United Nations

Report of the International Civil Service Commission for 2002

General Assembly

Official Records
Fifty-seventh Session
Supplement No. 30 (A/57/30)

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United Nations • New York, 2002

Note

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

ISSN 0251-9321

[20 August 2002]

Contents

Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACPAQ	Advisory Committee on Post Adjustment Questions
CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
CEB	United Nations System Chief Executives Board for Coordination
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

Glossary of technical terms

Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world are those given in this scale.
Best practice	An innovative policy, strategy, programme, process or practice that has a demonstrated positive impact upon performance, is currently being used by at least one major employer and is relevant and applicable to others.
Broad banding	A method of providing greater flexibility to reward individual performance and contribution. The term describes the action of combining and replacing several classification levels by a single, broader classification level (called a “band”). A broad-banded system is characterized by a limited number of wider bands or ranges and a bigger salary overlap between bands.
Compa-ratio	A financial control method under a broad-banded system, which is used to manage base salaries relative to a salary range midpoint. This midpoint, in turn, is related to a reference point (generally a relevant labour market reference point). The compa-ratio is a simple index to show where an employee’s salary is relative to the midpoint. If the salary is 90 per cent of the midpoint pay level, the compa-ratio would be .90.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The federal civil service of the United States of America has been used as the comparator since the inception of the United Nations. See also “highest paid civil service” and “Noblemaire principle”.
Competencies	A combination of skills, attributes and behaviours that are directly related to successful performance on the job. Core competencies are the skills, attributes and behaviours which are considered important for all staff of an organization, regardless of their function or level. For specific occupations, core competencies are supplemented by functional competencies related to respective areas of work.
Competency-related pay	A generic concept of paying employees for the development and application of essential skills, behaviours and actions which support high levels of individual, team and organizational performance. (see also performance-related pay)
Consolidation of post adjustment	The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or “consolidating” it into the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment classifications at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff.

Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington is applied to the comparator salaries to determine their “real value” in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.
Dependency rate salaries	Net salaries determined for staff with a primary dependant.
Employment cost index (ECI)	Under the Federal Employees’ Pay Comparability Act (FEPCA) (see below), a wage index that measures the percentage change in the average non-federal sector payroll costs between two points in time is calculated. The index, known as ECI, is based on the measurement of payroll costs across the United States. ECI is used as the basis for an across-the-board adjustment to salaries of United States federal civil service employees. Under FEPCA, United States federal civil servants can also receive a locality-based adjustment.
Federal Employees’ Pay Comparability Act	The Federal Employees’ Pay Comparability Act (FEPCA) (1990), passed by the United States Congress whereby the pay of federal civil service employees would be brought to within 5 per cent of non-federal-sector comparator pay over a period of time.
Flemming principle	The basis used for the determination of conditions of service of the General Service and other locally recruited categories of staff. Under the application of the Flemming principle, General Service conditions of employment are based on best prevailing local conditions.
General Schedule	A 15-grade salary scale in the comparator (United States) civil service, covering the majority of employees.
Global compact	An initiative of the United Nations Secretary-General to involve business in upgrading environmental, labour and human rights conditions, and to bring the benefits of globalization to more people worldwide.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are currently used for Berne.
Highest paid civil service	Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States. See also “comparator” and “Noblemaire principle”.
Linked grades	A linked grade approach provides for the application of the salary scales of two or more grades to a position whose value to the organization is equal to that signified by only one of the grades; thus, grades P-2 and P-3 might be linked to administer the salary of an incumbent performing a job evaluated at either the P-2 or the P-3 level.

Locality-based pay	Under the Federal Employees' Pay Comparability Act (FEPCA) (see above), the United States Government has established approximately 30 separate locality pay areas. The locality-pay provision of FEPCA is based on average salary levels prevailing in the local labour market. For federal civil servants in a given locality, FEPCA provides for the payment of an ECI-based increase plus a locality-pay adjustment, if appropriate, for the period 1994-2002, with a view to ensuring that federal pay is brought to within 5 per cent of the non-federal pay for the locality.
Mobility and hardship allowance	A non-pensionable allowance designed to encourage mobility among duty stations and to compensate for service at difficult locations.
Net remuneration margin	The Commission carries out on a regular basis comparisons of the net remuneration of the United Nations staff in grades P-1 to D-2 in New York with that of the United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington, is the net remuneration margin.
Noblemaire principle	The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those applicable in the civil service of the country with the highest pay levels. See also "comparator" and "highest paid civil service".
Pensionable remuneration	The amount used to determine contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund. Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Performance management	The process of optimizing performance at the level of the individual, team, unit, department and agency and linking it to organizational objectives. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations and human resources.
Performance-related pay	A generic concept involving a financial or financially measurable reward linked directly to individual, team or organizational performance, in the form of either base pay or a cash bonus payment. Terms used to describe different types of performance-related pay may vary. They include: Merit pay/performance-related pay/pay for performance/variable pay: these are tools tailored to relate individual base pay increases to individual results usually through a performance appraisal scheme and a performance rating. Lump-sum bonus: a non-recurring cash lump sum related to the results achieved by an individual, team and/or agency or to recognize an intensive effort over a specific time period. May be pensionable or non-pensionable.

Post adjustment index	Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date.
Post adjustment classification	Post adjustment classification is based on the cost of living (post adjustment multiplier) as reflected in the respective post adjustment index for each duty station and is expressed in terms of multiplier points. For example, staff members at a duty station classified at multiplier 5 would receive a post adjustment amount equivalent to 5 per cent of net base salary as a supplement to base pay. The pay index at the duty station would be 100 + 5 or 105.
Senior Executive Service	In the comparator (United States) civil service, the Senior Executive Service (SES) was created as a separate personnel system for senior managers who administer programmes at the highest levels of the federal government. There are six pay levels but no grades in SES. A number of other countries have also established SES or senior public service systems.
Separation payments	Upon separation from service, staff may receive compensation for one or more of the following: accumulated annual leave, repatriation grant and termination indemnity. Death grant is payable to the survivor of a staff member.
Single rate salaries	Net salaries determined for staff without a primary dependant.
Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is a form of taxation, internal to the United Nations, and is analogous to taxes on salaries applicable in most countries.
Strategic bonuses	Recruitment, retention or relocation bonuses awarded to select staff or groups of staff, which are designed to attract potential staff, retain staff in service and relocate staff who, in the absence of such bonuses, could not be recruited, retained or relocated.
Tax abatement	In the context of dependency allowances, tax credit or relief provided to taxpayers who are responsible for the financial support of dependants (spouse, children, parents, etc.) in the tax systems of a number of countries.

Letter of transmittal

20 August 2002

Sir,

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

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

(*Signed*) Mohsen **Bel Hadj Amor**
Chairman

His Excellency
Mr. Kofi Annan
Secretary-General of the United Nations
New York

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

Paragraph reference	
	A. Conditions of service applicable to both categories
	1. Common scale of staff assessment
96	(a) The Commission decided to report to the General Assembly that the current common scale of staff assessment should continue to apply and should again be reviewed at the time of the next comprehensive review of pensionable remuneration in 2004.
	2. Education grant
141 (a), (b)	(a) In the countries/currency areas indicated in paragraph 141 (a), the maximum admissible levels for expenditures covered under the education grant system and the maximum education grant should be adjusted as shown in annex V, table 1. For the remaining countries/currency areas, the aforementioned elements should remain the same.
141 (c)	(b) The flat rates for boarding to be taken into account within the maximum admissible education expenses and the additional amounts for reimbursement of boarding costs over and above the maximum grant payable to staff members at designated duty stations should be revised as shown in annex V, table 2.
	B. Remuneration of the Professional and higher categories
	1. Base/floor salary scale
174	The Commission decided to recommend to the General Assembly, for implementation effective 1 March 2003, a differentiated real increase of the base/floor salary scale to address the low level of the margin at the upper grades of the salary scale and to restore the overall level of the margin to the desirable midpoint of 115. The recommended base/floor salary scale is presented in annex IV.
	2. Review of the level of children’s and secondary dependant’s allowances
182 (a) to (c)	The Commission decided to recommend to the General Assembly that the children’s and secondary dependant’s allowances should remain at their current levels and that the current list of duty stations at which the allowances are payable in local currencies be maintained.

Summary of recommendations of the International Civil Service Commission to the executive heads of the participating organizations

Paragraph reference

Conditions of service of the General Service and other locally recruited categories

As part of its responsibilities under article 12, paragraph 1, of its statute, the International Civil Service Commission conducted surveys of best prevailing conditions of employment for:

184 (a) The General Service and related categories in London and recommended the resulting salary scale (annex VI) and dependency allowances to the Director-General of the International Maritime Organizations;

187 (b) The General Service and related categories at Vienna and recommended the resulting salary scale (annex VII) and dependency allowances to the executive heads of the Vienna-based organizations;

191 (c) The General Service and related categories at Geneva and recommended the resulting salary scale (annex VIII) and dependency allowances for all locally recruited categories of staff at Geneva to the executive heads of the Geneva-based organizations;

191 (d) The United Nations language teachers at Geneva and recommended the resulting salary scale (annex IX) to the Secretary-General of the United Nations.

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

Paragraph reference

A. Conditions of service applicable to both categories

1. Hazard pay for locally recruited staff

117 The financial implications of the Commission's decision to adjust the level of hazard pay for locally recruited staff are estimated at $6,900,000 per annum, system-wide.

2. Education grant

140 The system-wide annual financial implications associated with the recommendations of the Commission regarding the maximum admissible expenditure levels and the increase in boarding costs are estimated at $1,900,000.

B. Remuneration of the Professional and higher categories

Base/floor salary scale

170 The financial implications associated with the Commission's recommendation on a differentiated real increase of the base/floor salary scale as shown in annex IV were estimated at approximately $89,129,900 per annum, system-wide. Since it was proposed that the revised scale be implemented effective 1 March 2003, the corresponding financial implications for 10 months in 2003 are estimated at $74,274,917. The breakdown of elements is presented in paragraph 170.

C. Remuneration of the General Service and other locally recruited categories

1. Survey of best prevailing conditions of employment for the General Service and related categories in London

186 The financial implications associated with the implementation of the salary scale for the General Service and related categories in London as well as the revised dependency allowances for this category arising from the survey conducted by the Commission are estimated at $254,000 per annum.

2. Survey of best prevailing conditions of employment for the General Service and related categories at Vienna

190 The financial implications associated with the implementation of the salary scale for the General Service and related categories at Vienna as well as the revised dependency allowances for this category arising from the survey conducted by the Commission are estimated at $2,300,000 per annum.

3. Survey of best prevailing conditions of employment for the General Service and related categories at Geneva

193 The financial implications associated with the implementation of the salary scales for the General Service and related categories and the Language Teachers category at Geneva as well as the revised dependency allowances for these categories arising from the surveys conducted by the Commission are estimated at $5,573,000 per annum.

Chapter I
Organizational matters

A. Acceptance of the statute

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

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

2. To date, 12 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances.[1] One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.[2]

B. Membership

3. The membership of the Commission for 2002 is as follows:

Chairman

Mohsen Bel Hadj Amor (Tunisia)*

Vice-Chairman

Eugeniusz Wyzner (Poland)*

Mario Bettati (France)***
Turkia Daddah (Mauritania)*
Alexei Fedotov (Russian Federation)**
Asda Jayanama (Thailand)**
João Augusto de Médicis (Brazil)***
Lucretia Myers (United States of America)***
Ernest Rusita (Uganda)**
José R. Sanchis Muñoz (Argentina)*
C. M. Shafi Sami (Bangladesh)**
Alexis Stephanou (Greece)***
Wolfgang Stöckl (Germany)*
Minoru Endo (Japan)***
El Hassane Zahid (Morocco)**

* Term of office expires on 31 December 2002.
** Term of office expires on 31 December 2004.
*** Term of office expires on 31 December 2005.

C. Sessions held by the Commission and questions examined

4. The Commission held two sessions in 2002: its fifty-fourth, which was held at the headquarters of the Food and Agriculture Organization of the United Nations (FAO) in Rome, from 22 April to 10 May, and its fifty-fifth, which was held at United Nations Headquarters, from 22 July to 9 August.

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

D. Programme of work of the Commission for 2003

6. At its fifty-fifth session, the Commission considered and approved its programme of work for 2003 (see annex I). It noted that the ongoing review of pay and benefits would require concentration on topics related to that review. In that context, the Commission recognized that it might not be possible to take up all proposed agenda items unless one or both of the two-week sessions scheduled for 2003 were extended. However, the question of budgetary implications was raised in this regard. The Commission's planned approach to the review of the pay and benefits system on which it places great emphasis is outlined in paragraph 17 below.

Chapter II
Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system

7. The Commission considered a report on the actions taken by the General Assembly at its fifty-sixth session, concerning the common system. The Commission was also provided with the details of the presentation by its Chairman of the twenty-seventh annual report of the Commission[3] to the Fifth Committee of the General Assembly, the general debate thereon in the Fifth Committee and the informal consultations held among Member States, which led to the adoption by consensus of resolution 56/244 of 24 December 2001, on the common system.

8. Details were also provided on resolutions and/or decisions adopted by the governing bodies of the organizations of the common system that could be of interest to the Commission. In that context, the resolutions adopted by the International Atomic Energy Agency (IAEA) and the International Telecommunication Union (ITU) were brought to the Commission's attention.

Chapter III
Conditions of service applicable to both categories of staff

A. Review of the pay and benefits system

9. The General Assembly, in its resolutions 51/216 of 18 December 1996, 52/216 of 22 December 1997 and 53/209 of 18 December 1998, called upon ICSC to play a lead role in the development of new approaches in the field of human resources management, and as part of the overall reforms currently taking place in the organizations of the common system. To that end, ICSC developed an integrated framework for human resources management which it reported to the General Assembly in 2000.[4]

10. The review of the pay and benefits system is seen by the Commission and the organizations of the common system alike as an important element of the framework for human resources management. In elaborating the role of the United Nations in the twenty-first century, the Secretary-General was committed to creating an organizational culture that was responsive and results-oriented, rewarded creativity and innovation, and promoted continuous learning, high performance and managerial excellence.[5] This profile is in essence a challenge to the system to remake our approach to managing the human asset. The commitment of senior management to the new system will be key to success in changing the organizational culture, as envisioned by the Secretary-General.

