary system in accordance with the decision in paragraph 5 of General Assembly resolution 3042 (XXVII), and to submit a progress report to the Assembly at its thirtieth session. The Commission recognized that this task would certainly require several sessions and would probably occupy it

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2/ The reports on the work of these two sessions adopted by the Commission have been issued as documents ICSC/R.8 and ICSC/R.23.
throughout 1976, at least. At the same time, it was informed by the organizations and FICSA that certain aspects of the salary system, in particular the post adjustment system, were considered to present problems which required urgent attention. Its discussions therefore centred on how these two orders of concerns, the over-all review of the salary system and the consideration of particular aspects regarding which action might be required before that review could be completed, might be accommodated in its programme of work. At the same time, the Commission was conscious that it should also prepare for assuming the functions entrusted to it by the statute other than the review of the salary system and certain ongoing functions in relation to the operation of the existing system for which it took over responsibility immediately. The Commission agreed that, having regard to the priority mandate given to it by the General Assembly, it should begin at its second session the review of the salary system (see sect. V below) but also include in the agenda of that session examination of any particular aspects of the salary system singled out by the organizations and the staff as requiring urgent attention (see sect. VI below).

Pattern of meetings

10. As regards the pattern of its meetings, the Commission agreed that two sessions would be necessary in 1975 and 1976 in order to complete the review of the salary system as quickly as possible, and probably in 1977. The two sessions should normally total about six weeks, one being held in February-March and the other in June-July. The Commission noted that it would be desirable, as a matter of practice, that in years when it holds two sessions, one of them should be held at Headquarters in New York and the other at the headquarters of one of the other participating organizations, so as to enable the members to familiarize themselves at first hand with conditions in other duty stations and to establish contacts with members of legislative bodies, executive heads and staff of other organizations; this practice would reinforce the image of the Commission as being concerned with all the organizations of the United Nations system. It was understood that the holding of such sessions away from New York would be dependent upon invitations being received from the executive heads of the other organizations concerned, which would normally provide the necessary services. Invitations have been received from the ILO (where the second session was held), FAO for 1976 and IAEA for 1977.

11. The Committee on Conferences was informed of the Commission's wishes in this respect and, after the Committee had considered them at its meetings on 6 and 9 June 1975, the Acting Chairman of the Committee informed the Chairman of the Commission, by a letter dated 11 June 1975, that the Committee decided:

"to recommend to the General Assembly that the Commission should hold its regular annual session at Headquarters. If more than one session is required in any one year, the Committee endorses the position of the Commission that it may find it desirable to accept invitations to hold these sessions at the headquarters of its participating organizations."

12. The Commission therefore seeks the approval of the General Assembly, in the light of Assembly resolution 2609 (XXIV) of 16 December 1969, for this pattern of meetings for which due provision has been made in the budget estimates for the biennium 1976-1977 proposed by the Commission.
Methods of work

13. As regards its methods of work, the Commission noted the discussions which had led to the adoption by the General Assembly of article 18 of the statute. It decided, subject to the provisions of that article:

(a) That responsibility for certain ongoing functions, i.e., the over-all guidance of the work of the secretariat, in particular in the making of studies required by the Commission and the operation of its budget, the appointment of members of the staff of the secretariat (in respect of which the Chairman is given specific responsibilities under article 20 of the statute), reviewing the programme of work of cost-of-living surveys to be made by the statistical services, the approval of periodic revisions of the schedules of post-adjustment classifications and daily subsistence allowance rates (under articles 11 (b) and (c)), be delegated to its Chairman (in the latter case, these functions to be assumed at the earliest practical date);

(b) That responsibility for ad hoc functions, e.g., supervision of studies relating to specific areas of the Commission's work, might be delegated, as the need arose, to the Chairman or the Vice-Chairman or to members of the Commission, either singly (i.e., acting as special rapporteurs) or in groups (i.e., acting as task forces or working groups).

Rules of procedure

14. As regards its rules of procedure, the Commission was concerned that the rules it adopted should reflect fully the spirit of the Commission's statute calling for the fullest possible consultation with both the executive heads of the participating organizations and the staff, and the desire expressed by the Commission for the widest participation in its work. The text adopted regarding right to include items in the provisional agenda of the Commission's sessions (rule 6), to present written statements to it (rule 36) and to participate in its meetings (rule 37) reflect this concern. At the same time, in the interest of organizing the Commission's proceedings with the maximum efficiency, the two latter rules also provide that as far as possible both written statements and oral presentations in meetings should be made collectively, by ACC on behalf of the executive heads and by FICSA on behalf of the staff, while preserving the right of an executive head or staff representatives to have individual access to the Commission. It further decided that, for the purposes of these three rules, the term "executive head" should include also the Administrator of the United Nations Development Programme, in view of UNDP's special experience of and concern for the conditions of service of staff in field duty stations.

15. The statute and rules of procedure of the Commission are contained in document ICSC/1.

Assumption by the Commission of its functions

16. In addition to the over-all review of the United Nations salary system, to which the General Assembly requested the Commission to give priority, the other responsibilities entrusted to the Commission by its statute are of two types:
(a) Responsibilities for the ongoing operation and maintenance of the salary system, hitherto carried on through the machinery of the common system, in particular keeping up to date the classification of duty stations for the purposes of application of the post adjustment system (including to this end making cost-of-living surveys in the different duty stations) and regular revisions of the rates of daily subsistence allowances throughout the world. These functions, which belong to the Commission under article 11 of its statute, automatically passed to it when it began to operate; as stated in paragraph 13 above, responsibility for them was delegated to the Chairman, subject to the general conditions laid down in article 18 of the statute;

(b) Responsibilities in connexion with other aspects of the common system: the salary scales of the General Service category (article 12), job classification standards (article 13), recruitment standards and methods (article 14), career development, staff training and staff evaluation (article 14), development of common staff regulations (article 15). The Commission's proposals regarding its assumption of these functions (for which no budgetary or staffing provision was made by the General Assembly at its twenty-ninth session) are included in its proposals concerning the budget estimates for the biennium 1976-1977 (see sect. VII below).

17. The Commission assumed from 1 July 1975 responsibility for the publication of the monthly revisions of the schedules of daily subsistence allowances and of post-adjustment classifications. It also took over responsibility for the carrying out of the cost-of-living surveys required for this latter purpose; however, it decided that for the time being the staff responsible for these surveys, while being paid from the Commission's budget, should remain under the technical and administrative supervision of the statistical offices of the United Nations and of the ILO, their programme of work being determined by the Commission (which delegated this responsibility to its Chairman) and the results being submitted to the Commission, which bears responsibility for examining and vouching for it and for drawing conclusions from it.

18. In this connexion, the Commission examined the question of whether it would require independent technical advice on post adjustment matters of the kind which had since 1959 been furnished to ACC by its Expert Committee on Post Adjustments (ECPA). At its second session, the Commission decided that, given the highly technical character of many of the matters which arose in the operation of the post adjustment system, it would require the advice of expert statisticians and that this advice could best be provided by the establishment of a subsidiary body. This body would report to the Commission, which would exercise final responsibility for the decisions to be taken. In order to ensure a direct link with the work of the Commission, a member of the Commission would serve ex officio as chairman of the subsidiary body. The Commission therefore seeks the approval of the General Assembly, in accordance with article 27 of its statute, for the establishment of such a subsidiary body. The Commission's intention is to determine its precise terms of reference and its composition at a later stage, in the light of further experience of the problems involved. Budgetary provision has been made for the meetings of the body in the budget estimates for 1976-1977 proposed by the Commission (see sect. VII below).

