



International Civil Service Commission

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REPORT ON THE WORK OF THE SIXTY-SIXTH SESSION

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I. Introduction

1. The International Civil Service Commission (ICSC) held its sixty-sixth session at the United Nations Economic Commission for Africa (UNECA) headquarters in Addis Ababa from 31 March to 11 April 2008. The list of participants is contained in the annex to the present report.

II. Opening of the session

2. After thanking the Economic Commission for Africa (ECA) for hosting the meeting and for the excellent conference facilities provided, the Chairman of the ICSC introduced the Executive Secretary of ECA, Abdoulie Janneh, who addressed the participants.

Remarks by the Executive Secretary of the Economic Commission for Africa

3. The Executive Secretary of ECA welcomed all participants and observed that the session was being held in Addis Ababa at a very special time for ECA, as it was celebrating its golden jubilee. He then reflected on the need for the United Nations, including its specialized agencies and funds and programmes, to be able to attract competent, versatile and dedicated staff. In this regard, he encouraged the Commission to remain focused on building an effective, dynamic and highly skilled workforce in response to the needs of the changing global landscape.

4. Citing cases of inconsistencies that existed in the conditions of service and contractual arrangements of staff, he called for the application of the ideal of “One UN” to staff contracts in a manner that would be agency-neutral, enabling greater mobility and opportunities for career development and eliminating barriers to postings and relocation. It would also eliminate inequities in treatment while providing for streamlined and more effective administration.

5. He concluded by assuring the ICSC that the Secretary-General and other executive heads of agencies were committed to management reforms. He recalled the major role that the ICSC had to play in this regard. He urged the Commission to continue its good work in building a competitive international civil service capable of attracting the best, of which all could be proud.

III. Adoption of the agenda

6. The Commission adopted the provisional agenda as contained in document ICSC/66/R.1.

IV. Report by the Chairman on activities since the sixty-fifth session of the International Civil Service Commission

7. The Chairman welcomed the Commissioners and other participants. He congratulated ECA on its fiftieth anniversary and on its strategic reorientation over time to fully respond to

the development challenges facing the African continent. He assured the Executive Secretary of ECA that ICSC was committed to supporting the reform agenda of the United Nations system through forward-looking human resources policies that would facilitate the recruitment and retention of competent and highly motivated staff.

8. The Chairman acknowledged the presence of the United Nations International Civil Servants Federation (UNISERV), whose executives were participating in the work of the ICSC for the first time. He also congratulated Marta Leichner-Boyce on her appointment to the position of Senior Inter-Agency Adviser for Human Resources Management at the United Nations System Chief Executives Board for Coordination (CEB).

9. Turning to the work programme of the Commission for the sixty-sixth session, the Chairman recalled the deliberations at the Commission's retreat prior to its sixty-fifth session in 2007. He informed the participants that the present session, and indeed the total work of the Commission and its secretariat, would focus on the commitments made during that retreat and the ensuing action plan. He and the Vice-Chairman had participated in meetings of the CEB High-level Committee on Management and that it had been agreed that the Commission would collaborate with that body in the process of the harmonization and reform of business practices, specifically in the harmonization of staff rules across the United Nations system, with particular attention to employment arrangements.

10. Regarding the specific items on the agenda, the Chairman reported that the General Assembly had endorsed most of the recommendations and decisions of the Commission. In keeping with a decision taken at the Commission's retreat in Gruyères, Switzerland, the operations of the secretariat had been carried out increasingly through participatory working groups involving commissioners, staff of the secretariat and representatives of the organizations and staff. At the current session the Commission would be considering recommendations from three of those working groups, in the areas of grade equivalency, education grant methodology and development of a new job classification standard for the General Service and related categories. The Advisory Committee on Post Adjustment Questions (ACPAQ) had met in New York and had made a number of recommendations pertaining to the round of place-to-place surveys scheduled for 2010. The Commission would also be reviewing the results from the survey of best prevailing conditions of employment in Vienna.

11. The final items on the agenda concerned issues surrounding performance management in the organizations of the common system, including an assessment of the pilot study of pay-for-performance/broad-banding.

12. In concluding, the Chairman reported that he and members of the secretariat staff had conducted fact-finding missions to the Democratic Republic of the Congo and a number of difficult duty stations in Asia and the Pacific region. There the secretariat had gained valuable first-hand knowledge, which had served as input into the task of classifying hardship duty stations.

Views of the organizations and staff representatives

13. In responding to the opening statement of the Chairman, the representative of the CEB/Human Resources (HR) Network expressed her appreciation for the collaboration and consultations that had taken place among the Commission, its secretariat and the HR Network since the 2007 summer session of the Commission. She noted as good examples the working groups and the consultative meetings that had been convened. Regular meetings of the Chairman, the Vice-Chairman and secretariat staff with the Network spokespersons and CEB had resulted in the sharing of respective work plans and agreement to further collaborate on various activities.

14. The HR Network representative welcomed the Commission's willingness to participate in the initiatives of the High-level Committee on Management (HLCM) and HR Network on the harmonization and reform of business practices. This activity was at the core of "delivering as one". The representative also provided an update on the "delivering as one" initiative. The HR Network was pursuing several initiatives to support the country teams of the eight pilot countries (Albania, Cape Verde, Mozambique, Pakistan, Rwanda, Tanzania, Uruguay and Vietnam) aimed at increasing efficiency and delivering results. The HR Network, in close collaboration with the United Nations Development Group, will support the pilot country teams in:

- Identifying human resources issues that need to be addressed with a view to achieving simplified and harmonized approaches;
- Identifying those issues that can be dealt with on an accelerated basis as "quick wins", and submit appropriate solutions and recommendations;
- Identifying those issues that need more system-wide responses and follow-up within the HR Network;
- Providing inputs to the country teams to harmonize policies and practices.

15. The funding proposal for the plan of action on the business practices would be submitted shortly by the Secretary-General to all Member States, with a view to informing them about the launch of this initiative and soliciting extra-budgetary contributions. The Chairperson of the HLCM had been invited informally to brief the General Assembly on the initiative during its second resumed session.