11. The incongruity between the design of the current pay and benefits system and the demands of a modern dynamic workforce has been highlighted repeatedly over the past decade. The current system in its present form is seen as rigid and therefore not offering flexible solutions to the organizations' diverse requirements. Reform of the pay and benefits system was therefore seen as a priority in the organizations' efforts to modernize their performance management system and bolster organizational performance.

12. The Commission therefore targeted alternative approaches to the existing pay and benefits system which must be holistic in approach, as set out in the framework for human resources management. To improve delivery of the services mandated by member States and in line with the principles set out in the framework, a modernized pay and benefits system would:

(a) Strengthen management capacity;

(b) Improve organizational performance by linking remuneration to performance;

(c) Increase flexibility;

(d) Allow greater competitivity;

(e) Improve work/life policies;

(f) Allow streamlining, simplification, greater transparency and accountability.

13. The review is being approached with the recognition that the pay system is a management tool and must be developed in the context of overall organizational strategies. This approach was seen by the organizations, both managers and staff, as a crucial underpinning of the reform programmes under way in most common system organizations — programmes that are aimed at strengthening an independent international civil service. The objectives of the review

are therefore to increase the competitivity of the system, to move organizations away from an entitlement culture to one of performance, and to drive organizational change and enhance organizational performance. This transformation of the management of the human asset lies at the centre of the capacity of organizations to enhance effectiveness and efficiency in order to remain dynamic and relevant to the communities that they serve.

14. It was recognized that the organizations of the United Nations system can only achieve their respective mandates through the creation and management of staff communities which reflect the highest standards of innovation and competence and integrity. New work developments that challenge their capacity to remain at the cutting edge in their respective fields of endeavour underscore the seriousness of the need to succeed in these efforts.

15. The modernized system would motivate and encourage staff to develop skills and competencies to meet the changing needs of organizations' programmes; provide opportunities for dynamic career advancement in a wider professional context; and reward staff in a competitive and equitable manner, on the basis of merit, competence, performance and accountability.

16. In the light of the above, the Commission decided to establish mechanisms to allow for the broadest possible participation and discussion on the part of the organizations and staff.

1. United Nations common system pay reform: sequence and priorities

17. The Commission noted the substantial number of interrelated items which required further study before substantive proposals could be formulated. It decided that a strategy for addressing the range of items to be considered and the sequence in which they should be addressed would assist the orderly progression of the organizational change effort. The priorities assigned took into account a realistic appraisal of what could be accomplished within the time frame that would be required to substantively address each item while at the same time identifying the linkages between these items and others, together with the potential impact of change on a systemic basis. The Commission reached a consensus on the set of priorities and the time frame for the reform of the pay and benefits system, as indicated below:

Year	*Activity*
2003	1. Validation and promulgation of the Master Standard
	2. Strategy for rewarding contribution
	3. Further development of modalities for the Senior Management System:
	(a) Defining membership
	(b) Validating core competencies
	(c) Reviewing supplemental competencies
	(d) Developing learning/assessment strategies
	4. Modalities for the pilot study of broad banding/reward for contribution
	(a) Assessing volunteer organizations
	(b) Assessing the reward-for-contribution schemes of organizations
	(c) Approving/establishing mechanisms for financial controls

Year	Activity
	5. Developing a reporting and monitoring framework
2004	1. Development of modalities for strategic bonuses
	2. Implementation of the pilot study of broad banding/reward for contribution
	3. Implementation of aspects of the Senior Management Service (learning/assessment strategies)
	4. Modernizing and simplifying allowances
2005	1. Implementation of strategic bonuses
	2. Assessing the implementation of the Master Standard
	3. Monitoring of the pilot study of broad banding, of strategic bonuses and of the implementation of the Senior Management Service
2006	1. Assessing the pilot study of broad banding

2. Proposals for change

18. The Commission had before it a report of its secretariat, which summarized proposals on key aspects of a revised pay and benefits system. The report synthesized the recommendations of the working groups established by the Commission to assist it in this process and addressed issues, as requested by the Commission in the course of its consideration of the item at its fifty-fourth session. The following proposals were discussed:

(a) Revision of the current job classification system;

(b) Introduction of broad banding;

(c) Introduction of reward for contribution;

(d) Introduction of a Senior Management Service.

19. While other aspects of a revised pay and benefits system are also under study, the Commission is following a phased approach to the review of the pay and benefits system, as discussed in paragraph 17 above). The proposals currently considered, as identified above, are expected to have a significant impact in attaining the goals of a modernized compensation system. These proposals have been sufficiently developed at a conceptual level to warrant informing the General Assembly of the approach being considered while further study continues.

Views of the organizations

20. The representative of the Human Resources Network welcomed the document prepared by the Commission's secretariat which provided a succinct, clear presentation of the issues, and the linkages among them.

21. She underlined that the time had come to take the necessary decisions for the reform of the pay system so as to ensure the effectiveness and competitiveness of the organizations of the United Nations system. The current complex, rigid, outdated system must be replaced with a streamlined competitive system which would strengthen the independence and impartiality of the international civil service, permit greater flexibility to reward staff on the basis of merit and competence, and be responsive to the ever-evolving mandates and changing nature of work across the organizations of the common system.

22. The representative noted that, in accordance with the conclusions reached by the Commission at its fifty-fourth session, no proposal was made to update the Noblemaire principle. Organizations saw the updating of the principle as an integral part of the reform process. It must not be postponed. She recalled that the

Secretary-General and other executive heads had repeatedly drawn attention to the need to ensure greater competitivity and improved conditions of service. The framework for human resources management underscored the need for an integrated holistic approach, and the Commission should not fall into the trap of piecemeal approaches. Organizations were competing more than ever before with a broader array of institutions that offered far better conditions of employment. All of the goals of the review, as set out by the Commission in its report on its fifty-fourth session, were addressed in the proposals currently before the Commission, except competitivity. Therefore, she requested the Commission not to postpone the review of the application of the Noblemaire principle.

23. A system of recruitment, retention and relocation bonuses should be developed and introduced. Highly targeted strategic bonuses were considered a priority by several organizations, especially the field-based organizations, in particular when seeking to staff positions that were hard to fill and in less than desirable locations. An inter-agency working group had taken shape and would continue to collaborate with the Commission's secretariat on the specific modalities for such bonuses so that they were clearly targeted to areas of need and that cost-containment considerations were effectively built into proposals.

3. Reforming job evaluation

24. In its review of pay and benefits, the Commission organized its work by taking as its point of departure the priority of reforming the current system of job evaluation. Addressing this priority had been indicated by organizations as a necessary first step which would correct the deficiencies in the current system and, second, support a more holistic approach to human resources management. The deficiencies in the current system were summarized as follows:

On Substance	*On Form*
• Does not adequately evaluate some highly technical jobs;	• Too administratively cumbersome;
• Impedes career development, by not sufficiently supporting a dual ladder where valuable, high-level, technical specialists' jobs can be appropriately graded, as can management jobs;	• Labour-intensive and time-consuming;
• Too hierarchical and control oriented; does not recognize team work and other forms of organizing work;	• Rigid and inflexible;
• Impedes deployment of staff resources and mobility of staff;	• Not sufficiently transparent;
• Does not support competency development.	• Slow and unresponsive;
	• Too complex and difficult to explain;
	• Requires too much expertise to run properly (technical experts in job classification are needed);
	• Too contentious;
	• Because of all of the above, too costly.

25. In the statements of the Secretary-General, the Executive Director of the United Nations Children's Fund (UNICEF) and the Administrator of the United Nations Development Programme (UNDP) and the statement read on behalf of the Director-General of the World Health Organization (WHO) to the Commission, it was indicated that the current system no longer supported and in fact impeded the organizations' ability to respond rapidly to their new missions in a changing globalized environment.

26. The proposed new design of the job evaluation system is based upon three components:

(a) New Master Standard;

(b) Grade level descriptors;

(c) New job description format.

Each part of the new system contains the three components, as described below.

(a) New Master Standard

27. The proposed new Master Standard retains the present seven-grade level structure while simplifying the process by moving from six grade-determining factors to four, and from 15 evaluation elements to 7. The new Standard provides the direct linkage to the current system while at the same time introducing updated language and reflecting current organizational structures. The new Standard focuses on the most grade-defining factors of the current standard, and eliminates those factors in the current standard that have not provided meaningful distinctions for grading purposes, that is professional knowledge and supervisory responsibility.

28. The new Master Standard will, as does the current standard, provide the substantive foundation for cross-occupational evaluation and will serve as the authoritative base for grading posts. As a point rating instrument, the new Master Standard is designed to function as an automated tool both in job evaluation and for use in compensation studies, such as those conducted under the Noblemaire principle.

29. A comparison of the factors of the new Master Standard against the current standard is presented below:

Current Master Standard	*Proposed new Master Standard*
Factor I, Professional knowledge. This factor measures academic credentials, knowledge and experience rather than the application of these in a work setting to achieve results. The measurement is on the minimum qualifications required to do the job.	*Factor I, Nature of work*. The level of individual contribution required by the job would be measured by this factor in the context of the breadth and scope of the job. The context and environment in which the job operates would be introduced to provide a more complete analysis of the difficulty of the work.
Factor II, Difficulty of work. This factor measures individual contribution and complexity of work.	*Factor II, Enabling environment*. The new focus of this factor would be on reporting structures, as reflected in organizational charts (be they of the traditional hierarchical form or matrix/project-based form), the availability and relevance to the work of precedents, and the substantive oversight of the work. In addition, the notions of degrees of empowerment, possibilities of risk-taking, encouragement of the introduction of flatter structures and delegation of authority will be incorporated. All of these issues form the enabling environment.

Current Master Standard	*Proposed new Master Standard*
Factor III, Independence of work. This factor measures the degree to which existing guidelines are applied in the performance of the job and the extent to which supervisory controls are exercised over the incumbent.	*Factor III, Partnerships*. This factor would examine degrees of engagement, including such concepts as exchanging and explaining information, consulting, influencing and persuading, advocacy and promotion, consensus-building, inspiring and motivating, giving authoritative advice, committing the organization and the use of diplomacy. In addition, the extent of engagement and type of interlocutor(s) would be examined.
Factor IV, Work relationships. This factor measures the nature and level of job-related contacts.	*Factor IV, Results*. This factor would measure not only decisions taken and proposals made but would also take into account any actions that would have a significant effect, including measures introduced, positions taken etc. Whether the actions taken affect the delivery or performance of services, systems and processes, service or functional areas, programmes and activities and the organization's fundamental mission would be examined. In addition, a variety of leadership roles in addition to the traditional hierarchical ones would be considered.
Factor V, Supervisory responsibility. This factor concentrates only on the quantity of staff supervised. It measures direct responsibility for the number of technical and administrative support staff and, separately, direct responsibility for the number of professional staff.	
Factor VI, Impact of work. This factor measures the effect of the job and the consequences of involuntary errors.	

(b) Grade level descriptors

30. The introduction of the grade level descriptors is the key new feature in the revised job evaluation system. The grade level descriptors serve several purposes. The descriptors have been designed to function as the general guide to grade-determining features, supporting the delegation of the classification function to line management and providing a more transparent representation of the progression of responsibilities for all staff.

(c) New job description format

31. Describing work has been simplified and linked to specific new Master Standard factors in the new job description format. This format also includes competency profiles for the job. The format is consistent with the information included in generic job profiles, where these have been developed. The new format focuses job information on the key deliverable of the job rather than an extensive list of process-oriented tasks. This both facilitates focusing on the most important elements and simplifies the updating of post information.

Views of the organizations

32. The organizations expressed their appreciation for the work completed to date on the reform of job evaluation. They had repeatedly stated that the Master Standard was in need of fundamental overhaul. Accordingly, reform of job evaluation was among the highest priorities of the review of the pay and benefits system. The new model met the criteria set down for reform and achieved the desired streamlining and modernization. Most important, the new system, in a transparent manner, supported simplified post management and the creation of linkages to competency development and performance management. The organizations committed themselves to support the validation and testing of the new system, to be accompanied by the development of monitoring, training and accountability measures.

Views of the staff representatives

33. The representative of the Federation of International Civil Servants' Association (FICSA) noted that there was a need for a revision of the Master Standard. Based on the discussion, the staff representative understood that new standards would not change the grades for the vast majority of staff, but some posts might be upgraded or downgraded. FICSA supported the dual career ladder which would relieve specialists from excessive amounts of administrative work and professionalize the managerial functions. FICSA felt that the concept of client feedback was biased against staff who did not have direct contact with clients. Many staff worked behind the scenes and were not known to their clients. The proposed standard could lead to a system which rewarded people who were better at promoting themselves or carrying out high-profile assignments but not necessarily doing the best or most important substantive work on the organization's programme. FICSA also considered that client perceptions could be manipulated. There was too much emphasis on public relations and not enough on technical work in the proposal. FICSA expressed concern over the elimination of factor one (education and experience) from the proposed new Standard. FICSA felt that this could open the door to abuse in terms of unqualified candidates being selected for jobs.

34. The representative of the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA) reiterated what she had stated on the subject at the fifty-fourth session of the Commission, namely that reviewing job evaluation and devising a new Master Standard should be done keeping in mind the proposed introduction of broad banding. She stated that all elements of the review of the pay and benefits systems were linked and must be considered in a linked structure.

Discussion by the Commission

35. In its consideration of the proposed system at its prior and current sessions, the Commission reviewed and debated the suggested streamlining of the evaluation factors and the efforts to develop a system that is designed to support greater delegation of authority to management for job design and evaluation.