19. In the spirit implicit in its statute, the Commission has attached importance to securing the full co-operation and participation in its work of both the
organizations and the staff. The provisions to this end which it has incorporated in its rules of procedure have already been mentioned in paragraph 14 above. During its sessions, every opportunity to make known their problems and points of view has been given to the representatives of the executive heads, both collectively and individually, and to those of the staff; between sessions, close contact has been maintained between the Chairman, Vice-Chairman and secretariat of the Commission, and the Chairmen and secretariats of the Consultative Committee on Administrative Questions and FICSA. The Commission wishes to acknowledge the constructive co-operation with which both the interested parties have responded. It is convinced that the establishment and maintenance of such relations are necessary to the successful performance of its task.

20. At the same time, the importance of establishing relations with other bodies within the United Nations system whose responsibilities touch upon those of the Commission has not been neglected. Thus, arrangements for mutual exchanges of information have been made with the United Nations Joint Inspection Unit; discussions have been held with representatives of the United Nations Institute for Training and Research regarding areas in which UNITAR can assist in the Commission's work, such as the collecting of recent publications, documentation and studies on the international civil service, participation in studies, e.g., on staff training, and information on seminars organized or sponsored by UNITAR on subjects of concern to the Commission; while respecting the division of competence in matters of pensions implicit in article 11 (b) of the statute, the Commission has kept itself informed of the deliberations of the United Nations Joint Staff Pension Board; and it is ready to make similar arrangements for exchanges of information and for co-ordination of their respective positions in matters of mutual concern with other bodies of the United Nations system.
IV. THE COMMISSION'S TASK

21. The Commission was established, as stated in article 1 of its statute, "for the regulation and co-ordination of the conditions of service of the United Nations common system", with the ultimate aim, referred to in article 9 of the statute, of developing "a single unified international civil service" through the application of common personnel standards, methods and arrangements. As is confirmed by the wide range of responsibilities entrusted to it by other articles of the statute, it is thus concerned with all the aspects of conditions of service which, taken together, determine whether the organizations of the United Nations system are able to attract and retain staff with the high qualities called for by Article 101 of the United Nations Charter and corresponding provisions in the constitutions of the other organizations, and to utilize their services in such a way as to obtain the utmost effectiveness. The level of remuneration offered to the staff is one of these conditions, and not the least; it is also one to which the Commission's particular attention has been called, on account of the evidence of anomalies in it found by the Special Committee. There are, however, other aspects, equally important, where it is the Commission's task to look for improvements, such as the relationship between the different elements of remuneration, the structure within which the staff are organized, the grading patterns and grading standards, the policies and methods employed in recruiting staff, the policy and practice in relation to the duration of employment, the nature of the career offered to staff members and the arrangements made for the orderly development of their careers, the provisions for social security, the possibilities offered to staff for professional and personal improvement and, in general, the way in which relations between management and staff are conducted.

22. In its preliminary examination, the Commission has been made aware of the extent to which all these different elements are interrelated. Satisfactory solutions must be found to all of them if the secretariats are to provide the efficient and devoted service which the Member States are entitled to expect of them. The Commission is therefore conscious that it must, as soon as possible, assume its functions in relation to all of these aspects. Its immediate possibility to do so is limited by the priority which the General Assembly, in establishing the Commission, expressly requested it to give to completing the general review of the United Nations salary system, begun inconclusively by the Special Committee for the Review of the United Nations Salary System 3/ in 1971-1972. This is a vast and highly complex undertaking which will inevitably occupy most of the Commission's time and resources during the first two years, at least, of its existence. Moreover, the budgetary and staffing provisions made for the Commission by the General Assembly were specifically stated as being intended to cover only this priority function.

23. The Commission wishes to emphasize its conviction that its task must be seen as a whole. For its part, it fully intends to devote to the other parts of its mandate the attention they deserve as soon as its work on the priority task is sufficiently advanced to enable it to do so. It has set out in section VII of the present report its proposals regarding the way in which it plans to assume progressively the whole range of its responsibilities, together with the corresponding budgetary implications, in full confidence that the General Assembly will provide the requisite resources.

24. The Commission's work is also conditioned by another factor which deserves special mention. Its responsibility extends to all the organizations which participate in the United Nations common system (for there seems no reason to doubt that all will in due course accept its statute and, in fact, all have already been participating in its work). They cover a vast variety of functions and types of activity; they differ greatly in size; between them, they employ staff of well over 100 different nationalities, stationed in over 140 countries and territories throughout the world and comprising a wide range of professional specializations. Less than one fifth of the staff are located in New York; and, of the remainder, a large proportion are assigned to field duty stations where conditions of work and life merit special consideration. The needs and, to some extent, the practices of the organizations as regards their personnel are different; each has its own legislative authorities which enjoy a considerable degree of autonomy in such matters. The importance of developing "a single unified international civil service", as reaffirmed in article 9 of the Commission's statute and mentioned above, is thus evident. The Commission is breaking new ground in that it is the first organ in the history of the United Nations system to have received such a mandate embracing, within its particular field of competence, the whole of the system. The necessity to bear in mind constantly the differing needs and situations of all the organizations and the diversity in the types of staff they employ, the functions they perform and the circumstances in which they perform them constitutes an additional dimension of complexity in the Commission's work, but one which is essential to its purpose.
V. REVIEW OF THE UNITED NATIONS SALARY SYSTEM

25. At its twenty-seventh session, when it decided in principle to establish the International Civil Service Commission, the General Assembly also decided to refer to the Commission, once established, the report of the Special Committee for the Review of the United Nations Salary System and, when establishing the Commission at its twenty-ninth session, the General Assembly requested it, in paragraph 3 of its resolution 3357 (XXIX), "to review, as a matter of priority, the United Nations salary system in accordance with the decision in paragraph 5 of General Assembly resolution 3042 (XXVII), and to submit a progress report to the Assembly at its thirtieth session".

26. The Commission accordingly recognized from the outset that its major effort during its first years of work should be devoted to this task. Given the magnitude and complexity of the problem, the review clearly could not be expected to be completed in one or two sessions. On the other hand, it had been begun by the Special Committee over four years ago; but, that Committee's recommendations not having been acted upon by the General Assembly, many important questions for the effective working of the salary system had been left in abeyance and many of them had been aggravated in the meanwhile by the continuing world monetary instability and inflation. The Commission is therefore fully conscious of the need for it to complete the review and submit its recommendations to the General Assembly at the earliest possible date.

27. In accordance with the decision taken at the first session, the major part of the second session was devoted to laying the groundwork for the review. For this purpose the Commission had before it, in addition to the report of the Special Committee and related documentation, an analysis by subjects of the Special Committee's findings as well as those of all previous salary review bodies, suggestions submitted by ACC and FICSA as to points to be taken into account in the review and detailed working papers on some points.