16. The representatives of both the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA) made reference to Rule 37 of the ICSC Rules of Procedure and inquired about the basis on which a third staff representative body had been invited to participate. The Chairman, responding to the query of FICSA and CCISUA, stated

that he had consulted with the Commission members on this matter and would provide additional clarifications on it under the item of the agenda entitled “Other business”.

V. Resolutions and decisions of the General Assembly and the legislative/governing bodies of the other organizations of the common system

17. The Commission’s consideration of item 4, based on documents ICSC/66/R.2 and Add.1, is reported in paragraphs __ to __ of its thirty-fourth annual report.¹

VI. Conditions of service applicable to both categories of staff

(a) Review of the pay and benefits system: assessment of the pilot study of broad banding/pay-for-performance

18. As part of its review of the pay and benefits system, the Commission considered document ICSC/66/R.8, which provided an assessment of the pay-for-performance/broad banding pilot undertaken by five volunteer organizations, and its companion paper ICSC/66/CRP.5, which provided thoughts on the next steps. The evaluation concluded that for various reasons the pilot project had not met the Commission’s criteria for success and had lost direction in all of the pilot organizations. The reasons for lack of progress included an apparent gap between expectations and reality, lack of involvement by all stakeholders, lack of consistency in management focus, competing priorities and lack of the promised support.

19. None of the piloting organizations had progressed to the point where performance payments were actually made, and in all cases the pilot organizations were still at various stages of developing what the Commission had already defined at the launch of the pilot in 2004 as the absolute prerequisite for introducing performance pay: a credible performance evaluation system that enjoyed the confidence of both staff and management. Above all, this lack of a credible basis for distinguishing among the performances of individuals was the main reason that the project lost its direction.

20. Other obstacles to the successful implementation of the pilot project included lack of sustained support and resources for the pilot; the fact that none of the piloting organizations had reached the level of preparedness for organizational transformation which pay-for-performance/broad banding implied; the lack of sustained commitment on the part of management in all but one of the pilot organizations, mainly due to changes in the management cadre; the fact that a number of competing performance-improving initiatives were launched simultaneously in the majority of the piloting organizations.

¹ To be issued as *Official Records of the General Assembly, Sixty-third Session, Supplement No. 30 (A/63/30)*.

21. The Commission also considered a proposal by the United Nations Development Programme (UNDP) relating to conditions of service applicable to resident coordinators of the United Nations system.

Discussion in the Commission

22. The Commission also took note of the experiences of other institutions and public service organizations that had implemented pay-for-performance systems and concluded that there was strong evidence that performance pay in itself did not necessarily lead to stronger motivation and better performance. On the other hand, the Commission also noted from the experience of others that the derived effects of performance-related pay had been found to have a positive effect on individual and collective performance.

23. The piloting organizations reported that they had derived some benefits from the pilot project, in particular in the form of improved performance management systems and improved internal dialogue on performance-related matters.

24. The World Food Programme (WFP) and the International Fund for Agricultural Development (IFAD) each made a presentation on their experiences as piloting organizations, and UNDP presented its proposal relating to conditions of service for resident coordinators. The WFP presentation concluded that, for the pilot to have been successful, the need for staff buy-in from the outset was equally important as the existence of a good performance management system, a competency framework, and 360 degree feedback.

25. The Commission noted that, while the pilot project had not led to the expected outcome of enabling the organizations to introduce performance pay, it had nevertheless advanced the agenda of improving overall performance in the common system. It also noted that, while steps had been taken towards piloting pay for performance, none of the piloting organizations had reached the stage of introducing broad banding, and that therefore the assessment had not been able to provide any insights into whether a broad banding system might work in the United Nations system.

26. The Commission discussed the fact that managing performance was a complex issue that went beyond the question of pay. Equally important were a range of other measures related to general conditions of service, the work environment, organizational values and culture, and the provision of an enabling environment to the staff of the common system. While it would be up to the organizations themselves to address many of these concerns, the Commission undertook to develop a framework for the development of performance-enhancing measures that organizations could take, taking into account previous decisions and recommendations of the Commission. Within this framework, organizations might identify organization-specific concerns and formulate suggested remedies, which they would then present to the Commission in the form of written proposals. The Commission would consider such proposals to evaluate any possible common-system implications. The Commission would make recommendations on these areas to the General Assembly, as appropriate. In this way, the Commission would be encouraging innovative thinking while enhancing coherence in the common system.

27. FICSA introduced conference room paper ICSC/66/CRP.9, which reiterated its objections to the concept of pay-for-performance, including research on the subject showing that pay for performance tended to be more divisive than performance-enhancing. FICSA stressed the importance of having clear definitions of the terms performance management, performance appraisal, and pay-for-performance since they are different. FICSA further reiterated that training of managers and staff is crucial to any effective system. CCISUA noted that the pilot had not achieved its objectives, and believed that the absence of a credible performance management system and the inadequate involvement of staff representatives in the course of the project development were the main factors behind this result. CCISUA cautioned against giving organizations freedom to experiment with pay-for-performance without clear guidelines and staff participation. UNISERV, FICSA and CCISUA expressed concerns with regard to the UNDP proposal.

28. The CEB/HR Network took note of the evaluation of the pilot and, while regretting that the project had lost momentum in all piloting organizations, recognized that valuable lessons had been learned, and that there had been some positive outcomes. The Network was of the view that pilot organizations that wished to pursue parts of the project should be able to do so with technical assistance from the Commission secretariat. The Network wished to pursue flexible approaches, and requested the Commission secretariat to further develop the ideas and initiatives stemming from the workshops on pay-for-performance held in New York and Vienna in January 2008 and those set out in document ICSC/66/R.10/Rev.1 "Performance management and evaluation: innovative practices".

29. The Commission identified two primary reasons why the pilot project had not been successful: the lack of sustained interest and support by management, and the lack of a credible performance management system. A contributing factor had been the difficulty in attracting volunteer organizations from the outset. It was clear from both the assessment and from the presentations by organizations that none of the pilot organizations wished to continue with the pilot project.