36. The deletion of factor I, relating to the professional knowledge required in a post, was seen as a significant change. Some members of the Commission expressed concern regarding this deletion and its impact on ensuring that qualified candidates were identified and selected. In the course of the discussion, it was emphasized that the identification and assessment of qualifications of an incumbent against the requirements of a post remained an

essential ingredient to successful post management. It was intended that, as part of a more holistic approach to the management of human resources, assessment of knowledge requirements would be incorporated in recruitment standards and processes and integrated with competency assessment related to candidate selection.

37. The Commission recognized that the challenge of reforming the job evaluation system did not solely lie with the development of a new system but also with the creation by organizations of effective monitoring, training and accountability measures so as to ensure that any new system would function in a consistent, fair and transparent manner. The Commission was of the view that the development of a new standard in tandem with efforts by organizations to strengthen management capacities and accountabilities could lead to gains in effective post management that is both responsive and consistent.

38. The Commission discussed the value of a dual career ladder for technical and managerial personnel who perform high-level work. Under the existing Master Standard, P-5 was the highest level permitted for technical personnel unless the post also included managerial responsibilities. Under the new Master Standard, technical specialists, such as “world-class scientist”, could achieve a higher level without assuming managerial responsibility. Other than the creation of a dual career track for scientists and technical experts, the Commission would expect no significant reclassification of posts. Based on past experience as reported to the Commission, it expected that 80 per cent of the jobs would be graded at the same level as they were at present, under the existing Master Standard. Of the 20 per cent variance, some posts would be found to be overgraded under the current Standard. In those cases, the Commission discussed transitional measures that would protect the occupant of the post from downgrading.

Decision of the Commission

39. With respect to the proposed reform of the job evaluation system, the Commission decided to:

(a) Further develop the conceptual model as presented;

(b) Assess the validity of the model at its fifty-sixth session after testing and validation;

(c) Strongly encourage organizations to proceed with the development of monitoring, training and accountability measures in tandem with the current reform of the job evaluation system and to report to the Commission on these measures in conjunction with the implementation of any new system;

(d) Consider, as part of its programme of work for 2003, the possible promulgation under article 13 of its Statute of a new system of job evaluation, pending the positive findings of the testing and validation of the new model.

4. Introduction of broad banding and related rewards for contribution

40. In the context of the review of the pay and benefits system, the Commission considered the question of the establishment of a broad-banding system. Such a system groups grades into broad salary bands with no steps between the minimum and maximum pay for the band. It provides for career development streams and enables organizations to use jobs and deploy staff in a manner that is more aligned with programme demands. Accordingly, the broad-banding approach is more responsive to the management of work, including teamwork. It permits managers to shift the duties and responsibilities of their staff to meet new requirements and priorities. It accommodates the simplification and streamlining of the job classification system, requiring a more generic description of the work at each level. Accordingly, it reduces the focus on job classification and the need for numerous job classification specialists. Lateral job changes are made without the need to reclassify jobs. Vertical job changes are fewer, since the change in job duties and responsibilities must be significant before a change from one band to another is warranted. Broad banding involves less central staff control and delegates more administrative responsibility to managers. It therefore requires a significant increase in management development and training. There is less emphasis on job-to-job comparisons and on pay equity, as currently defined.

41. One of the key reasons for the adoption of broad bands is to recognize the world of work as it currently exists. The ability to deploy staff in other than a hierarchical structure would assist the accomplishment of work by permitting working arrangements that would facilitate the achievement of results. The ability to move staff through bands based on measurements

other than time-based measurements would permit a link to pay-for-performance. Broad-banded systems, where they exist, generally operate in the context of pay-for-performance systems. Accordingly, proposals in respect of pay-for-performance are discussed herein as part of proposals on broad banding so as to facilitate the description of both proposals.

42. The Commission had two proposals before it on how staff would progress through a broad-banded system. Both proposals, however, were based on measurements other than the current time-based progression represented by step increments. One proposal might be described as essentially traditional and consistent with the policies common in both the private and public sectors: Incentive payments are linked to performance by a formula which ties performance appraisals to a position in a salary range in order to determine the amount of incentive payments. That makes it possible for employees to estimate how much they would earn by following performance results. Awards acknowledge that employees wish to have their value and contribution recognized. Linking salary increases to appraised performance is a global trend, as noted in documentation on the experience of other employers provided to the Commission during its review. The trend means that reliance on automatic step increases is declining.

43. The second proposal was based on a confluence of factors which creates a tangible link between job performance, competency development and compensation. This approach recognizes that, over the past 15 years, there has been extensive consideration of the introduction of pay-for-performance within the United Nations system. The consideration of this issue is usually deadlocked on the problems confronted in designing a system which will consistently measure performance for a highly varied group of occupations working in very diverse multicultural settings. Organizations have not found an acceptable mechanism to introduce pay-for-performance on a broad scale. The confluence proposal discussed below was designed to move away from the traditional performance measurements in recognition of that difficulty.

44. The confluence proposal before the Commission, in addition to specifying a unique method for staff progression through the band, also shows six different broad-banded models, corresponding to the different structures and mandates of the organizations of the system. The proposal requires the introduction of new performance management approaches which can more robustly capture staff contribution. Through the creation of a confluence of three elements (individual achievement, competency development and team performance), real performance can be measured and thus support salary movements that are directly linked to both retrospective achievement, prospective competency development and the feedback of clients.

45. The introduction of broad banding raises the issue of financial controls. The compa-ratio method was presented to the Commission. Using this method, average salaries of staff in the band must be near the midpoint of the salary range. That midpoint, in turn, is related to a reference point (generally a relevant labour market reference point). The compa-ratio approach forces average salary movement to fluctuate about the midpoint of the salary range. However, there are a number of other financial controls which could be considered in the development of the broad-banded system for the common system.

Views of the organizations

46. Organizations considered a broad-banded pay system to be desirable for the common system. The current monolithic grade system failed to respond to the diverse needs of the organizations. A broad-banded approach would be more responsive to the management of work within individual organizations. A broad-banded approach would also enable organizations to respond to the fast pace of change in the nature of work, which characterizes today’s world. It was considered that options on banded structures should be kept open at the present stage. The structures, size and complexity of organizations differed significantly, so this was clearly one area in which one size could not be imposed on all. It was also an area in which some organizations would be able to pilot certain approaches before they were adopted throughout the system.

47. It was considered that a system of reward-for-contribution was not only desirable but also necessary for the effective management of the organizations. It was essential to support organizations’ efforts to modernize their performance management systems and bolster organizational performance. One of the most fundamental criticisms of the current system was that the rank-in-post approach did not provide the means for differentiating pay in terms of levels of contribution. Organizations were developing and

introducing competency-based approaches and ensuring that their performance management systems were robust. Organizations strongly supported the proposal to pursue urgently further developmental work in this area.

Views of the staff representatives

48. The representative of FICSA noted that the introduction of broad banding and pay-for-performance was problematic. She considered that the existing performance management systems in the organizations were not adequate for implementing such approaches, and that priority should be given to improving those systems. There were inequities in salary movement through the proposed bands which seemed to reward more generously those with fewer years of service. Enquiring about the procedures for moving staff from band to band, the representative of FICSA remarked that it was unclear how these procedures would relate to posts and programmes of work. Combining grades would be problematic, since many staff gave importance to the status that came with each grade.

49. FICSA reiterated its opposition to abolishing the current system of steps. If steps did not distinguish good performance from bad, it was because the existing rules were not applied and performance appraisal systems were not working. Steps should not be disregarded before serious attempts to apply the existing rules were made and the rules found to be inadequate. The abolition of steps could also raise the issue of acquired rights.

50. FICSA was of the view that there were both risks and potential opportunities in the proposals but that it was premature to apply broad banding throughout the system. FICSA suggested that different organizations or units should undertake pilot projects, and that the Commission could withhold final approval of the concept of broad banding until an independent expert had assessed the results of the pilot projects. FICSA stressed that staff who volunteered for those projects should be made aware of all implications. FICSA recommended the establishment of joint staff/management committees to work out the details.

51. FICSA agreed with organizations that several models should be tested in the pilot projects. It also requested the ICSC secretariat to review the statistics for staff who were at the top of their grade, who would be alarmed if they were grouped with staff at lower grades and given new hurdles to overcome before moving outside their band. FICSA agreed that, ultimately, only one model should be adopted so as to preserve the common system. Finally, it was stressed that there was a need to address performance management and that staff would have more confidence in a new system if evaluation mechanisms for managers were in place and staff had the opportunity to comment on their supervisor’s work.

52. The representative of CCISUA stated that performance appraisal was one important element of a broad-banded system. So far, the current performance appraisal system had brought forward several problems related to the accountability of managers. Also, managers found it time-consuming and staff would want a full evaluation that would take into account the work of an individual within a team.

53. Regarding the confluence approach, she noted that appraisal was based on three elements, that is, team performance, personal achievement and staff development. Since a team might be composed of individuals who performed differently, team performance would ultimately depend upon those team members who consistently did more than others. She asked whether there could thus be equity in team appraisal.

54. On the question of broad banding, CCISUA would consider a model consisting of a band for P-1, one band for P-2/P-3, one band for P-4/P-5 and one band for D-1/D-2, with a dual career band starting at the midpoint of the P-4/P-5 band. This would allow for career development of staff who did not have managerial competencies but had competencies in their field of work.

Discussion by the Commission

55. The Commission recognized that, in principle, the proposal to introduce broad banding in the common system had merit but also raised a number of issues. It acknowledged that a credible and reliable performance appraisal system that was acceptable to all parties concerned was a prerequisite to broad banding, and considered that additional information was needed on the subject. It recalled that it had requested the organizations to provide assessments of their performance appraisal systems in the past, and that it would require both quantitative and qualitative

information before taking a decision on the application of a broad-banded system in the common system.

56. It considered that the establishment of a mechanism for financial control by the organizations was essential before it could agree to a specific broad-banded model. Members were of the view that the adoption of multiple banding schemes would destroy the essence of the common system and create competition among organizations for the recruitment and retention of staff. It considered that the ability to track the current seven grades of the Professional and higher categories in the proposed broad-banded model was an essential feature in maintaining the common system. Some members considered that linked grades should be established within the broad-banded system to promote career progression. Such a linked grade system, as described, would provide pay progression based on duties and responsibilities, as well as performance considerations.

57. The Commission noted that, in the confluence approach, movement through a band would occur at 5 per cent increments (as opposed to the current step structure of 2 per cent increments), based on competency development, specified achievement and client feedback. It considered that it might be difficult to measure competency development, for example, on an annual basis. Accordingly, it viewed as a more realistic time frame a two-year cycle of observable competency development and achievement which could trigger the 5 per cent adjustment.

58. In its consideration of the possible introduction of a broad-banded system, the Commission agreed that such a system would first need to be tested, and tested successfully, before implementation could be considered. The degree of change to the pay and benefits system represented by both broad banding and pay-for-performance required a cautious and deliberate examination of all aspects of those approaches. The Commission, therefore, examined the proposed models in order to determine which should be tested. It expressed a preference for model 3 of the proposed banding models, with the modification that P-1 would be added to band 1, which comprised P-2 and P-3. Band 2 would consist of P-4 and P-5 and band 3 would encompass D-1 and D-2. In this context, it requested the views of the organizations, which indicated that they would need to consult among themselves before proposing their preferred models since they had proceeded on the premise that more than one model would be pursued.

59. Once the question of testing a model was fully discussed, the discussion turned to how the model should be tested and by which organization or organizations. The Commission considered that the modalities of the test had to be clearly specified and that it would entertain organizations volunteering to participate in the test. It considered that the test should be conducted at more than one organization so as to permit an evaluation of the influence of the different structures and mandates of the organizations on the selected broad-banded model. In order to critically test the model, the Commission considered that it would need to take place over at least a two-year time period so that one cycle of performance awards, competency development and other aspects of the proposed approaches could be measured. Since the preparatory work for the conduct of the test would need to be finalized in 2003, it identified 1 January 2004 as the earliest date on which the test could commence.

Decision of the Commission

60. The Commission decided the following with regard to broad banding and related pay-for-performance systems:

(a) A credible and reliable performance appraisal system that is acceptable to all parties concerned was an absolute necessity in moving forward with broad banding and/or pay-for-performance;

(b) The organizations needed to provide the Commission with a quantitative and qualitative data on their performance management system and a critical analysis of the ability of their current performance appraisal systems to differentiate levels of performance, in particular when those systems are linked to pay;

(c) A pilot study should be conducted of one broad-banded model and related pay-for-performance system (based on the confluence approach) at two volunteer organizations; in this connection:

(i) The ICSC secretariat should consult with the organizations on the modalities for the study;

(ii) The modalities for the study should be presented to the Commission at its next session;

(d) The Commission's approval of a broad-banded system for the common system and the related pay-for-performance system was contingent upon the successful results of the pilot study;

(e) The Commission would inform the General Assembly that, while a broad-banded model and related pay-for-performance systems could have value for the common system as part of a revised pay and benefits system, the hypothesis needed to be proven through a rigorous test and that the Assembly would be kept informed of the further progress made in this regard.

5. Introduction of a Senior Management Service

61. In the context of its review, the Commission considered the question of the establishment of a Senior Management Service in the United Nations common system. In view of the key role of managers in organizational change initiatives, the Service was seen by the organizations as a critical component in moving forward major organizational reforms aimed at strengthening of the international civil service and improvement of overall organizational performance, by strengthening leadership and managerial capacity, signalling the professionalization of management and creating a common managerial culture.

62. The objectives of the Senior Management Service would be:

(a) To strengthen managerial and leadership capacity as an integral step in improving organizational performance;

(b) To build a common corporate culture and encourage diversity at the senior level within each organization and across the common system in order to heighten the esprit de corps;

(c) To facilitate the devolution of responsibility and accountability in relation to core managerial functions;

(d) To enhance inter-agency cohesion and coordination and to promote increased mobility and learning across the system;

(e) To signal a commitment to the professionalization of the management function in terms of the criteria for selection, individual development and career management.