28. The Commission began the review by a general consideration of some of the aspects of the salary system which had been singled out in the report of the Special Committee and elsewhere as giving rise to problems. The objective of this general consideration was to take stock of the problems, to hear the views and, in some cases, the proposals of the organizations and the staff (even though on some of the main points these views and proposals were not yet definitive), and to provide an opportunity for a preliminary exchange of views among the members about them. In many cases, it was expected that it would become apparent that further, more detailed studies would be needed before the Commission could reach conclusions. In any case, the Commission agreed that it would not be appropriate for it to reach decisions on specific points until it could form an idea of the total package of remuneration and other conditions of service, in the light of which a judgement could be formed as to the part played by each individual element. In the course of this preliminary consideration, it became clear to the Commission that there existed a close interrelation between the different elements of remuneration; changes which might be made, for example, in the staff assessment element would affect the post adjustment allowance and dependency allowances.
and all would affect the total package of remuneration which is the determining factor in the organizations' ability to attract and retain staff of the calibre required.

29. The first aspect so considered was the principle on which the level of remuneration of the Professional and higher categories should be based. Having reviewed the history of the Noblemaire principle since it was first formulated in the early days of the League of Nations, the way in which it had been applied in the United Nations and the deliberations of the Special Committee which led it to the conclusion "that there is no ready alternative" 4/ to the Noblemaire principle, the Commission came to the tentative opinion that, for the international civil service, only a global salary system could ensure both equity and the necessary mobility of staff. In line with the principle of "equal pay for equal work", no distinction could be admitted in the remuneration of internationally recruited staff on the grounds of their nationality or of salary levels in their own countries. Since the organizations must be able to recruit and retain staff from all of the Member States, the level of remuneration must be sufficient to attract those from the countries where salary levels are highest - with the inescapable consequence that the level would then be higher than would be needed to attract staff from countries with lower national salary levels and might appear excessive to the Governments and taxpayers of those countries. In order to determine the appropriate level of salaries for the United Nations the preliminary conclusion of the Commission, like that of its predecessors, was that no acceptable alternative could be found to the existing practice of comparison with the salaries of the national civil service of the Member State whose levels were found to be highest and which otherwise lent itself to a significant comparison.

30. While this principle in itself is clear and, as had been said in the report of the Special Committee, "little more than a statement of the obvious", 5/ it is in its interpretation and application that difficulties had arisen which resulted in the anomalies referred to by the General Assembly in its resolution 2743 (XXV) of 17 December 1970. The Commission therefore proceeded to a preliminary consideration of these problems of application, under the following headings:

(a) Which is the highest paying national civil service?

(b) In making the comparison with the salaries of that service:

- What elements of remuneration should be taken into account on each side?

- In the case of the United States of America, should the comparison in real income terms be made in Washington, D.C. or New York?

- What account should be taken of the lack of concordance in the manner in which adjustments in the remuneration of the two systems are effected?


5/ Ibid., annex I, para. 17.
(c) What equivalences should be established between grades in the two systems, and should the comparison be based on a single matching grade or several?

(d) What elements should be taken into account in establishing a possible margin (e.g., to allow for the factor of expatriation) between the national salary level and that of the United Nations (or, alternatively, should expatriation be compensated otherwise than in the base salary)?

(e) To what categories of staff should the international salary scales so established apply?

31. On all these questions it was agreed that further studies would be made for the next session.

32. The Commission then went on to a similar general exchange of views with the representatives of the organizations and of the staff and among its own members on a number of other aspects of the salary system for the Professional and higher categories. As before, the starting point for each topic was the analysis of the situation made by the Special Committee and its findings, supplemented by the presentation by the organizations and staff of problems which had arisen and of possible solutions. The main topics so discussed were:

(a) As regards both the Professional and the General Service categories:

- the structure of categories and grades;

- the general pattern of remuneration;

(b) As regards the Professional category:

- the effects of exchange rate variations on emoluments and on pensionable remuneration;

- the differentiation in remuneration to reflect family status (through staff assessment, the post adjustment system and dependency allowances);

- the staff assessment system;

- the post adjustment system;

- various allowances and other entitlements (education grant, installation allowance, assignment allowance, termination benefits), including the problem of maintaining the real value of allowances and grants established as flat sums;

- social security provisions;

- the special problems of field service.

33. The Commission's discussions at the second session thus centred mainly on the Professional category; it decided to take up as far as possible at its following session the specific problems of the General Service category, as well as the question of the interrelationship of the two categories and possible changes in the structure of categories.
At the conclusion of these general discussions, the Commission was able to outline the way in which it intends to proceed with the review. In preparation for its next session to be held in March 1976, it called for more detailed studies on a considerable number of subjects and invited the organizations and staff to be ready to present their definitive views and proposals on each of them. These include, in addition to the studies mentioned in paragraph 30 above:

- possible variants to the two-category structure and to the structure of grades;
- the post adjustment system;
- expatriation benefits;
- termination indemnities;
- the education grant;
- the guiding principles for the establishment and revision of salaries of the General Service category;
- the staff assessment system (for both categories).

At its third session to be held in March 1976 the Commission would then aim to arrive at tentative conclusions as to the recommendations to be made on as many as possible of these aspects of the system. These positions would be communicated to the organizations and the staff so that they could submit any further views to the Commission for consideration at its fourth session (June-July 1976). At that session, the Commission would approve the text of a report for submission to the General Assembly of the United Nations and the appropriate organs of the other organizations.

To sum up, therefore, in this progress report called for in paragraph 3 of resolution 3357 (XXIX), on the Commission's review of the salary system of the United Nations, the Commission has given the priority requested by the General Assembly to the study of ways of reforming and improving that system. At the two sessions held so far it has analysed the problems involved and heard the views of the organizations and of the staff regarding them. Given the necessity of considering all the elements of the salary system in relation to each other and the preliminary character of the examination so far made, it would be premature and possibly misleading to attempt to give at this stage any indication of the general trend of the Commission's ultimate conclusions. Its hope, however, is that, while it may be necessary to reserve certain aspects for further study, it will be able to present the fullest possible report covering the major aspects of the system in ample time for its consideration by the Governments of Member States before the matter is taken up by the General Assembly at its thirty-first session.
VI. RECOMMENDATIONS OF THE COMMISSION REGARDING QUESTIONS SPECIFICALLY BROUGHT TO ITS ATTENTION BY ACC AND FICSA AS REQUIRING URGENT ACTION

A. Possible amendments to the application of the post adjustment system

Submission of ACC

37. In a letter (ICSC/R.17, para. 1) which the Secretary-General of the United Nations addressed to the Chairman of the Commission on 4 July 1975 he recalled that the Commission had been informed during its first session that ACC would be considering at its meeting in July a possible submission to the Commission on the subject of urgently needed amendments in the operation of the post adjustment system. He confirmed that ACC did indeed very much desire early consideration of that matter and, to that end, transmitted to the Commission a document prepared by CCAQ together with a covering note reflecting ACC's conclusions and its hope that the Commission would find it possible to make suitable recommendations to the General Assembly on the basis of which the Assembly could provide rapidly an appropriate interim remedy.