30. Taking all considerations into account, the Commission concluded that it would serve little purpose to continue with the pay-for-performance/broad banding pilot as originally conceived. Rather, the Commission would revisit the elements of the pilot that had been successful in and of themselves or that had shown a possible way forward, and would move towards providing guidance and oversight within the envisaged performance management framework. Such a framework would take into consideration the work previously done by the Commission, including its recommendations on the use of monetary and non-monetary incentives and bonus payments, and should be presented to the General Assembly for its consideration and approval, as appropriate.

31. The Commission recalled that, while its role in performance management was to make recommendations on performance related issues to organizations, the development and implementation of those recommendations, including the management and application of

performance appraisal systems, was the responsibility of the organizations themselves. Once implemented, the role of the Commission would be to monitor and report.

Decision of the Commission

32. The Commission decided:

(a) To discontinue the broad banding/pay-for-performance pilot as it was originally conceived;

(b) To request its secretariat to provide for its consideration by the 67th session an updated performance management framework taking into account the previous work of the Commission that could serve as a guide to organizations;

(c) To take note of the UNDP proposal for the conditions of service of the resident coordinators of the United Nations system. The Commission invited UNDP to modify and further develop the proposal taking into account views expressed by its members, as well as previous decisions and recommendations of the Commission, and to present it to the Commission at its sixty-seventh session.

(b) Performance management and evaluation — innovative practices

33. As part of its ongoing review of performance management, the Commission considered document ICSC/66/R.10/Rev.1, which provided examples of innovative practices in the United Nations system and in outside entities such as national public services and the private sector. The Commission also considered ICSC/66/CRP.6, which provided an example of measures that the United Nations had taken to establish an accountability framework in support of performance management, and ICSC/66/CRP.7, which provided a chronological overview of decisions taken by the Commission in relation to performance management.

Discussion in the Commission

34. The Commission expressed its appreciation for the information provided in the documentation and suggested that some of the examples provided would serve as a useful basis for the future elaboration of Commission guidelines on the matter. Members observed that the issues of performance appraisal systems and performance management have been discussed on an ongoing basis in the Commission for a number of years. In this connection, it was recalled that the Commission had itself elaborated many guidelines relating both to appraising and managing performance. This was an area that has been enunciated by the leadership of organizations (the HLCM) and in the Commission's own action plan, developed in summer 2007 as a high priority and the centrepiece for human resources reforms within the United Nations system. The challenge was therefore to craft a flexible framework, given the very diverse mandates of the organizations and make up of their workforces, while maintaining the coherence of the common system.

35. The HR Network thanked the Commission for the very comprehensive document on performance management, this being an area to which organizations attached great importance, and recognized that this was one of the most complex activities in the human resources framework. The Network stated that having better measures to reward good performance and measures to sanction poor performance continued to be a challenge.

36. The Commission noted that the current application of the within-grade salary steps did not address the issue of rewarding exceptional performance. Noting the Commission's previous position that it did not consider the granting of additional within-grade salary increments to be an appropriate reward mechanism for reasons listed in the Commission's 1997 annual report,² some members questioned the validity of that reasoning and suggested that a more flexible approach might better meet the needs of today's environment. One option could be to review the performance of an individual over a number of past years (for example, three years) and if it were deemed consistently exceptional, to grant an additional onetime, one-step increase no more frequently than the review period which triggered the additional step (in this case, three years).

37. It was suggested that the Commission secretariat review and update the recommendations and decisions already taken in regard to performance management, including those relating to the payment of bonuses and honorary/non-cash rewards.

38. The Commission was cognizant of the fact that improving the overall performance and effectiveness of organizations was the paramount aim of performance management.

39. Linking the performance of individuals to the achievement of organizational goals and objectives constituted the most effective approach to performance management, and the Commission was informed that an increasing number of organizations were moving towards a results-based management environment. This strengthens the role and importance of the assessment, measurement and application of performance management.

Decision of the Commission

40. The Commission decided to keep performance management under continuing review. The secretariat was requested to issue updated guidelines on the granting of steps based on merit, recalling also its decisions under item VI in paragraph 32 in reference to performance-enhancing measures.

(c) Education grant: review of the methodology for determining the grant

41. In July 2007, the Commission continued its review of the education grant methodology and, for this purpose, established a working group comprising Commission members and

² *Official Records of the General Assembly, Fifty-second Session, Supplement No. 30 (A/52/30).*

representatives of organizations, staff and the secretariats of the Commission and CEB. The primary task of the working group, which met in New York from 10 to 14 December 2007, was to conduct a comprehensive analysis of all relevant issues with a view to identifying a viable alternative to the present scheme. The group was requested to report on its progress at the Commission's sixty-sixth session and to present its recommendations no later than the sixty-seventh session. Accordingly, for its consideration of this item at its sixty-sixth session, the Commission had before it document ICSC/66/R.11, which contained the report of the working group.

42. The group reviewed the various aspects of the current education grant scheme and explored several alternative approaches to reimbursing education-related expenses in the common system. In its deliberations, it proceeded from considerations of simplification, equity and common system-wide cost-neutrality and was also guided by the following provisions agreed upon by the Commission during earlier discussions on this issue:

- (a) The grant should remain an expatriate entitlement;
- (b) Parents should bear part of the education-related expenses of their children;
- (c) The scheme should cover primary, secondary and four years of post-secondary education;
- (d) The review should not result in an erosion or increase in the entitlement across the entire common system, although individual gains or losses were possible and, in fact, unavoidable.

43. There was general consensus that the review of the present education grant system was long overdue. Such features as the multiplicity of currency and geographical zones and ceilings, the need to verify and certify more than 40 miscellaneous expenses, dual triggers for adjusting the level of the grant and three distinct formulas for reimbursing boarding expenses made the system extremely complex and costly to administer, with the claim-processing cost amounting to an estimated \$4.5 million per year. The increasing use of special measures to accommodate exceptions to the operation of the scheme also called its equity into question.

44. The group considered three possible alternative education grant models that could replace the present system:

- (a) Global flat rate;
- (b) Modified current system;
- (c) Tuition-based reimbursement approach.

45. Under the global flat rate model, reimbursement initially would be set at the level of actual average reimbursement per claim under the current system. This would be the simplest of

any of the alternatives to administer. However, many of the principles underlying the education grant, particularly those of equity and expense-sharing, would be violated.