63. With the decentralization and delegation of authority taking place in many organizations, managers have greater responsibility and are held more accountable for results. Accordingly, there is a need to develop common system-wide tools and strategies to attract and develop more creative, versatile and multi-skilled managers who are client-oriented, team builders, can think strategically and are less risk-averse.

64. The Senior Management Service, based, inter alia, on a set of core managerial competencies (which would be incorporated into vacancy announcements, performance appraisals and learning programmes) could be a useful management reform tool and could make a strong contribution to strengthening the performance and accountability of the organizations of the common system.

65. Under the proposed membership criteria, the Service would be relatively small, and composed of senior managers across the system. The organizations noted the Service could include political appointees. They noted that the inclusion of members in the Service would be the prerogative of each executive head, taking into account guidelines defining the responsibilities and characteristics of members, in view of the diverse mandates and structures of the organizations.

66. With regard to core management competencies, six competencies were proposed for application to all positions of the Service, across the common system. Brief descriptions of the six competencies are shown in annex II. These competencies would be supplemented, as needed, by the specific requirements of each organization.

67. The introduction of the Senior Management Service would be complemented by the development of a dual career ladder in order to distinguish senior line managers from specialists and individual collaborators. The introduction of a dual career system would recognize the value of senior specialists without their assuming managerial responsibilities.

Views of the organizations

68. The representative of the Human Resources Network of the United Nations System Chief Executives Board for Coordination (CEB) noted that, in view of the key role of managers in driving organizational change, the introduction of the Senior Management Service should be submitted to the General Assembly at its fifty-seventh session for its

concurrence. The recommendations should include the criteria for membership and the set of core management competencies, along with the proposal to create a dual career ladder. The dual career ladder would distinguish senior line managers from senior individual contributors. Organizations considered that the dual career ladder would recognize the value of senior specialists by providing for their career progression to senior levels without the assumption of managerial responsibilities.

Views of the staff representatives

69. The representative of CCISUA, reiterating that all elements in the review were linked, stated that the Senior Management Service could not be considered without having first examined job evaluation.

70. The reform of the pay and benefits system could not be successful unless there was a strengthened managerial cadre. The proposal to create the Service would be acceptable provided a mechanism of checks and balances was put in place and reviewed on a regular basis. She noted that the Service must not become an elite group and that it should not require a different pay system. The Service was to comprise existing posts that would be selected to be part of it. The posts were at present encumbered by managers who were to retire within 5 to 10 years. CCISUA requested that the training of their replacements be done ahead of time so as to allow for the assessment of in-house talent.

71. FICSA, whilst agreeing with the perception that there was an urgent need to improve managerial capacity in the organizations, was of the view that greater emphasis should be placed on the way of “doing business”, that is, developing and improving the competencies of the current and future supervisors and line managers. FICSA enquired as to how managers would be held accountable and what the selection process for entry into the Service would entail. FICSA expressed concern over the possible stigmatization of current D-1 and D-2 staff who were not selected for the Service.

72. FICSA considered that the proposal for the Service sent a signal that the current system had failed in its efforts to create new leaders and, as a consequence, there was a need to create a corporate culture from within the system. FICSA was of the view that there was a need to look at this in the context of the human resources strategies of organizations. If managers were not capable of managing, then there was a need to examine the cause rather than the symptoms.

73. FICSA wanted to know whether current posts would be converted to the Senior Management Service and whether the Service was supposed to be an advisory body. FICSA was of the view that consideration should be given to training young people to become managers, perhaps through a body like the United Nations Staff College.

Discussion by the Commission

74. Some members found merit in the establishment of a Senior Management System with a view to building both leadership and managerial capacity, which were essential in successfully implementing the larger reform processes under way within the organizations. The Commission noted that the proposal to introduce the Service raised a number of issues, in particular the status of the individuals assigned to such a service. The Commission emphasized that no special pay and benefits provisions or other privileges would need to be established for this group of staff. However, some members were not convinced of the merit in establishing a Senior Management Service and reserved their position.

75. The Commission considered that the criteria for inclusion in the Senior Management Service should focus on managerial functions as well as grades. Some members were of the view that membership should be restricted to D-1 and D-2 levels. Others considered that P-5 could also be included if managerial functions were performed. No conclusion was drawn on the grade levels, pending the views of organizations on this matter. While the Commission recognized that the different organizational structures and mandates of the organizations required flexibility in establishing such criteria, it considered that the key focus in determining membership in the Service should be the functions of the post and not the individual, in particular as the functions relate to the significance of managerial responsibilities and competencies that are critical to the success of the organization. In this context, the role of advisory positions mentioned in the criteria submitted by the working group which had reviewed this item, required further justification. Some members considered that advisory positions would not meet the criteria for inclusion in the Senior Management

Service. Others considered that managerial responsibilities today included managerial, advisory and negotiating skills. Accordingly, advisory functions alone would not qualify a job for inclusion in the Service. The application of core competencies, performance appraisal mechanisms, contractual arrangements and other human resource functions required further development. The Commission considered that it could perform a useful role in establishing criteria and monitoring the application of various human resource functions for the Senior Management Service which was conceived as a relatively small group of staff.

76. The Commission noted that one of the goals in establishing a Senior Management Service was to increase mobility among the organizations of the common system. It was further noted, however, that the details of how this would be accomplished required clarification.

77. The Commission did not view the establishment of a Senior Management Service as creating a new subsidiary organ, advisory body or category of staff. It would be part of the current Professional and higher categories of staff and, as such, would follow applicable procedures for recruitment and placement. The question of access to the Service by external as well as internal candidates was discussed at some length. The Commission considered that recruitment to the Service would need to be open to both internal and external sources. Accordingly, the concern expressed by some members of the Commission in relation to geographical distribution and gender issues seemed to be addressed. The Commission noted that further guidelines would be developed to supplement and illustrate the responsibilities and characteristics of positions identified for inclusion in the Service, which would assist the executive heads.

78. While the Commission considered the establishment of a dual career ladder to be more directly related to the revision of the job classification system than to the establishment of a Senior Management Service, it did consider that the dual career ladder could be a useful feature of a revised pay and benefits system. While it would study the issue further, it considered that the inclusion of a dual career ladder for specialists at levels comparable to the Service was desirable. It recognized the value of senior specialists by providing for their career progression to senior levels without the assumption of managerial responsibilities. In a banded structure, some members considered that it would be appropriate to include such positions in the same band or bands encompassing D-1 and D-2.

79. Members of the Commission considered that it would be essential for the Commission to take a lead role in monitoring further development of the Service.

Decision of the Commission

80. The Commission decided that:

(a) The introduction of a Senior Management Service had merit in building leadership and management capacity in support of major organizational reform directed at improving overall organizational performance;

(b) The Service would not constitute a new subsidiary organ, advisory body or category of staff;

(c) The Service would not require a special pay and benefits package. The pay and benefits applicable to Professional staff would apply to the Service;

(d) The Service would consist only of high-level managerial positions;

(e) Posts would be identified for inclusion based on criteria approved by ICSC;

(f) Managers who occupy posts meeting the ICSC criteria would be in the Service;

(g) The Service would have a common set of core competencies applicable for recruitment, selection, development and performance management;

(h) The executive heads would be responsible for selection, evaluation and other aspects of managing the members of the Service. The Service would be open to recruitment from within and outside the common system;

(i) It would monitor the implementation of the modalities and report to the General Assembly in that regard.

6. Recruitment and retention information

81. The Commission reviewed the data on recruitment and retention difficulties, which it had requested from the organizations. The Commission noted the absence of significant problems in this area. The Commission recognized that the information had

been obtained in the rather short time frame since its fifty-fourth session. Nevertheless, it found the information informative and suggested that a more systematic approach be considered for the collection of such information on a periodic basis. It also suggested that both a quantitative and qualitative analysis of the collected data be considered for the future.

B. Mobility

82. The General Assembly, in its resolution 55/258 of 14 June 2001, requested the Commission to conduct a comprehensive review of the question of mobility and its implications on career development of staff members in the United Nations system and to report to the Assembly during the course of its fifty-seventh session.

83. The Commission considered the issue of mobility at its fifty-fifth session. It noted the importance for effective human resources management of mobility of staff both within and among organizations of the common system, in particular in the context of the enhancement of a single international civil service that shared values and culture. Mobility has been identified as a core element within the framework for human resources management. It can enhance the management of human resources and work towards the achievement of greater efficiency and effectiveness in the organizations. Nonetheless, it may have some negative impact at the individual and organizational level. The Commission was presented with recent information on mobility policies in organizations of the common system, with reference to other international organizations, national civil services and best practice in the private sector.

Views of the organizations

84. The representative of the Human Resources Network of CEB stated that the issue of mobility was highly complex and that a number of organizations had been working on systems of managed mobility across occupations, organizational units, duty stations and organizations. From a substantive point of view, mobility policies must be linked to the business needs of their organizations. She reiterated that mobility was not an end in itself: for some organizations, it was an issue of organizational effectiveness and survival; for others, it was linked to efforts to develop a multi-skilled workforce.

85. She noted that there was a need for much work to be done on the matter. For instance, there was a need to address more supportive programmes in a large range of work and family areas, especially if the organizations were to be attractive employers to the younger generation. She also emphasized the important link between mobility and the reform of the pay and benefits system, for example, by offering further incentives through strategic bonuses. She indicated that the issue of mobility had been on the agenda of the Human Resources Network for a long time, and that one of the initiatives taken to facilitate inter-organization mobility was the Participating Agencies Mobility System (PAMS).

86. She informed the Commission that, in the view of the Network, more work needed to be accomplished before the Commission could consider all of the implications of the proposals contained in the document it had before it. She recalled that contractual arrangements and policies must serve the business needs of each organization and, in addition, contractual arrangements were subject to the financial and budgetary requirements of each organization.

Views of the staff representatives

87. The representative of CCISUA expressed her support for mobility of staff, provided the process was monitored and managed in a responsible manner. She highlighted the importance of staff well-being and work/life issues in establishing mobility and career development programmes. She concurred with the proposals before the Commission, especially in regard to the establishment of links with career development. She addressed the issue of the risk of losing the institutional memory acquired by staff members who must move from one function, department or organization to another, as it was planned at the United Nations, where posts could not be encumbered for more than five years. CCISUA would like the issue of mobility to be considered when certain elements of the review of pay and benefits, in particular broad banding, had been decided and successfully implemented.

88. FICSA considered that many staff members viewed mobility positively, unless it interfered with family life or limited career opportunities. The representative of FICSA pointed out imbalances in the system, such as staff members moving too often and others having no options for mobility. She mentioned

some measures to encourage mobility within and among organizations, for instance, the circulation of information on roster and secondments, and the granting of permanent contracts and return rights. A mandatory mobility policy was not considered to be effective and might inhibit recruitment and retention. The removal of disincentives and obstacles to mobility and greater links with career development would have a positive impact on voluntary mobility. Finally, she noted that staff members who were willing to move but had not had the opportunity to do so should not be penalized professionally and financially.

Discussion by the Commission

89. The Commission reiterated the principle enunciated within the framework of human resources management, which stated that mobility was an underlying premise of the international civil service which promoted shared principles and values, and that mobility requirements of organizations might vary, depending on their structure, size and mandate. Mobility programmes should, inter alia, provide for movement of staff within and across international organizations and to the extent possible, to and from national civil services and public and private sector institutions.

90. There was a general consensus in the Commission that the issue of mobility was a complex matter that had implications for a number of human resource areas. Therefore, there was a need to examine mobility in a holistic manner that would take into consideration the varying missions and mandates of the organizations. The Commission acknowledged the importance of the work/life agenda as regards mobility policies. Accordingly, it concurred that there was a need to examine in detail modalities that would be appropriate in the common system. Proposals currently being considered under the pay and benefits review, for example, broad banding and the Senior Management Service, would also need to be addressed in the context of mobility.

91. The Commission noted that the issue of mobility was related in some extent to the policies of organizations in respect of contracts. Therefore, the issue of contractual arrangements should first be discussed. It considered that exchanges with other international organizations, national civil services and the private sector should be included in the efforts made by the common system to enhance mobility. However, it recognized that mobility should not jeopardize the institutional memory in organizations.

Decision of the Commission

92. The Commission requested its secretariat to develop a programme of work for the future. This programme should address, inter alia, links between career development and mobility, and provide an analysis of the advantages, disadvantages and obstacles to mobility both for the organizations and staff members. Any future work should be developed in accordance with the ongoing work on the review of pay and benefits.

C. Common scale of staff assessment

93. In 1996, ICSC, in close cooperation with the United Nations Joint Staff Pension Board (UNJSPB), recommended a common scale of staff assessment for the Professional and higher categories and the General Service and related categories for determining the pensionable remuneration levels of both categories. The General Assembly, in its resolution 51/216, approved the recommended scale with effect from 1 January 1997. At that time, UNJSPB recommended, and the Commission concurred, that the scale should be updated, as necessary, every two years, based on changes in average taxes at seven headquarters duty stations. At its fifty-fourth session, the Commission therefore examined the changes made in taxes at the duty stations concerned since its most recent consideration of this item. The data showed that average taxes had increased or decreased minimally at the relevant income levels between 1999 and 2001.

Views of the organizations

94. The representative of the Human Resources Network of CEB supported the recommendations of the ICSC secretariat that the current common staff assessment scale should continue to apply until such time as the next comprehensive review of pensionable remuneration was undertaken.

Discussion by the Commission

95. The Commission noted that the current updating of the tax information which served as the basis for the common scale had shown minimal changes from the tax information reviewed two years earlier. It therefore

considered that the noted changes in the level of taxation at the relevant duty stations would not require adjustment at the current stage.

Decision of the Commission

96. The Commission decided to report to the General Assembly that the current common scale of staff assessment should continue to apply and should again be reviewed when the next comprehensive review of pensionable remuneration was undertaken in 2004.