38. In the covering note referred to (ICSC/R.17, para. 2) ACC explained that, of the three suggestions contained in the CCAQ document, it considered that two, those advanced by UNESCO and GATT, undoubtedly merited further study within the context of the Commissioner's review of the whole operation of the post adjustment system. Considering, however, the urgency of bringing some appropriate relief to the large numbers of staff who had been most adversely affected by changes in exchange rates, i.e., those without dependants, some early provisional solution was required which could not await a total restructuring of the system. ACC therefore recommended, for the urgent consideration of the Commission, the third solution, as an interim measure which would not be a long-term remedy to the complex problem at issue but which, ACC believed, would provide a quick and reasonably effective response to the need pending the study of more comprehensive measures. Having regard to the losses suffered by staff over many months, the majority of ACC members had been of the opinion that any such provisional remedy should be given effect as from 1 July 1975.

39. In the document transmitted to the Commission by ACC (ICSC/R.17, annex), CCAQ, after recalling the history of the post adjustment system, described problems which had arisen in its operation. Faced with increases in the cost of living and with fluctuations in the exchange rate, particularly of the United States dollar, of a magnitude never envisaged when the system had been conceived, it had not been capable of maintaining fully the real value of emoluments in situations where the local currency changed in value in relation to the dollar. A system of fractional post adjustments had been introduced, on the recommendation of ECPA, to alleviate the losses suffered by staff when their effective pay in local currency was reduced suddenly by a revaluation of the local currency in relation to the dollar. For staff with dependants, this device had in large measure protected that portion of their income which they expended at the duty station.
40. However, since staff without dependants were compensated under the post-adjustment system only to the extent of two thirds of the full rate, significant revaluations of currency very substantially reduced their real income. For each class by which the post adjustment rose due to currency revaluation the single staff member lost the equivalent of about 1 1/2 per cent of net pay in local currency. The problem of the single staff member in higher post-adjustment classes was not caused solely by changes in the exchange rate (they suffered a similar, but less dramatic, loss of real earnings when the post-adjustment class rose due to increases in the local cost of living), but the problem became acute in duty stations with a high class of post adjustment, where the single staff member was receiving significantly less in real income than his colleague in a low-class post adjustment area.

41. Among possible remedies suggested by CCAQ the first, long-term solution would be to take the "social" element out of the post-adjustment system, by recognizing the family status of staff members through the staff assessment scheme. The distinction in post adjustment between staff with and those without dependants could then be removed or substantially reduced. That change, however, would involve major restructuring of the salary system and so could only be envisaged as part of the over-all review to be made by the Commission.

42. The two suggestions put forward, by UNESCO and GATT respectively, aimed at diminishing the effect of exchange rate changes on the post-adjustment system, by distinguishing (in different ways) between that part of the post adjustment index for any duty station which was due to rises in cost of living in terms of local currency and that part which was due to fluctuations in the exchange rate between the local currency and the United States dollar. ACC, as stated above, had been of the opinion that those proposals too belonged more properly to the Commission's over-all review of the salary system and commended them to the Commission for study in that context.

43. The third suggestion, that recommended by ACC for immediate consideration, sought to provide a simpler and more direct form of compensation to that group of staff which, as indicated by CCAQ's analysis, had suffered most from changes in exchange rates, namely, staff members without dependants in higher post adjustment classes. It would consist in a temporary supplement to the post adjustment rate for staff without dependants in respect of classes above a certain threshold. The amount of the supplement would be that required to maintain the ratio between the remuneration (i.e., base salary plus post adjustment) of single staff and that of staff with dependants which existed at whatever level of post adjustment was selected as the threshold for the supplement. Having regard to the average ratio found to exist in national employment as a result of differentiated income tax rates for married and single persons, and in line with the proposals it had made for revision of the staff assessment scheme, CCAQ had suggested that the appropriate ratio should be 100:95 - which ratio was achieved under the present system at class 4 of post adjustment. The amount of the supplement would then be that required at each grade and step to maintain that ratio at all classes above class 4.

44. The total cost of the proposed measure, for all organizations and all sources of funds, was estimated at about $5 million per annum.
Views expressed by the organizations and by FICSA

45. The representatives of CCAQ, in introducing the proposal, emphasized that the post adjustment system had never been conceived to deal with such major variations as had recently occurred as a result of inflation and, more particularly, of currency instability. They illustrated the losses suffered by staff members without dependants in the duty stations concerned; for example, in Geneva, the decline in income of a staff member at grade P.4, step V, due to the exchange rate amounted in April 1975 to between Swiss francs 890 and Swiss francs 1,120 a month. The executive heads, who were responsible for the efficient running of their organizations and so for the maintenance of good staff/management relations, felt unable to explain or justify such losses to their staff. Their call for urgent remedial action had been supported by the governing bodies of several organizations.

46. If the matter had not been brought to the attention of the International Civil Service Advisory Board when it made its partial salary review, at the request of the General Assembly, in July 1974, it was because the United States dollar appeared at that time to be strengthening in relation to other currencies. The increase of 6 per cent in net base salary approved by the General Assembly with effect from 1 January 1975 had provided an effective benefit for staff with dependants but, taking again the example of Geneva, a single staff member had benefited from it only to the extent of 0.7 per cent and his take-home pay in January 1975 in Swiss francs was less than it had been in February 1974. Analysis of the effect the UNESCO or the GATT proposal would have produced had they been applied over the past four years, showed that, while there would have been no significant change in the remuneration of staff with dependants, the anomaly in the situation of staff without dependants would have been substantially corrected.

Assuming, however, that those two proposals went beyond the scope of the Commission's examination of the problem at its current session, the merits of the third, interim proposal were seen to be:

- that it did not touch the statistical basis of the post adjustment nor the general structure of the salary system, and so did not prejudge the decisions the Commission might later arrive at on the basic issues;
- that it provided a specific remedy to the problem which had been identified as being the most acute;
- that it was administratively simple to apply;
- and that its cost appeared reasonable in relation to the seriousness of the problem.

It was ACC's intention that whatever solution might be adopted along those lines should be clearly identified as a temporary supplement to the remuneration of staff without dependants, valid only until such time as the Commission recommended and the General Assembly approved long-term solutions.

47. The representatives of GATT and UNESCO provided clarifications about their organizations' proposals and stated that, while those proposals were maintained for longer-term consideration, they should not be regarded at the current stage as competing proposals to that put forward by ACC, which their organizations supported as an interim measure.
48. The President of FICSA observed that, in the view of FICSA, the problem was a two-pronged one. On the one hand, FICSA claimed full compensation for the losses suffered by staff – regardless of dependency status – on account of currency fluctuations. In this connexion, FICSA considered that either the GATT or the UNESCO proposal would achieve that purpose. The interim proposal submitted by ACC was a step in the right direction in that it sought to minimize the unjustifiable losses incurred in high post adjustment areas by staff who received the post adjustment at the single rate. In FICSA’s opinion, that aspect of the problem was also a very serious one, since the post adjustment system simply failed to fulfil, for a significant portion of the staff, one of its basic aims, namely, that of ensuring equivalence of purchasing power. FICSA supported the ACC proposal as an urgent interim step, on the understanding that the basic problem would be dealt with in the over-all survey and that the UNESCO and GATT proposals would be fully studied in that context.