46. The main feature of the modified current system model would be the replacement of the receipt-based certification of additional education-related expenses by a flat rate and the collapsing of the present 16 currency/geographical zones to 5. While the complexity of the scheme under this approach would be reduced, many of the problems inherent in the present system would remain, such as the multiplicity of zones and ceilings and the scheme's circularity, whereby an increase in maximum admissible expense drives an increase in education costs, which in turn raises the ceiling. Moreover, the reduction of the number of zones could not be achieved on a cost-neutral basis, which would loosen the cost control of the system and furthermore would not obviate the need for special measures, since the proposed zones were not homogeneous.

47. The tuition-based reimbursement scheme, as initially proposed, would focus on tuition only as the single most important education expenditure item. As many other expenses would no longer be reimbursed, the reimbursement percentage for tuition would be increased to the extent allowable within the confines of a cost-neutral implementation regime. The multiple zones would be replaced by a declining five-bracket reimbursement scale, with reimbursement percentages decreasing as tuition costs increased. This would ensure appropriate cost control while significantly simplifying the system. The brackets would be adjusted on the basis of the movement of the education component of the consumer price index (CPI).

48. Having reviewed the pros and the cons of each option, the working group recommended to the Commission the tuition-based approach with the following modifications:

(a) Inclusion of mother-tongue tuition, which would be treated on the same basis as other tuition fees;

(b) Introduction of separate reimbursement for boarding. Although, considering the differences in the boarding costs at different locations, the present 16 zones would be maintained, the system would be significantly simplified, as the three present reimbursement formulas (actual costs, flat rates and additional flat rates for designated locations) would be replaced by a single flat rate. Only eligibility for boarding reimbursement, i.e., the location of the school outside the duty station, would need to be determined, with no certification of actual expenses necessary. To maintain cost-neutrality, the proposed flat rates would need to be reduced to 75 per cent of the present levels;

(c) One-time capital assessment fees, which could be extremely high, would be treated separately from the overall scheme, with the 75/25 per cent expense-sharing arrangement between the organization and the staff member;

(d) Introduction of flat-rate reimbursement of other education-related expenses where no tuition is claimed. The reimbursement would be based on self-certification, while the list of admissible expenses would be reduced from over 40 to the following 4:

- (i) Registration and admission fees;
- (ii) Books required by the curriculum;
- (iii) Computer usage and lab fees;
- (iv) Examination fees.

49. The recommended approach, on which the working group agreed by consensus, had a number of important advantages over the current system, including a significant reduction in administrative costs, improved transparency and understanding of the process, and increased emphasis on tuition as the single most significant component of education-related expenses, including those most likely to be incurred as a result of expatriation.

Discussion in the Commission

50. The HR Network expressed its appreciation for the work undertaken by the working group. Nevertheless, the organizations were concerned about some of the features of the proposed scheme and indicated that further review and testing of the proposal based on the latest available statistics was necessary. Many organizations expressed doubts about a number of parameters of the proposed approach, namely, the exclusion of transportation from admissible expenses, which could be significant and particularly needed by expatriate children; self-certification of miscellaneous expenses, which could be ineffective and cumbersome; the reduction of boarding reimbursement and the removal of additional reimbursement for designated duty stations; and the quality of the database used for modelling purposes. Some organizations did not feel that the proposed scheme led to simplification or reduction of administrative costs as the introduction of a declining scale would be difficult to understand and would require significant investment in the organizations' information technology systems.

51. FICSA, CCISUA and UNISERV also pointed out the need to discuss the proposal further before a final decision was taken. Particular concerns were expressed about the impact of the new scheme on those attending universities in the United States, the exclusion of transportation expenses, as well as about legal issues and the possible violation of the acquired rights of staff. The staff representatives were apprehensive that the majority of staff would be negatively affected by the new system.

52. The Commission expressed its appreciation to the working group for the significant progress achieved in the area of simplifying and streamlining the education grant scheme. It also noted a change in the position of the organizations and staff whose representatives had participated in the working group and had joined the consensus but, after further review of the groups' recommendations, had put many of them into question.

53. Members were generally supportive of the principles underlying the proposed model and considered it a major step forward. The revision of the scheme had been achieved on a cost-neutral basis across the common system. However, individual organizations or locations could be more negatively affected by the change than others. Although unavoidable, this situation could not but cause concern to some. In this context, additional assessment was considered

necessary as to the magnitude of the new scheme's negative effect on some staff. The revised approach was not being established as a new system but was replacing an existing mechanism. Therefore, an effort should be made to minimize the number of those facing a reduction in reimbursement and to limit the extent of such losses. Similarly, windfall gains to any particular group should be addressed.

54. It was noted that, given the limited time at the group's disposal, certain tests could not be carried out to the full. While the basic concepts of the new system appeared acceptable to all, additional work on the details of the system was needed to fine-tune it to reduce the negative impact that would occur upon implementation.

55. The Commission agreed that the work on the proposed system should continue so that a final report could be submitted at its sixty-seventh session and that the previous working group should be reconvened to continue with the review.

56. Several proposals were made about areas on which the working group should concentrate its further attention. The scheme may need to be revisited to address such matters as:

- (a) Rebalancing the components of the scheme (tuition, boarding, other expenses) within the overall confines of common system-wide cost-neutral implementation;
- (b) Reviewing the list of admissible expenses;
- (c) Grouping by education level or by larger geographical areas;
- (d) Exploring the possibility of applying a single formula to calculate all reimbursable costs;
- (e) Reduction of the number of reimbursement brackets;
- (f) Limiting the number of staff negatively affected and setting a limit on maximum acceptable loss;
- (g) Exploring the possibility of increasing reimbursement at higher expense levels;
- (h) Inclusion of transportation for primary and secondary schools, where required or mandatory;
- (i) Revision of self-certification requirements.

Decision of the Commission

57. The Commission:

- (a) Took note with appreciation of the progress report of the working group;
- (b) Tentatively endorsed the overall framework of the proposed education grant scheme;
- (c) Requested the working group, taking into account the views expressed by members, representatives of the organizations and staff, to revisit specific parameters of the scheme with a view to limiting the extent of gains and losses resulting from the changeover to the revised scheme while achieving a streamlined system;
- (d) Also requested its secretariat to conduct further modelling based on the latest education grant claim data and to provide a set of proposed modifications to the working group, taking into account the views expressed by the Commission, including those mentioned above;
- (e) Further requested the working group to submit its revised recommendations to the Commission at its sixty-seventh session;
- (f) Requested the organizations and staff representatives, to the extent possible, to ensure continuity of representation in the working group.