D. Hazard pay

97. The Commission, at its forty-seventh session, had decided to change the review cycle for hazard pay from two to three years and to review the level of this allowance for both internationally and locally recruited staff in 2002. In the light of this decision, the Commission, at its fifty-fourth and fifty-fifth sessions, reviewed the matter and considered a number of options for adjusting the level of hazard pay for both categories of staff. In this context, the Commission had sought the views of the organizations regarding the adjustment of hazard pay for locally recruited staff and had received a recommendation from seven common system organizations and programmes (the World Food Programme (WFP), the United Nations Children's Fund (UNICEF), UNDP, the United Nations Population Fund (UNFPA), the United Nations Office for Project Services (UNOPS), the World Health Organization (WHO) and the Office of the United Nations High Commissioner for Refugees (UNHCR)) to increase the level of hazard pay for locally recruited staff by a factor of 50 per cent (i.e. from the current 20 per cent of the midpoint of the local salary scale to 30 per cent).

98. The Commission also addressed a request by the Untied Nations Security Coordinator to consider the possibility of establishing new criteria for hazard pay with respect to transitional administration missions, that is, where the United Nations functioned as the national administration. This request stemmed from recent experience in Kosovo, an operation in which some 5,000 staff currently served. It provided that while evacuation would normally serve as a precondition for hazard pay, there may be exceptional circumstances under which this condition could not be met.

99. During its review of hazard pay at its fifty-fourth session, the Commission was informed by the staff representatives that area staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) were not receiving hazard pay. In this connection, the Commission had requested and received the comments of the United Nations Legal Counsel and the General Counsel of UNRWA explaining the legal status of the Agency's area staff and, in particular, dwelling on the issue of their eligibility for hazard pay.

Views of the organizations

100. The representative of the Human Resources Network recalled that, at the Commission's fifty-fourth session, the organizations had supported in principle an increase of hazard pay to locally recruited staff but had needed some time to consult among themselves on the parameters of the increase. Following inter-agency consultations on this matter, the organizations, by consensus, were proposing that the level of hazard pay for locally recruited staff be adjusted by a factor of 50 per cent. She confirmed that, according to the organizations, such an increase could be absorbed in current budgets while still addressing the need for an adjustment.

101. The participating organizations were unanimous in their view that the current criteria for the granting of hazard pay should remain unchanged and that the linkage between hazard pay and local salary scales was the only equitable means of ensuring a uniform relativity between base salary and hazard pay. Organizations were also of the view that there continued to be a need to update the level of hazard pay for internationally recruited staff.

102. The representative of UNDP indicated that the organizations had considered a 100 per cent increase in the entitlement, as had been proposed by some members of ICSC, but it was considered that this would be disproportionate and, after consulting with their respective budget sections, they had concluded that a 50 per cent adjustment was the absolute maximum that could be absorbed.

103. She emphasized the importance of adhering strictly to the criteria for the provision of hazard pay. This related to both the timely granting and the timely lifting of the entitlement. In this connection, consideration could be given to reviewing the

designation of hazard pay locations on a monthly basis rather than every three months. She believed that the staff associations could be helpful in ensuring that the staff at large understood the criteria for granting, as well as discontinuing, hazard pay.

Views of the staff representatives

104. The representative of CCISUA supported the proposal for a 50 per cent increase in the level of hazard pay to locally recruited staff. While the Commission was a technical body, its approach should not be technocratic in the sense that statistics, figures or tables should not obscure the human dimension of the problem of staff serving at high-risk locations. She was of the view that ICSC should concentrate more on managing common procedures rather than on differences among organizations, categories of staff, information systems etc. She stressed the importance of understanding the difficult situation of staff working at hazardous areas. In this regard, she considered that it would be useful for the Commission to hold a future session at one of those locations.

105. Regarding UNRWA area staff, she drew the Commission's attention to the fact that area staff were assigned to very risky positions — drivers, nurses, teachers etc. — working under the United Nations flag in support of internationally recruited staff. Their lives were as important as those of other staff.

106. The representative of FICSA also supported an increase in the amount of hazard pay to local staff, stating at the same time that FICSA would have preferred a more substantial increase of this entitlement than had been proposed. He pointed out that the Commission should strive for equitable treatment of all staff in the spirit of objectivity and fairness, based on the principle of equal pay for equal risk. He stressed that, although the proposed increase would result in a high percentage of the entitlement vis-à-vis base salary, with respect to local staff the increase could be misleading because in absolute terms the level of hazard pay to local staff would still remain significantly below that granted to their counterparts and other staff facing the same hazardous conditions.

107. The General-Secretary of FICSA drew the attention of the Commission to the situation of some 11,000 UNRWA area staff in the West Bank and Gaza Strip who did not receive hazard pay because of an apparent lack of financial resources. The fact that some staff in the locality received the allowance while others did not created disparity and added to tension in an already difficult situation.

108. She was grateful to the Commission for its prompt attention to this matter and called for a speedy resolution of the problem.

109. With regard to UNRWA area staff, the representative of FICSA noted that, although their conditions of service were perceived to be different from those of other locally recruited staff employed by other agencies of the United Nations family, this was due to the unique character of UNRWA. However, this could not be a reason for excluding UNRWA area staff from common system entitlements. There was no doubt that UNRWA was a common system body that had been created by and was accountable to the General Assembly. Therefore, the common system rules promulgated by ICSC should be applicable to all personnel that UNRWA hired and may continue to hire and, in this regard, he drew attention to General Assembly resolutions 35/214 of 17 December 1980 and 36/233 of 18 December 1981. He suggested that the Commission should confirm that hazard pay was also applicable to all UNRWA area staff who qualified just like their international and other locally recruited staff.

110. The representative of CCISUA fully supported the FICSA statement and stressed that the security of staff members was crucial at whichever duty station they may be, hazardous or not. It would be contrary to the objectives of the Organization and its image if its staff were not treated in an equitable manner.

Discussion by the Commission

111. The Commission noted that the criteria for hazard pay had remained essentially unchanged since the introduction of the allowance in 1984 and had been reconfirmed during subsequent reviews. It considered that those criteria had stood the test of time and had worked to the satisfaction of the organizations. It therefore did not consider it appropriate to change them at the current juncture. Changing criteria to suit specific situations could lead to the erosion of principles underlying the system and undermine its credibility.

112. The Commission recalled that, for internationally recruited staff, the allowance, which had originally been introduced as a percentage of the base/floor salary scale, had been delinked from the scale during the 1996

review. The level of hazard pay for this category of staff had since been set pragmatically, with reference to inflation rates at the seven headquarters duty stations. This procedure had been introduced at the time of the most recent review of the allowance, in 1998. For locally recruited staff, hazard pay continued to be calculated as 20 per cent of the midpoint of the local salary scale.

113. The Commission noted that hazard pay for internationally recruited staff, as a percentage of their salary, had decreased since the most recent review, from 19.86 to 17.59 per cent. Most members agreed, however, that, as evidenced by the average 1998-2001 dollar-based inflation index, inflation in the three years since that review had not eroded the level of the entitlement. In fact, the reverse was true, with the index amounting to 0.9647 and showing a slight strengthening of the entitlement in dollar terms.

114. The Commission recognized the dangers to which locally recruited staff were subjected at high-risk locations. These staff were an extremely vulnerable group and had to put their health, well-being and even lives on the line in the daily conduct of their duties. Although nothing could compensate for the loss of life, locally recruited staff deserved a more meaningful reward for their dedication and commitment.

115. Several members noted the significant difference in absolute amounts of hazard pay granted to locally recruited staff, on the one hand, and international staff, on the other. Some members considered that the local staff were often more exposed to hazardous conditions than international staff when danger arose. While recognizing that different procedures were in place to determine the levels of hazard pay for the two categories, they considered that there was a need to address this disparity.

116. It was recalled that, at the previous session of the Commission, a strong sentiment had emerged in favour of an increase in this entitlement. The Commission had decided, however, to solicit the views of the organizations on the specific parameters of the adjustment. Now that the organizations had presented their unanimous position on this issue, most members considered that the Commission should act on it on a priority basis and endorse the proposed 50 per cent increase.

117. It was noted that, according to the organizations, the financial impact of the proposal, which was estimated to cost approximately US$ 6,900,000 per annum system-wide, could be absorbed by current budgets.

118. Some members, while not opposing the decision of the majority, expressed doubts about its equity; they considered the recommended increase to be excessive, especially in view of the Commission’s decision not to adjust the level of hazard pay to international staff. Concern was expressed that the Commission’s decision would create a situation in which an increase for one category of staff would result in a proposal to grant an increase to the other without proper justification.

119. They pointed out that hazard pay had been conceived as a payment of a symbolic nature and had never been intended to be an essential part of the compensation package. It was now reaching 30 per cent of the midpoint of the scale, which could no longer be considered symbolic since at lower grade levels it could exceed the total salary. While different methodologies were in place for the two categories for good reason, equity had always been the Commission’s concern. At its previous session, the Commission had decided that there was no reason to adjust hazard pay for international staff even though its percentage level vis-à-vis base pay, which was already below that of locally recruited staff, had decreased. Yet, at its current session, the Commission was in favour of increasing this entitlement for locally recruited staff, which would result in an even bigger difference between the two categories. Locally recruited staff would be receiving 30 per cent of salary as a hazard payment compared to a payment of 17.59 of salary for international staff. These members were of the opinion that such an increase was therefore inappropriate and inequitable. The view was also expressed that the decision to increase the level of hazard pay was being taken without any analysis of whether the conditions of service of staff at high-risk locations had deteriorated. In addition, it was considered that, if hazard payments became a significant part of compensation, the discontinuation of these payments when no longer justified by local conditions could create a financial hardship, negatively affect staff morale and create problems of staff motivation.

120. The Commission discussed the possibility of reviewing on a monthly basis the designation of hazard pay locations instead of on the current three-month cycle. It was agreed that it would consult with the

organizations and the United Nations Security Coordinator on this possibility.

121. With regard to the situation of UNRWA area staff, the Commission, having considered the information on this issue provided by the United Nations Legal Counsel and the General Counsel of UNRWA, noted the Agency's unique status. Members agreed that area staff constituted a separate category whose conditions of service were distinct from those of the locally recruited staff of the common system. In particular, separate area staff regulations and rules were applied to the area staff, their salaries were not governed by the Flemming principle of best prevailing conditions of employment but were linked to salaries of the civil service of a Member State. Salaries were financed from voluntary contributions and pension arrangements separate from those of the common system applied.

122. While the legal status of UNRWA area staff was complex and equivocal, the Commission noted that the conditions of service, job classification, salary scales and social security provisions relating to this group were determined by the Agency itself, taking into account the Agency's particular policies and available financial resources. The Commission agreed therefore that the authority to grant specific allowances or entitlements to area staff clearly rested with the Commissioner-General of UNRWA, who made those determinations on the basis of the Agency policies and procedures in place with regard to its staff.

Decision of the Commission

123. The Commission decided:

(a) To reiterate its commitment to the principle of hazard pay and express its appreciation for the dedication and commitment of all staff working in hazardous conditions;

(b) To reconfirm that the present criteria for the granting of hazard pay should remain unchanged;

(c) To maintain the level of hazard pay for international staff at its current level of US$ 1,000 per month;

(d) That, with effect from 1 January 2003, the level of hazard pay granted to locally recruited staff should be increased to 30 per cent of the midpoint of the local base salary scales;

(e) After considering the situation with regard to UNRWA area staff and the legal opinions of the United Nations Legal Counsel and the General Counsel of UNRWA on this issue, to conclude that the Commissioner-General of UNRWA had full authority to deal with this matter by applying the relevant procedures in place for area staff.

E. Review of the level of education grant

124. The Commission had approved a methodology for the determination of the levels of education grant in 1992, which was subsequently endorsed by the General Assembly. In 1997, ICSC modified its earlier methodology and those modifications were also endorsed by the General Assembly in section III.A of its resolution 52/216. The Commission had before it a study by the Human Resources Network on the education grant levels resulting from the application of the above-mentioned methodology, including the modifications. Expenditure data on 10,138 claims for the academic year 2000/2001 had been analysed in the 17 individual countries/currency areas in which the grant is applied.

125. Under the approved methodology, the trigger point for reviewing education grant levels in a given country/currency area was that 5 per cent or more of the cases exceeded current maximum admissible expenditure levels. For countries/currency areas with few education grant levels, the maximum admissible expenditure adjustment mechanism is triggered only if a minimum of five claims exceed the existing maximum admissible expenditure limit. The study by the Human Resources Network, undertaken in the biennial review cycle, identified seven countries/currency areas in which that trigger point had been reached (Austria, United Kingdom of Great Britain and Northern Ireland, Switzerland, Italy, Spain, United States dollar in the United States of America and United States dollar outside the United States).

126. As regards the reimbursement of boarding costs, it was pointed out that, at designated duty stations where educational facilities were either not available or deemed to be inadequate, boarding costs were reimbursed over and above the applicable education grant limit. At all other duty stations, reimbursement of boarding costs at the flat rate, when boarding was not provided by the educational institution or by a boarding institution certified by the school, was determined

within the overall limit of the maximum admissible educational expenses. It was suggested that, in accordance with the decision taken by the Commission in 1997 and subsequently endorsed by the General Assembly, the normal flat rates for boarding and those for additional reimbursements at designated duty stations be revised.

Views of the organizations

127. The representative of the Human Resources Network noted that the study, which had been prepared in accordance with the methodology approved by the Commission and endorsed by the General Assembly, related to the standard updating of the levels of the education grant. In accordance with the methodology, the level of actual expenditures from the most recent school year available (2000/2001) had been analysed. All organizations had been requested to submit data on all claims in a standardized format. This had been a very labour-intensive process, since each organization had its own computing environment for the administration of the grant.

128. The representative of the Network noted that, if staff were to undertake their work effectively, organizations must provide the necessary support so that families did not suffer economic hardship from the consequences of their place of assignment. She also recalled that the education grant was only payable to eligible expatriate staff and only upon presentation of certified receipts of attendance and bills from schools. Moreover, staff were reimbursed only 75 per cent of the total costs, an amount which was also subject to a strict maximum amount (i.e. a ceiling).