Summary of discussion by the Commission

49. In the course of the Commission’s discussion, it was in the first place recognized that the matter had been brought to the attention of the Commission by ACC and FICSA by virtue of the right recognized to them by article 28, paragraph 2, of the statute and rules 6 and 36 of the rules of procedure. ACC had specifically requested the Commission to give consideration to a recommendation to the General Assembly for urgent action by that body. It was therefore incumbent upon the Commission, whatever recommendation it made, to report fully on the matter to the Assembly.

50. The Commission recognized that the losses suffered by staff members without dependants in duty stations with high classes of post adjustment did constitute a real problem, as the most acute aspect of the general problem of the effect on the working of the post-adjustment system of rapid inflation and instability of currency exchange rates. It appreciated the concern expressed by the executive heads at the negative effect of such a situation on harmonious staff-management relations and hence on the efficient working of the secretariats. The Commission therefore agreed to concentrate its attention on an interim remedy such as that recommended for its consideration by ACC, leaving aside possible other long-term solutions such as those proposed by UNESCO and GATT for consideration in the context of the over-all review of the salary system and without prejudging the long-term solution it might ultimately recommend. One member, nevertheless, considered that the question of a supplement for staff without dependants could not be considered separately from the main problem of the review of the salary system since that might create a dangerous precedent affecting adversely the solution of the principal problem. He emphasized that the remuneration of United Nations staff was at present considerably in excess of the remuneration of United States civil servants and that the existing system of adjustments was far from perfect, resulting in overpayment of staff in the United Nations system.

51. The Commission then considered whether the problem was such as to warrant the proposing of an interim solution to the General Assembly at its thirtieth session. On the one hand, some members expressed the view that the Commission’s priority task, in accordance with the General Assembly’s request, was to complete the over-all review of the salary system. It had not yet considered as a whole the post-adjustment system, which the Special Committee in its summary of conclusions and recommendations had described as having “a number of flaws ...
which provide apparently unjustified increases in emoluments". 6/ it would not
be proper to treat one specific aspect separately from the general problem. To
do so might also result in other problems being brought forward as requiring
urgent action, so distracting the Commission from its main purpose. Moreover,
a 6 per cent increase in salaries had been approved less than a year ago and,
as shown in document ICSC/R.13, the gap between United Nations and United States
levels of remuneration had continued to widen.

52. On the other hand, other members recalled that nearly five years had elapsed
since the General Assembly set up the Special Committee to review the salary
system. The Commission itself could not be sure that it would be able to complete
its review by 1976. It was to be expected that special problems should arise
from time to time; they fell within the Commission's competence as well as the
general problems, and the Commission should not refuse to consider them. It
should weigh the urgency of the problem before it in the light of its expectations
as to the further time which would elapse before it was ready to put forward a
general solution. One member suggested that if the problem involved injustice
or inequity it would not be unreasonable to ask the organizations and the staff
to wait for it to be resolved in the general review; but if it involved hardship,
it was the Commission's duty to find a solution urgently.

53. Some members also remarked that the position taken by the Commission on
another matter, namely, the correction of the post adjustment index for Geneva
(which would no doubt entail similar reductions in the indices of other European
cities) would in all probability affect unfavourably the situation of staff
members (including those without dependants) in those duty stations most of which
were in high post adjustment classes. That, in their view, confirmed the
appropriateness of providing some measure of interim relief for such staff.

54. The Commission noted that the present system, according to which rates of
post adjustment for staff without dependants are two thirds of those for staff
with dependants, had been introduced on the basis of the recommendations of the
1956 Salary Review Committee as a means of reflecting the differentiation in
remuneration between married and single staff which was provided in national
service either through dependency benefits or through the effect of taxation.
The Commission was convinced, however, that the extent of the differentiation
resulting under the post-adjustment system in present circumstances exceeded
what had been intended and what could be considered reasonable. It noted the
information provided as to the losses in real income incurred by staff without
dependants in duty stations in high classes of post adjustment and which had
absorbed for staff without dependants the benefit they could have expected to
receive from the 6 per cent salary increase granted from 1 January 1975.

55. In considering the two elements in the proposal put forward by ACC, namely,
the threshold class above which the post adjustment rate for staff without
dependants should be supplemented and the ratio to be observed between the
remuneration of staff with and those without dependants (which would determine
the amount by which the rates should be supplemented), it was pointed out, as
regards the threshold class, that if additional compensation were given at all
classes above class 4, as proposed by ACC, this would result in compensating

also staff in New York, who had not been affected by exchange rate changes (although it was also advanced that the rate of inflation in all countries, including the United States of America, was indirectly affected by changes in the relative value of currencies - which illustrated the difficulty of separating the two factors, as proposed by UNESCO and GATT). It could be assumed that equality of purchasing power was ensured at all classes below class 8 (although even at that level some loss had, of course, been incurred by staff without dependants). The threshold might therefore be fixed at class 8; the organizations remarked, however, that if the threshold were fixed at whatever class New York was in at any given time, when New York rose to a higher class, staff without dependants in other duty stations would suffer an actual reduction in remuneration. Another possibility suggested was to fix the threshold at class 7, which had been the class for New York taken into account by the General Assembly in 1974 when it considered and approved ICSAB’s recommendation for a 6 per cent increase in net base salary.

56. As regards the rate of the additional compensation to be given to staff without dependants above the threshold class, it was noted that the ratio of 100:95 suggested by CCAQ was based on its recommendations (see ICSC/R.18) regarding the appropriate differentiation to be made in staff assessment rates between married and single staff (and was in fact slightly higher than the ratio suggested there). Although, as was pointed out, that proposal had previously been accepted by the Special Committee and by ICSAB, it had not yet been considered in detail by the Commission; to adopt that ratio in the present instance would prejudice the Commission’s later decision.

Conclusions and recommendations

57. The members of the Commission (with the exception of two, whose dissent is recorded in para. 65) agreed that the extent of the losses suffered by staff members without dependants in duty stations with a high post adjustment class, in comparison with staff members with dependants, did constitute a serious problem of inequity which had a harmful effect on staff morale and so gave rise to real difficulties for executive heads. Given the time which must elapse before the Commission would be able to make general proposals which would include a solution to this particular problem, they believed that an interim solution was necessary and justified. It should not, however, prejudice the conclusions which the Commission might come to later, in its general review, regarding the post-adjustment system, the staff assessment system and other aspects of the system. They accepted therefore the general recommendation of ACC that some relief should be granted immediately to staff members without dependants in high post adjustment classes.

58. The Commission compared the formula proposed by ACC with other possible formulae. Its consensus (subject to the dissenting views already noted) was that, as regards the threshold class above which the rate of post adjustment for staff without dependants should be supplemented, the appropriate level was that which had been taken into account by the General Assembly when it approved, at its twenty-ninth session, on the recommendation of ICSAB, an increase of 6 per cent in net base salary with effect from 1 January 1975. The General Assembly had then based itself on the assumption that New York would be in class 7 by that date (which assumption had been realized). The particular problem of staff without dependants had not then been raised, so that it might be assumed that the situation
of a staff member without dependants in New York at class 7 in relation to his married colleague was not then considered to pose any problem. The solution to be adopted should therefore not appear to put in doubt that position by providing any correction to the situation of staff without dependants at class 7 and below. The additional payment to staff members without dependants should therefore apply only to post adjustment classes above class 7, i.e., class 8 and above.