VII. Conditions of service of the Professional and higher categories

(a) Update on the United Nations/United States grade equivalency studies

58. The Commission considered document ICSC/66/R.3, which provided an update on the efforts to gather and analyse job data from the United States federal civil service for completion of the current grade equivalency study.

59. The secretariat reported that efforts had continued in establishing contacts with the World Bank and the International Monetary Fund (IMF) with a view to in future engaging a single consulting firm to conduct the comparative studies for the three organizations, i.e., the United Nations, the World Bank and IMF. The secretariat had also been exploring the possibility of engaging a consulting firm or an individual with the requisite network and experience to assist it in the completion of the current study. In response to the request made by the Commission at its sixty-fourth session, in March 2007, to explore alternative approaches to the current job-by-job comparison, the secretariat proposed that a methodology in which benchmark jobs are compared be explored and tested. There was also a request from the secretariat that the Commission consider a decrease in the frequency of the conduct of the study.

Discussion in the Commission

60. The HR Network continued to be concerned over the issue of data collection and, more importantly, the relationship between the Commission and the comparator, the United States federal civil service, given the importance of the grade equivalency study in establishing a sound basis for the correct measurement of the net remuneration margin.

61. The Network said that it could support the engagement of a consultant to assist in conducting the grade equivalency study, provided the role of the consultant was clearly defined vis-à-vis that of the Commission secretariat. The Network said that it did not support the proposal to conduct the study less frequently until more simulations were undertaken to establish the impact that this would have on the margin calculations. Finally, the Network stressed the importance of setting clear parameters and timelines and said that it would wish to be fully involved in simulations in order to satisfy itself that the correct jobs were being compared.

62. FICSA and CCISUA expressed concerns as to the growing time lags for completion of the study comparing jobs in the United Nations common system and the United States federal administration and the difficulties being encountered in obtaining information from the comparator.

63. The Commission underlined the importance of having the study done with all due care and diligence and expressed a preference for pursuing the study jointly with the World Bank and IMF. This, it was felt, would result in cost-sharing. There were some concerns in terms of synchronizing the time frames of the three organizations. One member of the Commission was concerned that alignment with the other two institutions would weaken the application of the Noblemaire principle. Given the difficulties of the recent past, however, it was conceded that it might be necessary to revisit the present methodology and that it might be necessary to exercise some flexibility in this regard. Although most were not in favour of applying the benchmark approach outlined in document ICSC/66/R.3, it was decided that the secretariat would continue to explore and test alternatives, conducting simulations as necessary.

Decision of the Commission

64. The Commission decided to request its secretariat:

(a) To continue to explore the possibility of pursuing the grade equivalency study both jointly with the World Bank and IMF and separately with a consultancy firm or an individual expert capable of assisting the secretariat in completing the study in a timely manner;

(b) Upon satisfactory completion of the study, to measure the periodic impact of grade equivalency exercises on margin calculations in order to determine a better frequency for job comparisons;

(c) To explore alternative approaches and conduct studies and simulations as necessary.

(b) Report of the Advisory Committee on Post Adjustment Questions on its thirtieth session

65. Under article 11 of its statute, the ICSC continued to keep under review the operation of the post adjustment system and in that context considered the report of ACPAQ on the work of its thirtieth session contained in document ICSC/66/R.5.

66. At its sixty-fifth session, the Commission had requested the Committee to undertake a number of methodological studies pertaining to the 2010 round of place-to-place surveys, including with regard to the simplification of the post adjustment index structure by reducing the number of basic headings, the use of hedonic regression techniques for laptop computers and a cost-of-living measurement methodology involving real-time comparisons with the base of the post adjustment system, New York. The Committee also reviewed the results of an out-of-area survey, conducted by the secretariat, aimed at a possible revision of the list of countries used in the calculation of the out-of-area index, as well as an assessment of the extent to which the Internet can be used as a source of price data in cost-of-living surveys.

67. At the request of the Commission, the Committee also reviewed two issues not directly related to the post adjustment system and that thus fall beyond the usual scope of the Committee's work: a proposed template for improving the transparency and readability of the biennial report on an external data provider's study of the cost-of-living differential between New York and Washington, D.C.; and a model developed by the secretariat to estimate the financial implications of possible changes to the education grant. Finally, the Committee considered two issues not included in the agenda for the thirtieth session but nevertheless relevant to the preparations for the next round of surveys: the mid-round housing surveys to be conducted by the secretariat at headquarters duty stations in 2008, with the objective of updating the rental subsidy thresholds for those duty stations, and a possible revision of the current list of organic/biological products to be priced during cost-of-living surveys.

Discussion in the Commission

68. The representatives of the CEB/HR Network took careful note of the information contained in the report and expressed appreciation to members of the ACPAQ and to the Commission secretariat for their work. They stated that representatives of 10 organizations participated fully in the session and that they concurred with the conclusions reached by the Committee, as well as its recommendations.

69. On the subject of the surveys, the representatives of the Network stated that they recognized the need to improve communication with staff on the objectives of surveys in order to improve staff participation. Furthermore, they considered the conduct of cost-of-living surveys a joint responsibility of the Commission secretariat and human resource managers of organizations and in this respect requested the Commission secretariat to provide more user-

friendly tools and instructions that human resource managers could use to sensitize the staff at large about the impact on the results of staff participation in such surveys.

70. The Commission members and other participants asked for details and clarifications on a number of issues of interest, some related to possible changes in the post adjustment methodology, as described in the report.

71. Participants endorsed the proposed simplification of the post adjustment index structure, by which the number of basic headings would be reduced from the current 104 to 84, while expressing the hope that this would lead to higher response rates in cost-of-living surveys. Echoing this general view, Commission members expressed full support for the continuing efforts by the secretariat to reduce the number of basic headings in the index structure, adding that this was consistent with the trend in other similar organizations, and would not only lead to higher response rates in cost-of-living surveys, but would also help ensure better quality in the entire survey process. They urged the secretariat to do everything in its capacity to obtain high response rates in its future surveys.