129. She noted that there were three types of proposals before the Commission: increases in the levels of the maximum admissible levels of the grant for expenditures incurred in seven countries; increases in the flat rates for boarding; and a request to maintain the special measures now in effect in the United States dollar outside the United States area. At present, special measures for the United States dollar outside the United States area had been approved for China, Indonesia, the Russian Federation and Romania. A request to introduce special measures for Israel had been submitted. In this regard, it was important to recall that the United States dollar outside the United States area grouped together a vast array of countries, economies and currencies.

130. The representative of the Network expressed the belief that the methodology had been extremely rigorous and had served organizations well over the past 12 years. However, the Network looked forward to working with the ICSC secretariat in the future so as to further improve and streamline the methodology. Two issues that needed to be looked at had already been identified: the differences across the countries that had introduced the euro; and the second trigger point, introduced by ICSC in 1997, which required that at least five claims must exceed the existing maximum admissible expenses.

Views of the staff representatives

131. The representative of FICSA noted that the study reflected an accurate application of the methodology, as approved by the Commission and subsequently endorsed by the General Assembly. He expressed some concerns that he hoped would be taken into account at the time of the next review of the methodology: FICSA had noted that there were a large number of duty stations with few education grant claims and that these duty stations therefore did not meet the trigger point of five claims exceeding the maximum admissible expenses. Increased costs might be incurred at the duty stations that were not reflected. Furthermore, proposed increases in the education grant were based on data that were from the 2000/2001 school year and thus, at duty stations at which costs were increasing rapidly, there could be a failure to capture accurately the current education costs.

132. FICSA noted that the rates for boarding were adjusted by the consumer price index (CPI) movement over the preceding two years. FICSA expressed concern that in some duty stations the official CPI might not have captured the true cost increase. The representative also noted that staff should be asked to submit all receipts, regardless of whether they were reimbursable or not under the current methodology. A request was made that special consideration be applied to cases in which educational institutions were not able or willing to certify boarding costs. This would provide a more realistic assessment of the true costs to staff.

133. The representative of CCISUA supported the statement made by FICSA. She provided some examples that applied to Geneva, such as the increase in capital assessment fees for the International School. This increase in the capital assessment fees should be shared between the organizations and staff with

children in the school. She also noted that the commuting distance between Geneva and Lausanne was not calculated in the same manner by the common system organizations located at Geneva. For reasons related to choice of career, some students travelled very far and for many hours to attend classes at Lausanne. Consequently, the granting of boarding costs should be reviewed to take this element into account. CCISUA called for a review of the methodology.

Discussion by the Commission

134. A number of members of the Commission expressed the view that, given the state of current computer systems, data collection should become easier rather than more complex and time-consuming. It was suggested that the organizations should harmonize their computer systems and software applications in order to facilitate the collection of data in respect of the education grant, as well as other data.

135. The Commission, in addressing the proposals of the Human Resources Network, reviewed both the movement of school fees and the percentage of claims over the maximum admissible expenses and concluded that any adjustment should be made on the basis of the movement of expenses and fees. With regard to expense movements, the aim was to ensure that expatriate staff continued to share a reasonable portion of their children's education. The Commission recalled that, in prior reviews, it had attempted to balance its consideration of fee and expense movements. Since expenses and fees did not increase by the same amount, judgement was required in the final determination of the level of the grant and this was once again the case.

136. The Commission noted that, under the current methodology, in countries/currency areas in which there was a small number of United Nations common system staff, the trigger point to adjust the education grant was rather easily reached. In that regard, the Commission considered that there was a disparity in the trigger points for duty stations in the United States dollar area outside the United States and those in the other smaller countries/currency areas. The Commission was of the view that it would be appropriate to address the issue of the trigger point at the time of the next review of the methodology for the determination of the level of the grant. The Commission considered that some of the current smaller countries/currency areas could perhaps be lumped together in the United States dollar outside the United States area, however, this would need to be examined at the time of the review of the methodology.

137. The Commission discussed the issue of the criteria for determining the adequacy of schools at designated duty stations and considered that it should review this issue at the time of the review of the methodology.

138. The Commission noted that, with the introduction of the euro, the maintenance of separate education grant levels for the countries that had the euro as their currency should be reviewed. However, the Commission realized that even though these countries had the same currency, education costs in them differed. This would also need to be examined at the time of the review of the methodology.

139. The Commission also noted that, in accordance with the methodology, the flat rate for boarding and the additional flat rate for boarding had been updated by the movements of the CPI between the date of the most recent adjustment and the date of the current review.

140. The Commission further noted that the system-wide cost implications of the proposed increases were estimated at approximately US$ 1,900,000 per annum for the system in respect of the increase in the maximum admissible expenditure level and the increase in boarding costs.

Decision of the Commission

141. The Commission decided to recommend to the General Assembly that:

(a) In the following countries/currency areas in which education-related expenses are incurred, namely, Austria (euro), Italy (euro), Switzerland (Swiss franc), Spain (euro), United Kingdom (pound sterling), United States dollar in the United States and the United States dollar outside the United States, the levels of maximum admissible expenses and the maximum grant should be set as shown in annex V, table 1;

(b) The maximum amount of admissible expenses and the maximum grant should remain at the current levels for the following countries/currency areas: Belgium (euro), Denmark (Danish krone), Germany (euro), Finland (euro), France (euro), Ireland (euro), Japan (Japanese yen), Netherlands (euro), Norway (Norwegian krone) and Sweden (Swedish krona);

(c) The flat rates for boarding to be taken into account within the maximum admissible educational expenses and the additional amounts for reimbursement of boarding costs over and above the maximum grant payable to staff members at designated duty stations be revised as shown in annex V, table 2;

(d) The amount of the special education grant for each disabled child should be equal to 100 per cent of the revised amounts of the maximum allowable expenses for the regular grant;

(e) All of the above measures should be applicable as from the school year in progress on 1 January 2003.

142. The Commission decided to maintain the special measures for China, Indonesia, Romania and the Russian Federation, which would allow organizations to reimburse 75 per cent of actual expenses up to and not exceeding the maximum expenditure level in force for the United States dollar/inside the United States.

143. The Commission also decided to request the organizations to ensure the compatibility of their computer systems and applications for purposes of reporting data on education grant claims.

Chapter IV
Conditions of service in the Professional and higher categories

A. Evolution of the United Nations/United States net remuneration margin

144. Under a standing mandate from the General Assembly, the Commission continued to review the relationship between the net remuneration of the United Nations staff in the Professional and higher categories in New York and that of United States federal civil service employees in comparable positions in Washington, D.C. (hereinafter referred to as “the margin”).

145. The Commission was informed that the net remuneration margin for 2002 was estimated at 109.3 on the basis of the approved methodology and existing grade equivalencies between United Nations and United States officials in comparable positions.

Views of the organizations

146. The representative of the Human Resources Network noted that, as had been foreseen, the margin had fallen well below 110. As a consequence, the issues before the Commission were the restoration of the margin to the midpoint of 115, and the timing for the introduction of a new scale. All organizations strongly supported the restoration of the margin to the midpoint of 115 which was fully justified in accordance with the normal functioning of the approved methodology. The representative also noted that for years the General Assembly and the executive heads had requested that the margin imbalance at the upper levels of the scale be addressed. This was a question of equity and was all the more important at a time when all partners agreed on the important role of managers in strengthening organizational effectiveness and competitiveness.

Views of the staff representatives

147. The representative of FICSA noted that its members had anticipated that the margin would fall below 110 this year. FICSA formally requested the Commission to take the necessary actions to restore salaries in the Professional and higher categories to the appropriate margin level in accordance with General Assembly resolution 40/244 of 18 December 1985. FICSA believed that priority should be given to restoring the margin level to the 115 midpoint. Any correction to the margin level would replace the need to incorporate post adjustment into the base salary. The margin had fallen below the minimum level of 110 and the General Assembly’s instructions called for raising the margin to approximately 115. FICSA, while recognizing that this adjustment had major financial implications for the Member States, was of the view that the request to restore the margin to 115 was modest in the light of other proposals to reconsider the use of the United States as a comparator altogether.

148. The representative of CCISUA supported the statement made by FICSA.

Discussion by the Commission

149. The Commission recalled that it had informed the General Assembly in the past that the adjustment of United States federal employees’ salaries was based on the comparator’s Federal Employees’ Pay Comparability Act of 1990. That legislation was

designed to close the existing gap between public and non-federal sector salaries, on a gradual basis by 2002. The Commission noted that the failure to fully implement that Act as originally intended had resulted in a 22 per cent pay gap on average in 2002 between the public and non-federal sectors. The Commission noted that the United States Administration had cited the current national emergency situation in submitting an alternative pay increase for 2002, in place of the one required under full implementation of the Pay Comparability Act. The actual year-to-year (2002 over 2001) gross increase for Washington, D.C., taking into account both the employment cost index and locality pay adjustment, was 4.77 per cent, effective 1 January 2002.

150. The Commission noted that, on the basis of the approved methodology, the net remuneration margin for 2002 was estimated at 109.3. The Commission recalled that the General Assembly, on a number of occasions, had reaffirmed that the range of 110 to 120, with a desirable midpoint of 115, for the margin between the net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the United States federal civil service in Washington, D.C. should continue to apply, on the understanding that the margin would be maintained at a level around the desirable midpoint of 115 over a period of time.[6] The Commission also noted that on an earlier occasion it had decided that if it became evident that the margin would drop below the lower limit, the Commission would make a recommendation to the General Assembly for a real salary increase (see sect. B below).

151. Most members of the Commission shared the concerns of the organizations regarding the low levels of margin at the senior levels. The Commission recalled that the General Assembly, in a number of resolutions, had requested the Commission to consider the imbalance of the margin in the context of the overall margin considerations established by the Assembly.

152. Some members of the Commission did not consider the imbalance of the margin to be a problem. They were of the view that the margin at the top of the scale could be 110 and at the bottom at 120 since the salary amounts, in absolute terms, were significantly different.

Decision of the Commission

153. The Commission decided to report to the General Assembly the margin forecast of 109.3 between the net remuneration of the United Nations staff in grades P-1 to D-2 in New York and that of the United States federal civil service in Washington, D.C., for the period from 1 January 2002 to 31 December 2002. Details of the margin calculation are contained in annex III to the present report.

B. Base/floor salary scale

154. The concept of the base/floor salary scale was introduced with effect from 1 July 1990 by the General Assembly in section I.H of its resolution 44/198 of 21 December 1989. The scale is set by reference to the General Schedule salary scale of the comparator civil service in Washington, D.C. Periodic adjustments are made to the scale on the basis of a comparison of net base salaries of United Nations officials at the midpoint of the scale (P-4, step VI at the dependency rate) with the corresponding salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively).

155. The ICSC was informed that, in view of the movement of the federal civil service salaries in the United States of America as of 1 January 2002 (in Washington, D.C.), an adjustment of the United Nations common system's scale of 5.6 per cent would be necessary in 2003 in order to keep the base/floor scale in line with the comparator.

156. The Commission was also informed that the net remuneration margin, which measured the relationship between United Nations net salaries and those of the comparator, would drop below the minimum of its range. That would require a recommendation from the Commission to the General Assembly for a real salary increase in order to bring the margin to an appropriate level. On a number of occasions it had also been noted by both the Commission and the Assembly that, at the higher end of the scale, the margin was narrow or non-existent, while at lower levels it was higher than desirable. That problem could be dealt with by way of a real increase that would be granted in greater amounts at the upper end of the scale.

157. The Commission was presented with three options:

(a) The standard adjustment of the base/floor salary scale on a no-loss/no-gain basis;

(b) A proposal for an across-the-board salary increase to bring the overall margin to its appropriate level;

(c) A proposal for a differentiated salary increase that would address the overall margin level and the low levels of the margin at the upper grades of the scale and the high margin levels at the lower end of the scale.

Views of the organizations

158. The representative of the Human Resources Network stated that the organizations supported a restoration of the margin to the midpoint of 115 by granting a differentiated salary increase. She recalled that, for a number of years, the General Assembly and the executive heads had repeatedly asked that the margin imbalance be addressed. That was a question of equity and was all the more important at a time when all partners agreed on the important role of managers in strengthening organizational effectiveness and competitivity. CEB had considered that the correction of the imbalance would be best addressed in the context of a real pay increase.

159. Regarding the implementation date of the new scale, the representative noted that organizations over the years had consistently supported March implementation dates to allow adequate time for financial/payroll systems to take into account the changes once approved by the General Assembly, which was generally in December. At the same time, while each organization must take action in accordance with the responsibilities it had assumed in adhering to the statute of ICSC, it was understood that organizations would do so in the context of their respective budgetary processes.

Views of the staff representatives

160. The representative of FICSA urged the Commission to recommend an across-the-board increase for all Professional staff. FICSA believed that that action would send a much needed message of encouragement to all staff, informing them that they were valued during a time of uncertainty and debate over conditions of service.

161. FICSA recognized that the salaries for staff at the lower Professional grades were above the midpoint of the margin level. However, there were currently relatively few staff employed at the two lowest grades. Thus, the financial impact of salaries above the 115 benchmark was fairly insignificant.

162. Organizations had stressed their need to attract and retain young people. FICSA appreciated that concern as well as the efforts to make the United Nations more family friendly and appealing to staff with young children. FICSA noted that young staff often possessed stronger competencies in the use of the information technology that organizations required. Should the Commission recommend a differentiated salary increase, that recommendation would constitute a de facto freezing of the salaries for staff at the lower Professional grades, which would be inconsistent with other goals stated by the organizations.

163. FICSA appreciated the need of the organizations to recruit and retain highly qualified senior managers and specialists. If the increases under an across-the-board approach proved insufficient at the D-1 and D-2 levels, bonuses could be offered as incentives for outstanding senior staff. This would allow the Commission to determine whether financial incentives do or do not make a significant impact on performance.