59. As regards the rate of the additional payment, the Commission was not ready to accept the ACC's thesis that it should be such as to maintain at all higher classes the ratio of 100:95 which existed between the remuneration 7/ of a staff member with dependants and one without dependants at class 4. It considered this ratio to be probably too high, having regard to the differentiation provided in national income tax systems and to the "social" element inherent in the present post-adjustment system. On the other hand, it recognized that the extent of differentiation existing at present in duty stations with high post adjustment classes (e.g., in Geneva, at class 18, some 15 per cent at P.4, step V) was too great in terms of national income tax practices. The appropriate ratio was a matter of judgment. Rather than a constant ratio between married and single remuneration at all levels of post adjustment, the Commission considered that, for the purposes of an interim solution, the rate of post adjustment for each additional class above the threshold for staff without dependants should be fixed at a constant proportion of the "with dependants" rate which would ensure that, at the highest class of post adjustment, the ratio of total remuneration should not fall below about 100:90. The percentage of single post adjustment rate to the married rate which would produce this result, with the threshold above which this rate would be applied set at class 7, would be 85 per cent.

60. The effect of this measure on the ratio of remuneration of staff members without dependants to that of those with dependants is shown in the following table, in comparison with the present situation:

<table>
<thead>
<tr>
<th>Class</th>
<th>Present</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>66-2/3 per cent of &quot;with dependant&quot; rate at all classes</td>
<td>66-2/3 per cent of &quot;with dependant&quot; rate at classes 1 to 7: 85 per cent of that rate above class 7</td>
</tr>
<tr>
<td>0</td>
<td>100.00</td>
<td>100.00</td>
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<tr>
<td>1</td>
<td>98.61</td>
<td>98.61</td>
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<tr>
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<td>97.34</td>
<td>97.34</td>
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<tr>
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<td>96.17</td>
</tr>
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<td>95.08</td>
<td>95.08</td>
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<tr>
<td>5</td>
<td>94.08</td>
<td>94.08</td>
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<tr>
<td>6</td>
<td>93.13</td>
<td>93.13</td>
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<tr>
<td>7</td>
<td>92.26</td>
<td>92.26</td>
</tr>
</tbody>
</table>

7/ "Remuneration" was taken in this context to consist of base salary plus post adjustment. It was noted that if the spouse allowance were also included the ratio would be marginally wider.
<table>
<thead>
<tr>
<th>Class</th>
<th>Present</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>66-2/3 per cent of &quot;with dependant&quot; rate at all classes</td>
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</tr>
<tr>
<td>8</td>
<td>91.44</td>
<td>92.03</td>
</tr>
<tr>
<td>9</td>
<td>90.67</td>
<td>91.81</td>
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<tr>
<td>10</td>
<td>89.94</td>
<td>91.60</td>
</tr>
<tr>
<td>12</td>
<td>88.62</td>
<td>91.23</td>
</tr>
<tr>
<td>14</td>
<td>87.43</td>
<td>90.89</td>
</tr>
<tr>
<td>16</td>
<td>86.37</td>
<td>90.59</td>
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<tr>
<td>18</td>
<td>85.42</td>
<td>90.32</td>
</tr>
<tr>
<td>20</td>
<td>84.55</td>
<td>90.07</td>
</tr>
</tbody>
</table>

61. The cost of this measure for all organizations and all sources of funds was estimated at $2.7 million per annum.

62. This measure was recommended on the understanding that it would constitute a strictly temporary supplement to the remuneration of staff without dependants, valid only until such time as a general long-term solution had been approved, and would in no way prejudge that long-term solution.

63. The Commission noted that the majority of members of ACC had recommended that an interim remedy be applied with retroactive effect to 1 July 1975. It considered, however, that no retroactivity should be recommended, having regard to the interim character of the measure it proposes. It therefore recommends that the date of application of the measure be 1 January 1976.

Summary of recommendation

64. The Commission recommends that, as a temporary interim measure, with effect from 1 January 1976:

(a) At duty stations classified for the purposes of application of the post-adjustment system at class 7 and below there should be no change in the existing tables of rates of post adjustments for staff with and without dependants at the different grades and steps;

(b) At duty stations classified in class 8 and above, the present rates should continue to apply to staff members without dependants in respect of the first seven classes of post adjustment. For each class above class 7 (class 8 and above), additional payments should be made to staff members without dependants equal to the difference between the present rate (two thirds of the "with dependants" rate) and a rate of 85 per cent of the "with dependants" rate.
Dissenting view

65. Two members dissented from the above recommendation, considering that no interim measure was appropriate at this time, the Commission not having yet examined other aspects of the salary and post-adjustment systems in the framework of the priority task assigned to it of completing the over-all review of the salary system, and having regard to the present level of remuneration, in particular in relation to that of the United States federal civil service.

B. Education costs for expatriate staff

Submission of CCAQ

66. The Commission had before it a document prepared by CCAQ (ICSC/R.19), with the endorsement of ACC, providing evidence of the increase in the costs incurred by expatriate staff for the education of their children, which they requested the Commission to consider with a view to making a recommendation to the General Assembly at its thirtieth session for an increase in the amount of the education grant.

67. In that document it was recalled that the purpose of the education grant was to compensate expatriate staff for part of the extra costs of education of their children occasioned by expatriation. Allowable costs incurred by staff members were reimbursable in the proportion of 75 per cent, up to a maximum reimbursement the amount of which had been fixed by the General Assembly in 1972 at $1,500. In 1974, the organizations had submitted to ICSAB evidence of the increase of educational costs in the major headquarters countries and data as to the number of cases where the costs incurred by parents exceeded $2,000, i.e., the amount which gave rise to the maximum reimbursement. They had proposed that the maximum of the grant be increased to $2,000, but ICSAB had decided to make no recommendation to the General Assembly, having regard to the substantial increase granted the previous year and to the relatively small number of cases in which the existing maximum was found insufficient. The figures in document ICSC/R.19, updated to the scholastic year 1974-1975 and with indications of school fees already announced for 1975-1976, showed very considerable further increases in educational costs. Of 13,568 children in respect of whom education grant was paid in the school year ending in 1974, the costs incurred exceeded $2,000 in 1,537 cases (or 11.3 per cent of the total). 8/

68. In presenting the document, the Acting Chairman of CCAQ emphasized that the education grant was an important element in the remuneration of expatriate staff, which could determine a candidate's acceptance or refusal of an offer of employment or his retention. The rapid rise in costs since the maximum of the grant had been fixed at $1,500 had been aggravated by the depreciation of the rate of the dollar in many duty stations and the consequent higher cost of education in dollar terms. School fees had further increased since 1974, when the education grant had proved insufficient in 11.3 per cent of cases. The organizations considered that the increase of the maximum to $2,000, proposed in

8/ The costs exceeded $2,600 (the amount corresponding approximately to a maximum grant of $2,000) in 403 cases, or about 3 per cent of the total.
but not then accepted, was now more than ever justified and a matter of some urgency. The cost of the increase had been estimated in 1974 at $2 million.