72. Participants agreed that the full-scale application of hedonic regression techniques³ was not practicable in the context of post adjustment index calculations, and that the proposed methodology based on real-time comparisons with New York was a preferable approach to dealing with the perennial problem of lack of comparability of electronic and other high-technology products whose quality and price change rapidly over time, for all the relative merits of this approach described in the report. They noted the results of the out-of-area survey conducted by the secretariat, which led to a new list of 26 countries to be used in the calculation of the out-of-area index, and a new method of calculation based on the use of survey weights. Furthermore, they expressed full support for the Committee's recommendation for increased use of the Internet as a source of price data in group I countries, based on the results of the survey of Internet purchases, which was conducted by the secretariat in conjunction with the aforementioned out-of-area survey.

73. Regarding the biennial report on an external data provider's study of the cost-of-living differential between Washington, D.C., and New York, the secretariat stressed that, in accordance with the Commission's guidelines, consideration was limited to the structure of the report only, not the underlying methodology. Participants endorsed the Committee's recommendations in respect of the proposed new template for the report, while looking forward to reviewing the latest report based on the new template, which is expected to be submitted in May 2008. The participants also endorsed the proposed model for estimating financial implications of possible changes to the education grant. Finally, participants expressed support for the secretariat's plans to conduct housing surveys at headquarters duty

³ Statistical techniques that are frequently used to adjust the prices of products (such as electronic and high-technology items) for rapid changes in quality over time. The adjusted price is obtained from a statistical model that expresses the price of the item as a function of known price-determining characteristics of the product.

stations for the purpose of updating rental subsidy thresholds, and also to collect price data on organic/biological products, expanding the list to include all items in the foods and beverages category.

74. Several Commission members described the current relationship between ACPAQ and the Commission as episodic, and called for closer and regular interaction between the two bodies to enable Commission members to gain more direct knowledge about the technical discussions in the Committee that produce the recommendations that the Commission is often called upon to consider for approval. It was suggested that one way of achieving this objective was to schedule some sessions of the Commission to coincide with a session of the Advisory Committee. The idea of a closer working relationship between the two bodies received the unanimous support of all Commission members. However, they all recognized the logistical problems associated with scheduling meetings of the two bodies simultaneously, especially given that, under the present arrangements, any session of the Commission considers for approval recommendations emanating from an Advisory Committee session that must, of necessity, be concluded earlier, to allow time for the preparation and translation of the Committee's reports for the relevant Commission session. Notwithstanding these constraints, the Commission Chairman promised to explore avenues for a closer working relationship between the two bodies.

75. In summing up the discussion, the Chairman of the Commission informed participants about Commission member Eugeniusz Wyzner's decision to step down as Chairman of ACPAQ as he no longer had the daily interaction with staff of the Cost-of-Living Division, which he considered essential to the efficient discharge of his duties as Chairman of the Advisory Committee. The Commission Chairman thanked Mr. Wyzner for his many years of distinguished service as Vice-Chairman of the Commission and Chairman of the Advisory Committee, adding that he was echoing the views of the entire membership of the Committee. He expressed appreciation for the help and guidance that Mr. Wyzner, in his former capacity as Vice-Chairman of the Commission, had generously provided to him and other colleagues throughout his career in the Commission secretariat, as well as the gracious and cooperative manner in which Mr. Wyzner worked with colleagues both in the Commission and its secretariat. He then proposed the current Vice-Chairman of the Commission, Wolfgang Stoeckl, as the next Chairman of the Advisory Committee, and the proposal was unanimously endorsed by the Commission.

76. The Chairman also paid tribute to Vladislav Nisichenko, who retired at the end of 2007 from two positions — Chief of the Cost-of-Living Division and Secretary of the ACPAQ — highlighting Mr. Nisichenko's immeasurable contributions to the work of the secretariat, the Advisory Committee and the Commission as a whole. He then introduced Ibrahim Yansaneh as Mr. Nisichenko's successor in both functions. Several participants took turns to express gratitude to Mr. Wyzner and Mr. Nisichenko for their distinguished service to the Commission and to the organizations and staff associations. At the same time, they welcomed Mr. Stoeckl and Mr. Yansaneh in their new functions, while expressing hope for a continuation of the effective working relationship between the secretariat and the organizations and staff associations that had been established during the long tenures of their predecessors. Mr. Wyzner and other participants expressed confidence in Mr. Yansaneh's ability to perform his

new role with the same level of efficiency and expertise to which they had become accustomed, judging by the efficient and professional way in which he facilitated the work of the thirtieth session of the Advisory Committee, during which he served for the first time as its Secretary.

Decision of the Commission

77. The Commission decided:

(a) To endorse the recommendations of the Advisory Committee in respect of the proposed simplifications of the post adjustment index structure, by which the number of basic headings would be reduced from 104 to 84 (see ICSC/66/R.5);

(b) To endorse the recommendation of the Advisory Committee that, for the 2010 round of surveys, the secretariat not use hedonic regression techniques to adjust the prices of electronic and other high-technology products, but that it keep abreast of developments in this area;

(c) To authorize the Commission secretariat to apply the new cost-of-living measurement methodology based on real-time comparisons with New York for the products involved, starting with the 2010 round of cost-of-living surveys;

(d) To endorse the recommendations of the Advisory Committee in respect of the increased use of the Internet as a source of price data at group I duty stations where local outlets have websites, and to encourage outlets that do not already have websites to create them;

(e) To endorse the recommendations of the Advisory Committee in respect of the proposed methodology for calculating the out-of-area index on the basis of a new list of 26 countries and using survey weights (see ICSC/66/R.5), as well as the proposed procedure for revising the survey weights and the list of countries over time;

(f) To endorse the revised template of the biennial report on the data provider's study of the cost-of-living differential between Washington, D.C., and New York, and to request the Committee to review the structure of the 2008 report at its next session;

(g) To approve the Advisory Committee's recommendation to use the cost estimation models developed by the secretariat to estimate the financial implications of possible changes to the education grant (see ICSC/66/R.5);

(h) To authorize the secretariat to conduct the proposed housing surveys at headquarters duty stations in 2008, for the purpose of updating rental subsidy thresholds at those duty stations;

(i) To endorse the recommendation of the Advisory Committee that the secretariat expand the list of organic/biological products to be priced in the next round of surveys to include all foods and beverages.