164. FICSA recalled that the difference in cost between across-the-board raises and differential increases was less than US$ 400,000. Yet the difference in impact on staff morale could be great. FICSA believed that such variations in percentage increases would be unacceptable to the majority of staff and would undermine the goals of building team spirit.

165. The representative of CCISUA supported the statement of the representative of FICSA. She added that the differentiated increase as proposed in paragraph 157 (c) above would show an insignificant increase for lower Professional grades. In her view, equity called for an across-the-board increase for all Professional staff. She requested that it be applied as of 1 March 2003.

Discussion by the Commission

166. The Commission noted that, based on the overall level of the margin, the adjustment of the base/floor salary scale on a no-loss/no-gain basis, as proposed by the secretariat as option 1 in its document, was a moot

point for the current year. The Commission needed to make a recommendation to the General Assembly for a real salary increase to bring the overall margin to its desirable level of 115.

167. The Commission noted that it had two options to bring the overall level of the margin to 115. It could recommend an across-the-board increase of 5.7 per cent or a differentiated salary increase (differing by grade). The Commission noted that, while an across-the-board increase, in lieu of a standard base/floor salary increase on a no-loss/no-gain basis, based on a United States federal civil service increase of 4.1 per cent for 2003, would result in an overall margin level of 115 for 2003, the imbalances in the margin would remain.

168. Drawing attention to the fact that, since the early 1990s, the General Assembly, in a number of resolutions, had requested the Commission to submit appropriate recommendations to correct the imbalance in the level of the margin at certain grades, the Commission indicated that it was time that a realignment of the grades was carried out. The Commission was of the view that it was a matter of equity. Managers were responsible for reform and were challenged with having to do more with less. A differentiated increase was essential in recognition of the D-1 and D-2 managerial responsibilities. At the same time, the higher margin levels at the lower grades (especially P-1) should be addressed. Thus, the Commission supported the proposal of its secretariat to grant a real increase to the base/floor salary scale in differing percentages.

169. Some members of the Commission, while supporting the proposal for a differentiated increase, noted that the General Assembly had not requested the Commission to solve the problem of the imbalance at once. Therefore, those members suggested that, while achieving an overall margin level of 115, increases slightly higher than warranted could be granted to the lower grades and slightly lower increases to the higher grade, as a matter of social fairness.

170. The Commission noted that the financial implications resulting from a differentiated real salary increase were estimated as follows:

	United States dollars
Net remuneration increase	84 131 900
In respect of the mobility/hardship allowance	4 190 000
In respect of the scale of separation payments	808 000
Total annual financial implications	**89 129 900**

Since the revised scale was proposed to be implemented effective 1 March 2003, the financial implications for the 10 months of 2003 were estimated to be $74,274,917, system-wide.

171. The Commission also noted that the proposed increase of the base/floor salary scale would have an impact on the scale of pensionable remuneration. If the General Assembly adopted the recommendation of the Commission for an increase in the base/floor salary scale, the scale of pensionable remuneration would need to be adjusted.

172. The Commission noted that, in its resolution 56/244, the General Assembly had expressed concern about the increasing number of duty stations with post adjustment classifications equal or close to zero. The recent weakening of the United States dollar had lead to a significant decrease in the number of duty stations that had a post adjustment classification of zero or close to zero, and with a further weakening of the United States dollar, the number would drop even further. The Commission recognized that if, on the contrary, the United States dollar strengthened, the number of such duty stations might increase once again. However, there would be related savings in the post adjustment system since fewer United States dollars would be required to pay for costs (such as salaries) in local currency amounts.

173. The Commission realized that there was no simple solution to the problem. It was a very complicated issue, which, in the current year, was made even more complex by the low level of the margin. The Commission noted that it should look further into the issue at one of its future sessions and that it might address at that time the procedure for the revision of the base/floor scale over time. The Commission recalled that, at the time of the introduction of the base/floor salary scale in 1989, it was suggested that the level be adjusted every five

years. The Commission noted that it might wish to study that option and a number of others in coming to a conclusion on the issue.

Decision of the Commission

174. The Commission decided to recommend to the General Assembly, for implementation effective 1 March 2003, a differentiated real increase of the base/floor salary scale to address the low level of the margin at the upper grades of the salary scale and to restore the overall level of the margin to the desirable midpoint of 115. The resulting base/floor salary scale is presented in annex IV to the present report.

C. Review of the level of children's and secondary dependant's allowances

175. In its annual report for 2000, the Commission reported to the General Assembly its conclusion that the existing methodology for determining the level of dependency allowances for the Professional and higher categories should be maintained, that is, that allowances should be determined on the basis of the tax abatements and social security payments in the countries of the seven headquarters duty stations. The Commission further decided to maintain the biennial review of the level of dependency allowances so as to ensure that all relevant changes in the tax and social legislation for the countries concerned were taken into account. The General Assembly, in its resolution 55/223 of 23 December 2000, took note of the Commission's conclusions.

176. For the current 2002 review, the Commission had before it details of the percentage change required in the children's and secondary dependant's allowances based on changes in the tax abatement and social legislation for the seven headquarters duty stations between 31 January 2000 and 31 January 2002.

Views of the organizations

177. The representative of the Human Resources Network concurred with the proposal to maintain the children's and secondary dependant's allowances at their current level. CEB noted that the children and secondary dependant's allowances expressed in the euro currency differed among the various European countries. CEB suggested that ICSC review this matter in the context of the reform of the pay and benefits system.

Views of the staff representatives

178. CCISUA endorsed the proposal to maintain the children's and secondary dependant's allowances at their current levels.

Discussion by the Commission

179. The Commission noted that the tax calculation procedure for each of the seven headquarters duty stations locations had been reviewed at the local level by organizations based in those locations. The Commission also noted that on a weighted average basis, since January 2000, the payments resulting from tax abatements and social legislation had decreased by 0.57 per cent. Application of that percentage to the existing allowance would yield an annual allowance of $1,925, which would be applicable to staff not yet in receipt of the allowance as of 31 December 2002 or staff hired after 1 January 2003. Since the difference between the current amount and the amount after the application of the 0.57 per cent decrease was less than US$ 1 per month, it was suggested that the Commission recommend to the General Assembly that the current children's allowance be maintained at its 2001 level of US$ 1,936 per annum.

180. The Commission recalled that, at its thirty-ninth session (February/March 1994), it had decided that the movement of the weighted average of tax abatements and social legislation payments at the seven headquarters duty stations used for the establishment of the children's allowance should be applied to adjust the secondary dependant's allowance. Since there was no change in the children's allowance, the Commission noted that the secondary dependant's allowance should also be kept at its 2001 level.

181. The Commission decided that it would consider the suggestion of CEB and review this allowance in connection with the pay and benefits review.

Decision of the Commission

182. The Commission decided to recommend to the General Assembly that:

(a) The children's allowance remain at its current level of US$ 1,936 per annum;

(b) The secondary dependant's allowance remain at its current level of US$ 693 per annum;

(c) The current list of duty stations at which the allowances are payable in local currencies be maintained. The applicable local currency amounts of the children's and secondary dependant's allowances at those duty stations should also be maintained;

(d) Dependency allowances payable to eligible common staff be reduced by the amount of any direct payments received from Governments in respect of dependants.

Chapter V
Conditions of service of the General Service and other locally recruited categories

183. In 1997, the Commission reviewed the methodology for surveys of the best prevailing conditions of employment at headquarters and non-headquarters duty stations and reported its findings in its twenty-third annual report to the General Assembly. The Assembly, in section II, paragraph 2, of its resolution 52/216 of 22 December 1997, endorsed the conclusions of the Commission on refinements to the methodology. In section II, paragraph 3 (a), of its resolution 51/216 of 18 December 1996, the Assembly had requested the Commission, as part of its review of the methodology scheduled for 1997, to resolve, to the extent possible, inconsistencies between the General Service methodology and the one applied pursuant to the Noblemaire principle, inter alia, by examining the question of overlap in remuneration between the Professional and higher categories and the General Service and related categories. In its report on the revised General Service methodology, the Commission had provided its views on the matter.

A. Survey of best prevailing conditions of employment in London

184. On the basis of the revised methodology, the Commission conducted a survey of best prevailing conditions of service for the General Service and other locally recruited categories of staff in London, with a reference date of October 2001. The salary scale for the General Service and other locally recruited categories of the organizations of the common system at London, recommended by the Commission to the Secretary-General of the International Maritime Organization (IMO), is reproduced in annex VI to the present report. The Commission also recommended revised amounts of dependency allowances, determined on the basis of payments by the Government and surveyed employers.

185. As may be noted from the recommended salary scale of the London-based organizations presented in annex VI, the annual net salary at the highest point in the scale, GS-7/XI, is £34,146, or US$ 48,780 at the April 2002 exchange rate of US$ 1.00 is £0.700. This amount falls between the net remuneration (net base salary plus post adjustment) of staff members at the P-1/VIII and P-1/IX levels. The Commission considered that such overlap was not a cause for concern.

186. The salary scale for the London-based organizations shown in annex VI was on average 4.37 per cent higher than the current scale. In addition to recommending a new salary scale, the Commission also recommended revised rates for dependency allowance. The total cost of the Commission's recommendations was US$ 254,000 per annum.

B. Survey of best prevailing conditions of employment at Vienna

187. On the basis of the revised methodology, the Commission conducted a survey of the best prevailing conditions of service for General Service and other locally recruited categories of staff at Vienna, with a reference date of April 2002. The salary scale for General Service and other locally recruited categories of the organizations of the common system at Vienna, as recommended by the Commission to the executive heads of the Vienna-based organizations, is reproduced in annex VII to the present report. The Commission also recommended revised amounts of dependency allowances, determined on the basis of tax abatements, payments provided by the Government of Austria under social security provisions and payments made by surveyed employers.

188. One of the requirements of the revised methodology was that the public/non-profit sector, including the national civil service, be represented by at least 25 per cent of the retained employers. In the Vienna survey, of the 20 employers whose data were

used for the determination of the scale recommended by the Commission, eight employers, or 40 per cent, were from that sector.

189. As may be noted from the salary scale shown in annex VII, the annual net salary at the highest point in the scale, GS-7/XII (long service step), is €61,164 or approximately US$ 60,023 at the July 2002 exchange rate of US$ 1.00 = €1.019. That amount falls between the net remuneration (net base salary plus post adjustment) of staff members at the P-3/II and P-3/III levels. The Commission considered that such overlap was not a cause for concern.

190. The salary scale for the staff of the Vienna-based organizations shown in annex VII was on average 2.98 per cent higher than the current scale. In addition to recommending a new salary scale, the Commission also recommended revised rates for dependency allowances. The total estimated cost of the Commission's recommendations was US$ 2,300,000 per year. That estimate was calculated using the exchange rate as at 1 July 2002 of US$ 1.00 = €1.019.

C. Survey of best prevailing conditions of employment at Geneva

191. Under article 12, paragraph 1, of its statute, the Commission conducted a survey of best prevailing conditions of service for General Service and other locally recruited categories of staff at Geneva with a reference date of 1 January 2002. The salary scale for General Service and other locally recruited categories of the organizations of the common system at Geneva recommended by the Commission to the executive heads of the Geneva-based organizations is reproduced in annex VIII to the present report. The salary scale for the Language Teachers category is reproduced in annex IX to the present report. The Commission also recommended revised amounts for dependency allowances, determined on the basis of tax abatements, payments provided by the Swiss Government and payments provided by surveyed employers.

192. As may be noted from the salary scale shown in annex VIII, the annual net salary at the highest point in the scale, GS-7/XII (long service step), is 114,422 Swiss francs, or approximately US$ 76,281 at the 1 July 2002 exchange rate of US$ 1.00 = Swiss franc 1,50. This amount falls just below the net remuneration (net base salary plus post adjustment) of staff members at the P-IV/I level. The Commission considered that such overlap was cause for concern and decided that at the time of the review of the methodology this matter should be looked into.

193. The salary scale for the General Service staff of the Geneva-based organizations shown in annex VIII was on average 1.93 per cent higher than the current scales. The Commission noted that following the 1995 survey, a new pay scale had been approved, which was lower than that already in effect. As a result, the Geneva-based organizations had been operating with two pay scales, which would be superseded by the scale resulting from the 2002 survey. In addition to recommending a new salary scale, the Commission also recommended revised rates for dependency allowances. The total estimated cost of the Commission's recommendations was US$ 5,573,000 per year, calculated at the above-mentioned exchange rate.

D. Preparations for the review of General Service salary survey methodologies for headquarters and non-headquarters duty stations

194. As part of its normal cycle of review of the General Service salary survey methodologies for headquarters and non-headquarters duty stations, the Commission noted that the current round of surveys had been completed with the consideration of both the Vienna and Geneva survey results at its fifty-fifth session. In accordance with the normal schedule of methodology reviews, the Commission therefore decided to schedule the comprehensive review of both methodologies in 2003 and to report its decision to the Assembly.

195. In this context, the Commission agreed to the establishment of a working group to review the General Service salary survey methodologies for both headquarters and non-headquarters duty stations. The working group would be composed of four members of the Commission, four members designated by the organizations and two members designated by each staff body, namely, FICSA and CCISUA.

Notes

[1] ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA and UNIDO.

[2] IFAD.

[3] *Official Records of the General Assembly, Fifty-sixth Session, Supplement No. 30* (A/56/30).

[4] Ibid., *Fifty-fifth Session, Supplement No. 30* (A/55/30).

[5] A/53/414, para. 5.

[6] Resolution 51/216, sect. I.C, para. 2.

Annex I

Programme of work for 2003

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

2. Framework for human resources management:

   (a) Review of the pay and benefits system;[1]

   (b) Contractual arrangements;

   (c) Mobility.

3. Conditions of service of the Professional and higher categories:

   (a) Base/floor salary scale;

   (b) Evolution of the United Nations/United States net remuneration margin;

   (c) Report of the twenty-fifth session of the Advisory Committee on Post Adjustment Questions.

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

   (a) Review of the methodology for surveys of best prevailing conditions of employment at headquarters duty stations;

   (b) Review of the methodology for surveys of best prevailing conditions of employment at non-headquarters duty stations.