Views of FICSA

69. The President of FICSA stated that in the view of FICSA the maximum should be increased to $2,500. He pointed out that severe hardship was being caused to an increasing proportion of the staff as a result not only of the depreciation of the dollar but also of rapidly rising school costs. Regardless of the proportion of staff affected, which was certainly bound to be much higher than 11.3 per cent in 1975/1976, he hoped that the Commission would not lightly dismiss the situation of the staff concerned who, in most cases, had no choice of schools.

Summary of discussion by the Commission

70. One member recalled that the Special Committee had made other recommendations for the liberalization of the terms of the education grant, for example, the aggregation of costs where the grant is payable for more than one child of a staff member; the extension of eligibility up to the end of the fourth year of university studies or the award of a first recognized degree, whichever is sooner; the elimination of the exclusion of university education in the country of the staff member's duty station. He inquired whether those changes were still supported by the organizations or whether they considered the increase in the maximum of the grant to be more important. The Acting Chairman of CCAQ, in reply, said that the organizations still considered those improvements to be important and hoped the Commission would re-examine them in its general review of the system; the increase in the maximum of the grant was, however, a matter of urgency.

71. All members who spoke considered that this proposal was not in the same category as the proposal for changes in the post-adjustment system. The last increase was still relatively recent and the proportion of cases in which the existing grant might appear inadequate was not large. One member remarked that rising costs were not in themselves a justification for an increase, since they were grosso modo reflected in the total remuneration of staff members; if it could be shown that education costs had risen faster than other costs, that might be a justification, but the case for it had not been fully made out. Another member expressed the view that the balance of costs which parents were required to pay, according to the data provided, were not excessive in relation to the responsibility which parents everywhere were expected to bear for the education of their children. Another member considered there was no foundation for treating the matter as an urgent one in 1975.

Conclusion

72. The consensus of the Commission was that the case for increasing the grant in 1975 as a matter of urgency had not been fully made. It decided therefore to inform the General Assembly, on the understanding that it would revert to the matter in the context of its general review of the salary system, on the basis of more complete data, in conjunction with the other changes in the conditions of the education grant recommended by the Special Committee (which it considered to be of more fundamental importance).
Budget and manning table for 1975

73. The General Assembly at its twenty-ninth session approved a total budget for the Commission for the nine-month period from 1 April to 31 December 1975 in the amount of $920,000. In doing so, the Assembly endorsed the recommendations (A/9891, para. 48) of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) concerning the level of staffing that should be provided for the secretariat of the Commission during 1975. ACABQ had recommended that the Commission's secretariat should be established with only those already existing posts that had previously been identified in the report of the Secretary-General (A/9738/Add.1, para. 5) as being transferable to the Commission's secretariat. ACABQ had also recommended that the Commission's budget estimates for the biennium 1976-77 should be based on the initial staffing level that it had recommended for 1975, on the understanding that that level might be reviewed should such a review be warranted by the progress made by the Commission in assuming its responsibilities. At that time, the Under-Secretary-General for Administration and Management had drawn the attention of the Fifth Committee to the fact that ACABQ's recommendations limited the staff of the Commission to staff members who were currently involved in the maintenance of the existing salary system. That could lead to difficulties in getting the work of the Commission under way in an expeditious and effective manner. Moreover, the recommendations concerning the level of staffing for the biennium 1976-1977 suggested a "no-growth" situation which might not augur well for the Commission's ability to meet the high expectations placed in it by all parties concerned (A/9891, para. 41).

74. At its first session, the Commission observed that the staffing and the general level of the budget provided enabled it only to assume its ongoing functions under article 11 of its statute (classification of duty stations for the purpose of applying post adjustments - including the making of cost-of-living surveys - and the fixing of daily subsistence allowance rates) and, to a limited extent, the work required in connexion with the review of the United Nations salary system, to which the General Assembly had requested the Commission to give priority. It emphasized the importance of its beginning work at the earliest possible date, subject to that priority task, on the other functions assigned to it by its statute.

75. The Commission approved the establishment of three General Service posts of secretaries to the Chairman, Vice-Chairman and Executive Secretary, for which funds had been included in the budget approved by the General Assembly, but which had not been included in the manning table. It also approved the establishment of an additional post at the P.5 level to work on salary studies in connexion with the review of the salary system and also to assist the Executive Secretary in the preparation of reports.

76. After consultations with his colleagues in ACC and the Chairman of the Commission, as called for by article 20, paragraph 2, of the statute, the Secretary-General announced on 4 April 1975 the appointment of Mr. Roger Barnes of UNESCO as Executive Secretary of the Commission. Mr. Barnes took up his duties in New York on 10 April 1975.
77. After similar consultations, the Secretary-General approved the transfer to the post (D.1) of Deputy Executive Secretary and Chief of the Salaries and Allowances Division of Mr. Robert L. Smith of the United Nations.

78. The incumbents of two of the three P.4 posts transferred from the United Nations secretariat to that of the Commission were transferred with their posts, to continue their previous duties in connexion with the classification of duty stations for post adjustment purposes and the fixing of daily subsistence rates.

79. The Commission considered at its first session the situation of the staff working hitherto in the statistical offices of the United Nations and the ILO on cost-of-living surveys. With the transfer of this function to the Commission under article 11 of its statute, the posts concerned had been included in the Commission's manning table. While it was clear that the Commission would in future bear responsibility for the cost-of-living surveys and, consequently, must examine and vouch for the work of the statisticians, the Commission considered the practical and professional advantages of leaving them under the technical and administrative supervision of the competent senior statistical officers of the two organizations. While recognizing that other solutions were equally feasible, it decided that, for the time being, the staff concerned should remain in the statistical offices of the United Nations and the ILO respectively, which would be responsible for the technical and administrative supervision of their work. The Commission would, however, determine their programme of work and receive the results. This arrangement was accepted by the Secretary-General of the United Nations and the Director-General of the ILO.

80. Leaving aside these posts (4 Professional and 8 General Service in New York, and 2 Professional and 3 General Service in Geneva), the Commission's manning table in 1975 thus comprised the following posts:

1 D-2 (Executive Secretary)
1 D-1 (Deputy Executive Secretary and Chief of Salary and Allowances Division)
1 P-5 (Salary Studies)
3 P-4 (Pay research)
7 G-S.

Budget estimates for the biennium 1976-1977

81. In accordance with article 21, paragraph 2, of its statute, which provides that:

"The budget of the Commission shall be included in the regular budget of the United Nations. The budget estimates shall be established by the Secretary-General after consultation with the Administrative Committee on Co-ordination, on the basis of proposals by the Commission,"

the Commission considered at its second session its proposals regarding the budget estimates for the biennium 1976-1977.

82. Having regard to the recommendations of ACABQ referred to in paragraph 73 above, the Commission's proposals are in two parts:
(a) The projection for a full 24-month period of the 1975 (9-month) budget;

(b) The budgetary implications of the progressive assumption by the Commission of its other functions not covered by the 1975 budget.