VIII. Conditions of service of the General Service and other locally recruited staff

(a) Survey of best prevailing conditions of employment in Vienna

78. Under article 12, paragraph 1, of its statute, the Commission conducted a survey of best prevailing conditions of employment for the General Service in Vienna. Its consideration of the matter was based on document ICSC/66/R.6. The details of the Commission's discussions and decisions relating to the survey, as well as its recommendations to the executive heads of the Vienna-based organizations concerning the new salary scale and dependency allowances, are provided in document ICSC/66/CRP.10. A final document consolidating the above-mentioned documents will be issued as document ICSC/66/R.14.

(b) Review of the job evaluation standards for the General Service and related categories

79. At its sixty-fourth session, in March 2007, the Commission requested its secretariat to provide a progress report on the activities of the working group on the reform of the General Service and related categories. In this regard, the Commission considered document ICSC/66/R.7. In that document it was recalled that at its fifty-seventh session the Commission had noted that it expected that the approach implemented for the Professional and higher categories, namely, an integrated system linking competencies to performance, would also be applied to the General Service and related categories. The secretariat had therefore developed a prototype based on the same principles that were used to develop the job evaluation standard for the Professional and higher categories. As in the case with the new master standard for the Professional category, the proposed General Service standard would be automated and would feature a point-factor evaluation system, with four factors similar to those of the Professional standard with some adaptations to better reflect General Service work. These factors were:

Factor 1

Nature of work and knowledge/skills/expertise

(a) *Nature of work*: This factor measures the substantive contribution required by the job; the scope, depth and difficulty of the work; the nature of the work demands placed on the incumbent; and the level of difficulty to be expected at each stage.

(b) *Knowledge/skills/expertise*: This sub-factor measures the essential knowledge and skills required to effectively perform the duties of the post, including the operation of equipment.

Factor 2**Organizational context**

This factor describes the enabling characteristics of the work environment in terms of organizational context and structure and with respect to the degree of empowerment involved in the job. Assessment under this factor includes defining the role of the job in facilitating other members within the team. Managerial guidance received is also assessed.

Factor 3**Teamwork and relationships**

This factor measures the type and degree of interaction necessary within the team. The focus is on engagement and the type of counterparts. It measures the purpose, level and significance of work contacts.

Factor 4**Results:**

This factor measures the effect of action taken on the organization and its constituents in term of the impact of results. It also assesses the operative work role of the incumbent.

80. It was explained by the secretariat that, in the interest of consistency, the factors were identical in nomenclature and definition to those used in the new master standard for Professional posts. The sub-factor “knowledge/skills/expertise” was also included under nature of work. It was proposed that the present seven levels of work for the General Service remain.

81. With respect to next steps, the secretariat proposed a workshop in which approximately 1,000 job descriptions from across the common system, representing jobs from both headquarters and the field, would be tested against the proposed General Service job evaluation standards by job classification/human resources analysts.

Discussion in the Commission

82. The HR Network and the staff representatives supported the development of a single General Service standard with seven levels but expressed concerns regarding the timeframe to carry out the requisite tests before the standard could be promulgated. The organizations remained fully committed to the process but stressed the need for rigorous testing of the standard. The staff representatives also requested that they be included in testing at the local level.

83. The representatives of FICSA and CCISUA considered it important to retain language as a factor in the proposed standard. It was felt that language was important in the work of the staff since they were working within a multinational, multilingual environment.

84. Members of the Commission also saw merit in the inclusion of languages. In particular, language skill was an important requirement for the organizations and it would be appropriate to include it as a part of knowledge/skills/expertises of factor 1. In this regard, however, it was pointed out that there had been an attempt to maintain some level of consistency with the new master standard for the Professional category which was promulgated in 2004 and from which this sub-factor was also excluded. The Commission requested that the working group take its views into account when considering this matter.

85. With respect to the factors, the representative of CCISUA considered that in the context of measuring General Service work, “impact” would be preferable to “results” as a factor in the proposed standard. After the discussions which ensued it was agreed that, in line with the new concept underlying the standard and in order to maintain consistency with the Professional standard, “results” would be retained.

Conclusions of the Commission

86. The Commission approved the continued development of the job evaluation system for the General Service and related categories based on the application of the same principles underlying the framework of the job evaluation system for the Professional and higher categories. The working group should take under review the inclusion of language as a factor/sub-factor in the new standard.

87. The Commission also approved the “next steps” as set out in paragraph 14 of document ICSC/66/R.7.

88. The secretariat will present a further report to the Commission at its sixty-seventh session.

IX. Conditions of service in the field: effectiveness and impact of recruitment and retention measures at difficult duty stations

89. In response to General Assembly resolution 61/239, the Commission considered document ICSC/66/R.12, on the effectiveness and impact of the recruitment and retention measures taken by organizations, in particular at difficult duty stations. That document had been prepared on the basis of a questionnaire that had been sent to organizations to obtain information on the measures they had taken. The questionnaire was aimed at gathering quantitative data as well as qualitative information related to the recruitment and retention of international staff at the Professional and higher levels at both headquarters and field duty stations. The questionnaire was in three parts. Part I dealt with quantitative information on such matters as vacancy status, separation, recruitment, promotion, and staff development and training. Part II focused on issues related to retaining and attracting staff and the recruitment and selection process, as well as major recruitment and retention issues in connection with the performance of the organization. In part III, it looked at measures that the organizations had

taken or intended to take to overcome difficulties in attracting and retaining staff. Organizations reported great difficulties in responding to the questionnaire owing to the nature of the data requested and the general unavailability of such data in an easily accessible form. Owing to the incompleteness of the data, the document under review was to be considered an interim one.

Discussion in the Commission

90. The Commission took note of the report while looking forward to seeing the final product at its sixty-seventh session. The HR Network reiterated its support to the Commission secretariat and reaffirmed that it would provide data for this important undertaking. The review of the effectiveness and impact of recruitment and retention measures was important and could affect future policies and decisions. The matter therefore deserved a thorough review.

91. The Commission was also briefed on the intention to issue a survey, open to all common system staff worldwide, soliciting the staff's views on recruitment and retention measures from their personal perspectives. That survey had been prepared in consultation with a working group established by the Human Resources Network and was in the final stages of preparation. The staff representatives expressed their willingness to help the secretariat in this study by encouraging their membership to participate, and asked that they be included in the final consultations prior to the launching of the survey. The Network also offered its full support and collaboration.

92. Owing to time constraints between the spring and summer sessions, it was agreed that, when necessary, the Commission would consider receiving additional information at the summer session in the form of conference room papers.

93. Members underlined the importance of addressing the "push factors" to improve staff motivation and the need to address the expectations of different age groups represented in the workforce.

94. The Commission recalled that it had already approved the principle of introducing occupational pay rates for specific jobs for which qualified specialist talent was in short supply and where the United Nations pay scales were clearly out of line with prevailing market rates. Although no organization had yet taken up the offer of occupational pay, the option remained open and might be a means of addressing some of the recruitment problems reported.

95. The Commission welcomed the system-wide staff survey and requested that the draft text of the survey be circulated to all participants, including members of the Commission, representatives of the organizations present and the staff representatives, for their information and feedback before the end of the sixty-sixth session.⁴

⁴ During the course of the session, the Commission secretariat met with representatives of organizations and of the staff and jointly agreed on the scope and content of the survey. Members of the Commission also contributed with comments and suggestions.

Decision of the Commission

96. The Commission requested its secretariat to complete the work already initiated and to present a final report on the effectiveness of recruitment and retention measures at its sixty-seventh session, taking into account the additional data expected from organizations and from the staff survey. The Commission stressed the importance of organizations providing the necessary information to make that possible and expressed its appreciation for the offers made by both the HR Network and the staff representatives to facilitate the process by encouraging their staff to participate fully.

97. The Commission decided that the final report, due for the sixty-seventh session, should, in addition to containing the updated information being requested from organizations and the outcome of the staff survey, be formulated in such a way that it facilitated the Commission's task of addressing the concerns expressed by the General Assembly.

Annex

List of participants

A. Members of the Commission

Kingston P. Rhodes, Chairman
Wolfgang Stöckl, Vice-Chairman
Fatih Bouayad-Agha
Shamsher M. Chowdhury
Minoru Endo
Guillermo E. Gonzalez
Vladimir N. Morozov
Lucretia Myers
Emmanuel Oti Boateng
Anita Szlajak
Gian Luigi Valenza
Gilberto C. P. Velloso
Xiaochu Wang *
Eugeniusz Wyzner
Elhassane Zahid

B. Representatives of the United Nations System Chief Executives Board for Coordination

Martha Helena Lopez, Spokesperson, Human Resources Network of CEB
Marta Leichner-Boyce, Senior Inter-organization Advisor on Human Resources Management

C. Representatives of the executive heads of participating member organizations

Food and Agriculture Organization of the United Nations

Tony Alonzi, Director, Human Resources Management Division
Serge Nakouzi, Chief, Human Resources Strategy, Policy and Planning, Human Resources Management Division

International Atomic Energy Agency

Rula Sabat, Head, Social Security Unit, Division of Human Resources

* Unable to attend

International Fund for Agricultural Development

Penny Henley, Human Resources Officer
Antonella Foti, Human Resources Officer

International Labour Organization

Mark Levin, Chief, Human Resources Policies and Development Branch
Celestine Memel, Human Resources Officer

International Telecommunication Union

Yajaira Freudiger, Chief, Human Resources Administration Division

Office of the United Nations High Commissioner for Refugees

Arnab Roy, Chief, Personnel Administration and Payroll

United Nations

Martha Helena Lopez, Officer-in-Charge, Division of Organizational Development,
OHRM

United Nations Children's Fund

Mieko Tarui, Deputy Director, Human Resources Division
Ruth de Miranda, Chief, Policy and Administration Law Section, Human
Resources Division

United Nations Development Programme

Martin Santiago, Director, Office of Human Resources
Henrietta De Beer, Chief, Policy Unit, Office of Human Resources
Erdal Esin, Adviser, Organizational Design and Broad banding Unit

United Nations Industrial Development Organization

Konstantin Ivanov, Chief, Staff Services & Employee Relations Unit, HRM
Brigitte Mayr, Human Resources Assistant

United Nations Population Fund

Sean Hand, Director, Human Resources Division

World Food Programme

Mayra M. De La Garza, Human Resources Officer (Policy)

World Intellectual Property Organization

Lise Ezana, Head, Human Resources Administrative Section
Michel Ciampi, Human Resources Officer, Human Resources Management
Department

D. Other organizations

Pan-American Health Organization

Cynthia Rowe, Human Resources Specialist

E. Staff representative bodies

Coordinating Committee for International Staff Unions and Associations of the United Nations System

Nasr Ishak, Vice-President

Maria-Luz Vega Ruiz, Adviser

Federation of International Civil Servants' Association

Edmond Mobio, President

Valérie Seguin, General Secretary

Varghese Joseph, Executive Committee Member

Imed Zabaar, Member

United Nations International Civil Servants Federation

Claude Jumet, Vice-President

Members of the Vienna Local Salary Survey Committee (for agenda item 6(a))

Rula Sabat, Chairperson

Anthony Spina, Staff Representative (UNIDO)

Marie-Odile Dorer, Staff Representative (UNIDO)

Regina Weithaler, Staff Representative (UNOV)

Brigitte Mayr, Administration Representative (UNIDO)

Helga Danesi, Staff Representative (IAEA)

Imed Zabaar, Staff Representative (IAEA)

F. Secretariat of the International Civil Service Commission

John Hamilton, Executive Secretary

Yuri Orlov, Chief, Salaries and Allowances Division

Duncan Barclay, Chief, Human Resources Policies Division

Ibrahim Yansaneh, Chief, Cost-of-Living Division

Lakeita Henriques, Personnel Policies Officer

Bechir Bouzid, Compensation Officer