83. In projecting the 1975 budget for the full biennium, account was taken of the Commission's decisions regarding its pattern of meetings (i.e., two sessions in each of the years 1976 and 1977, one of the sessions in 1976 to be held in Rome and one in 1977 in Vienna; see paras. 10-12 above), the body to be established as a successor to ECPA (see para. 18 above) and the arrangements for cost-of-living surveys (see para. 79 above). As regards certain other items of expenditure, where the experience of only four months' operation was too short to provide any firm basis for estimating likely requirements in the future, the 1975 appropriations were projected without change. The projected estimates for all items of expenditure which are liable to be affected by increased costs in 1976-1977 were recosted in accordance with the standard factors for inflation applied elsewhere in the Secretary-General's budget estimates.

84. The resulting estimates under this heading reflect substantially the maintenance in the biennium 1976-1977 of the same level of expenditure as in 1975, that is to say, they vary only to a minor extent from the amount produced by projecting for 24 months and recosting for inflation the 1975 appropriation.

85. The proposals made as regards the budgetary implications of the Commission's progressive assumption of its other functions reflect the Commission's judgement as to the manner in which it should engage in those additional activities. On the one hand, for the reasons stated in paragraphs 21 and 22 above, the Commission considers it to be essential that it begin to assume its responsibilities in these matters at the earliest possible time. On the other hand, given the high proportion of its time and resources which it will have to devote in 1976 to the priority task of reviewing the United Nations salary system, it has been realistic in assessing the work it will actually be able to do with respect to its additional functions and the time at which it will be able to turn its attention to them. Thus, when additional posts are proposed, the date of their establishment has been fixed in relation to the Commission's own calendar of work and the costs estimated only for the number of months in the biennium for which the post would actually be required. The Commission's proposals are summarized below.

86. Salary scales for the General Service category (article 12 of the statute). Before it would be in a position to make recommendations or, upon request, determinations as to General Service salary scales in particular duty stations, the Commission would need to agree upon the principles and methods to be applied in all such cases, which it does not expect to be able to do before its first session in 1977. It has called for studies from the organizations regarding difficulties experienced in the application of the existing guiding principles in the matter, and will take these into account both in the general review of the salary system and later in defining the way in which it will carry out its specific responsibilities under article 12 of the statute. It will determine in due course the date or dates on which it is prepared to assume these responsibilities, as foreseen in paragraph 4 of that article. Accordingly, it has been foreseen that not more than one survey in a particular duty station
would be carried out during the biennium, in the latter part of 1977. Two additional Professional posts and two General Service posts are foreseen from the second quarter of 1977 (part of the time of some existing posts being also diverted to this activity at that time), together with the costs involved in travel of members of the Commission and staff to conduct the survey and to discuss the results with the organization(s) and staff concerned.

87. **Job classification standards (article 13).** The Commission emphasized the importance of the uniform application of job classification standards throughout the organizations, as an indispensable corollary to a uniform salary system, and hence the importance of its assuming its responsibilities in this connexion without undue delay. It noted that a considerable amount of work in this area has been done and continues to be done through the machinery of CCAQ. It called for more detailed information on the state of advancement of this work; in the light of this report it will decide to what extent and at what time it would take over the work and its own further plans in the field. No additional costs have been foreseen at this stage, but the Commission understands it will have an opportunity in 1976 to propose changes in the budget for the second year of the biennium in the light of further experience in the development of its activities.

88. **Recruitment (article 14 (a) to (c)) and career development, staff training and evaluation of staff (article 14 (d)).** The Commission noted that these subjects are closely linked by certain of their aspects and should be approached in conjunction. As regards recruitment, the Commission proposes to have prepared in 1976 by consultants a survey of the existing situation and preliminary recommendations as to further action by the Commission, which it would consider at its first session in 1977. One Professional and one General Service post for staff work in this area would be established from the second quarter of 1977. As regards career development, staff training and evaluation, it is proposed that similar preliminary surveys be made by consultants in 1976, but no additional staff posts are proposed for the biennium.

89. **Development of common staff regulations (article 15).** Given the evident importance of this function for the ultimate objective referred to in article 9 of the Commission's statute, namely, the "development of a single unified international civil service," the Commission proposes to entrust preparatory work in 1976 to a consultant and, subsequently, for the detailed work of drafting, to establish a Professional post and a General Service post from the middle of 1977.

90. The total cost of all these proposals (allowing also for a corresponding minimum increase in the general operating costs of the Commission) is estimated at some $190,000 for the biennium. Added to the estimate for the basic budget, this would give a total budget for the biennium some 7 to 8 per cent above the recosted 1975 level (1.7 per cent in 1976, 12 per cent in 1977). In the Commission's view, this represents a reasonable plan for the progressive assumption by the Commission of the full range of responsibilities entrusted to it by the General Assembly.

91. In connexion with its consideration of the budget estimates the Commission was reminded that, when the draft statute was being prepared, ICSAB had commented on the difficulties which might arise as a result of the provision in article 19, paragraph 2, of the statute that members of the Commission (other than the
Chairman and Vice-Chairman) should be entitled only to travel and subsistence expenses in accordance with the rules established by the General Assembly for members of organs serving in their individual capacity. The Board had expressed its concern that,

"if the services of true experts independent of Government subsidy are to be obtained, current travel and subsistence expenses may very well prove inadequate. Individuals should not be put in the position of themselves subsidizing the organizations. The Board understands that, in United Nations practice, the payment of honoraria is not usual, but, if this is not possible, then per diem compensation may have to be considered, at least for members who give extended service, for example, on panels of the Commission performing ad hoc functions" (A/9147, annex II, para. 58).

ACABQ, referring to this comment and to the Secretary-General's endorsement of it, expressed the view that "this question should be studied in the wider context of its general application to members of United Nations bodies serving in their individual capacity" (A/9891, para. 40).

92. The Commission considered this matter in the light of a report on current United Nations practice as well as of an opinion given by the Office of Legal Affairs. It took note of this report and of the views expressed by members. Meanwhile, the Commission requested its Chairman and Vice-Chairman to continue informal consultations about it with the Chairman of ACABQ, the Secretary-General and others concerned, so as to be able to revert to the question at a later date.

Conclusion

93. In submitting to the General Assembly this, its first annual report, which also comprises the progress report on the review of the United Nations salary system called for by paragraph 3 of General Assembly resolution 3357 (XXIX), the Commission believes it can claim to have laid, in the short period of six months since it began its work, a good foundation for performing the tasks entrusted to it by the General Assembly. Satisfactory working methods have been agreed upon and put into practice; a pattern has been set in the modalities of the Commission's co-operation with the other parties concerned; and the routine functions transferred to the Commission have been smoothly taken over. Above all, it can fairly be said that a good start has been made on the priority task of reviewing the salary system, bearing in mind that, for the reasons explained above, it would be premature at this stage to attempt to state any conclusions, even of a tentative character. The Commission is confident that the preliminary work done at its two sessions in 1975 should enable it to present to the General Assembly at its thirty-first session the comprehensive recommendations regarding the salary system which it expects.