5. Mission subsistence allowance/special operations approach.

6. Paternity leave.

7. Review of pensionable remuneration.

8. Review of the Noblemaire principle, including total compensation comparison.

9. Administrative and budgetary matters: proposed programme budget for the biennium 2004-2005.

10. Implementation by organizations of decisions and recommendations of the International Civil Service Commission.

[1] For details, see paragraph 17 of the present report.

Annex II

Core competencies for the Senior Management Service

Leading change. This competency encompasses the ability to develop an effective vision of the future and to develop a strategy within the broad context of the organization's mission and the global environment that integrates programme goals, priorities, values and other factors. Ability to translate vision into plan of action. Creates a work environment that encourages creativity. Maintains focus and persistence, even under adversity, in guiding others to accept innovative thinking.

Getting the best out of people. Inspires, motivates and guides others towards mission-related goals. Leads by example; promotes mutual trust and commitment; creates an enabling environment. Works with staff to establish realistic performance expectations, gives and expects frequent constructive feedback, provides coaching as required. Consistently develops and sustains cooperative working relationships; creates a culture that fosters high standards, team spirit and pride. Adapts management style to individuals and cultures; values diversity. Supports the balancing of work/life considerations to enhance employee satisfaction.

Results driven. Holds self and others accountable for results. Identifies opportunities to improve systems and performance. Responsive to customer/client expectations as well as those of stakeholders and Member States. Carries out an effective management of resources under shifting priorities to meet expected results within time, budget and quality standards. Readily adjusts plans and priorities to respond to changing circumstances. Relies on goal setting and performance measurement to monitor and enhance staff performance. Is willing to take risks to achieve goals.

Building partnerships. Develops networks and builds alliances; encourages and supports cross-function and cross-boundary activities. Sensitive to wider organizational priorities and to different perspectives. Collaborates and finds common ground with a wide range of stakeholders. Identifies and pursues opportunities to improve performance through partnerships. Builds consensus and develops networks that support the achievement of goals. Approaches challenges and opportunities with a clear perception of the impact on others and aiming to create win-win situations. Advocates, through persuasion and negotiation with those inside and outside the organization, for the attainment of organizational goals.

Communication. Demonstrates an ability to explain, advocate and express ideas in a convincing manner. Is an effective advocate of the organization's values and mission. Is an effective listener; is sensitive to and responds to the concerns, needs and feelings of others. Negotiates effectively with individuals and groups both internally and externally. Is tactful and sensitive to the perspective of others; treats individuals with respect; facilitates an open exchange of ideas. Is clear and convincing in oral presentations.

Judgement/decision-making. Identifies the key issues in a complex situation, analyses problems and makes sound decisions. Is valued for sound application of knowledge and expertise. Accepts responsibility for own decisions. Makes tough decisions when necessary. Involves others in deciding what course of action is appropriate. Evaluates pros and cons of alternatives and the impact of decisions on others and on the organization. Acts with integrity.

Annex III

Comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades (margin for calendar year 2002)

Grade	*Net remuneration (United States dollars)*		*United Nations/United States ratio (United States, Washington, D.C. = 100)*	*United Nations/United States ratio adjusted for cost-of-living differential*	*Weights for calculation of overall ratio*[c]
	United Nations[a,b]	*United States*			
P-1	56 007	40 548	138.1	120.0	0.2
P-2	69 661	52 676	132.2	114.9	5.3
P-3	84 935	64 178	132.3	115.0	20.9
P-4	100 559	80 038	125.6	109.2	32.1
P-5	116 275	93 715	124.1	107.8	27.5
D-1	126 578	108 619	116.5	101.2	10.4
D-2	136 043	113 453	119.9	104.2	3.7
Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential					125.8
New York/Washington, D.C., cost-of-living ratio					115.1
Weighted average ratio, adjusted for cost-of-living difference					109.3

[a] Average United Nations net salaries at dependency level by grade, reflecting two months at multiplier 46.4 (on the basis of the salary scale effective through 28 February 2002), eight months at multiplier 41 and two months at multiplier 46.2 (on the basis of the salary scale in effect from 1 March 2002).

[b] For the calculation of the average United Nations salaries, CCAQ personnel statistics as at 31 December 2000 were used.

[c] These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 2000.

Annex IV

Recommended and current salary scales for the Professional and higher categories showing annual gross salaries and net equivalents after application of staff assessment; net scale difference; and comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades

(United States dollars)

A. Recommended salary scale for the Professional and higher categories

Effective 1 March 2003

		STEPS														
Level		*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*	*XIV*	*XV*
USG	**Gross**	**194 530**														
	Net D	130 809														
	Net S	117 720														
ASG	**Gross**	**177 057**														
	Net D	119 976														
	Net S	108 642														
D-2	**Gross**	**145 486**	**148 647**	**151 807**	**154 967**	**158 128**	**161 288**									
	Net D	100 402	102 361	104 320	106 280	108 239	110 199									
	Net S	92 237	93 891	95 539	97 181	98 817	100 448									
D-1	**Gross**	**132 238**	**135 005**	**137 772**	**140 538**	**143 305**	**146 072**	**148 838**	**151 605**	**154 372**						
	Net D	92 188	93 903	95 618	97 334	99 049	100 764	102 480	104 195	105 911						
	Net S	85 212	86 703	88 190	89 674	91 155	92 632	94 106	95 576	97 043						
P-5	**Gross**	**108 724**	**111 077**	**113 430**	**115 784**	**118 137**	**120 490**	**122 844**	**125 197**	**127 550**	**129 903**	**132 257**	**134 610**	**136 963**		
	Net D	77 609	79 068	80 527	81 986	83 445	84 904	86 363	87 822	89 281	90 740	92 199	93 658	95 117		
	Net S	72 099	73 394	74 688	75 979	77 268	78 555	79 840	81 122	82 403	83 681	84 956	86 230	87 501		
P-4	**Gross**	**88 290**	**90 456**	**92 733**	**95 009**	**97 285**	**99 561**	**101 838**	**104 114**	**106 390**	**108 667**	**110 943**	**113 219**	**115 496**	**117 772**	**120 048**
	Net D	64 872	66 283	67 694	69 106	70 517	71 928	73 339	74 751	76 162	77 573	78 985	80 396	81 807	83 219	84 630
	Net S	60 411	61 696	62 979	64 261	65 542	66 822	68 100	69 377	70 653	71 927	73 201	74 473	75 743	77 013	78 281
P-3	**Gross**	**69 872**	**71 812**	**73 751**	**75 691**	**77 630**	**79 570**	**81 509**	**83 449**	**85 389**	**87 328**	**89 268**	**91 285**	**93 350**	**95 414**	**97 479**
	Net D	52 716	53 996	55 276	56 556	57 836	59 116	60 396	61 676	62 956	64 237	65 517	66 797	68 077	69 357	70 637
	Net S	49 207	50 387	51 567	52 746	53 924	55 102	56 279	57 455	58 630	59 805	60 979	62 153	63 325	64 497	65 669
P-2	**Gross**	**56 536**	**58 128**	**59 721**	**61 432**	**63 170**	**64 907**	**66 644**	**68 381**	**70 118**	**71 855**	**73 592**	**75 329**			
	Net D	43 706	44 852	45 999	47 145	48 292	49 438	50 585	51 731	52 878	54 024	55 171	56 317			
	Net S	40 995	42 048	43 101	44 152	45 202	46 251	47 298	48 345	49 391	50 435	51 478	52 521			
P-1	**Gross**	**43 156**	**44 663**	**46 170**	**47 677**	**49 183**	**50 690**	**52 197**	**53 704**	**55 210**	**56 717**					
	Net D	34 073	35 158	36 242	37 327	38 412	39 497	40 582	41 667	42 752	43 836					
	Net S	32 141	33 141	34 140	35 137	36 133	37 128	38 121	39 112	40 103	41 091					

D = Rate applicable to staff members with a dependent spouse or child.

S = Rate applicable to staff members with no dependent spouse or child.

B. Current salary scale for the Professional and higher categories

(United States dollars)

Effective 1 March 2002

		STEPS														
Level		*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*	*XIV*	*XV*
USG	**Gross**	**174 137**														
	Net D	118 165														
	Net S	106 342														
ASG	**Gross**	**158 353**														
	Net D	108 379														
	Net S	98 141														
D-2	**Gross**	**129 834**	**132 689**	**135 540**	**138 392**	**141 245**	**144 097**									
	Net D	90 697	92 467	94 235	96 003	97 772	99 540									
	Net S	83 322	84 805	86 286	87 768	89 250	90 733									
D-1	**Gross**	**114 784**	**117 226**	**119 669**	**122 106**	**124 550**	**126 994**	**129 437**	**131 877**	**134 319**						
	Net D	81 366	82 880	84 395	85 906	87 421	88 936	90 451	91 964	93 478						
	Net S	75 209	76 539	77 868	79 195	80 526	81 845	83 115	84 384	85 652						
P-5	**Gross**	**101 084**	**103 294**	**105 505**	**107 715**	**109 924**	**112 132**	**114 344**	**116 553**	**118 761**	**120 974**	**123 185**	**125 392**	**127 602**		
	Net D	72 872	74 242	75 613	76 983	78 353	79 722	81 093	82 463	83 832	85 204	86 575	87 943	89 313		
	Net S	67 698	68 955	70 159	71 362	72 565	73 767	74 970	76 173	77 376	78 579	79 781	80 983	82 162		
P-4	**Gross**	**83 255**	**85 283**	**87 306**	**89 329**	**91 442**	**93 597**	**95 752**	**97 906**	**100 065**	**102 216**	**104 371**	**106 529**	**108 682**	**110 837**	**112 994**
	Net D	61 548	62 887	64 222	65 557	66 894	68 230	69 566	70 902	72 240	73 574	74 910	76 284	77 583	78 919	80 256
	Net S	57 316	58 546	59 770	60 994	62 220	63 443	64 669	65 894	67 118	68 342	69 540	70 717	71 888	73 062	74 235
P-3	**Gross**	**68 306**	**70 208**	**72 112**	**74 011**	**75 915**	**77 815**	**79 715**	**81 620**	**83 523**	**85 423**	**87 326**	**89 226**	**91 202**	**93 226**	**95 250**
	Net D	51 682	52 937	54 194	55 447	56 704	57 958	59 212	60 469	61 725	62 979	64 235	65 489	66 745	68 000	69 255
	Net S	48 242	49 396	50 553	51 706	52 862	54 015	55 169	56 324	57 477	58 632	59 782	60 933	62 083	63 233	64 384
P-2	**Gross**	**55 346**	**56 907**	**58 465**	**60 027**	**61 729**	**63 429**	**65 130**	**66 829**	**68 532**	**70 233**	**71 932**	**73 636**			
	Net D	42 849	43 973	45 095	46 218	47 341	48 463	49 586	50 707	51 831	52 954	54 075	55 200			
	Net S	40 191	41 210	42 226	43 244	44 260	45 279	46 313	47 344	48 379	49 412	50 444	51 479			
P-1	**Gross**	**42 944**	**44 444**	**45 942**	**47 442**	**48 939**	**50 438**	**51 938**	**53 436**	**54 932**	**56 432**					
	Net D	33 920	35 000	36 078	37 158	38 236	39 315	40 395	41 474	42 551	43 631					
	Net S	31 997	32 992	33 986	34 980	35 974	36 967	37 962	38 944	39 921	40 899					

D = Rate applicable to staff members with a dependent spouse or child.
S = Rate applicable to staff members with no dependent spouse or child.

C. Net scale difference *(percentage)*

Level		STEPS														
		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
USG																
	Net D	10.7														
	Net S	10.7														
ASG																
	Net D	10.7														
	Net S	10.7														
D-2																
	Net D	10.7	10.7	10.7	10.7	10.7	10.7									
	Net S	10.7	10.7	10.7	10.7	10.7	10.7									
D-1																
	Net D	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3						
	Net S	13.3	13.3	13.3	13.2	13.2	13.2	13.2	13.3	13.3						
P-5																
	Net D	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5		
	Net S	6.5	6.4	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5		
P-4																
	Net D	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
	Net S	5.4	5.4	5.4	5.4	5.3	5.3	5.3	5.3	5.3	5.2	5.3	5.3	5.4	5.4	5.4
P-3																
	Net D	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
	Net S	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
P-2																
	Net D	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0			
	Net S	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0			
P-1																
	Net D	0.45	0.45	0.46	0.46	0.46	0.46	0.46	0.46	0.47	0.47					
	Net S	0.45	0.45	0.45	0.45	0.44	0.44	0.42	0.43	0.46	0.47					

D = Rate applicable to staff members with a dependent spouse or child.
S = Rate applicable to staff members with no dependent spouse or child.

D. Comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades (estimated margin for calendar year 2003)

Grade	*Net remuneration (United States dollars)*		*United Nations/United States ratio (United States, Washington, D.C. = 100)*	*United Nations/United States ratio adjusted for cost-of-living differential*	*Weights for calculation of overall ratio*[c]
	United Nations[a,b]	*United States*[d]			
P-1	58 299	42 211	138.1	120.0	0.2
P-2	73 632	54 836	134.3	116.7	5.3
P-3	89 762	66 809	134.4	116.8	20.9
P-4	109 843	83 319	131.8	114.5	32.1
P-5	128 306	97 557	131.5	114.2	27.5
D-1	148 595	113 072	131.4	114.2	10.4
D-2	156 048	118 104	132.1	114.8	3.7
Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential					132.4
New York/Washington, D.C., cost-of-living ratio					115.1
Weighted average ratio, adjusted for cost-of-living difference					115.0

[a] Average United Nations net salaries at dependency level by grade reflecting 10 months at multiplier 46.2 and two months at multiplier 50.9 (on the basis of the recommended base/floor salary scale).

[b] For the calculation of the average United Nations salaries, CCAQ personnel statistics as at 31 December 2000 were used.

[c] These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 2000.

[d] United States salaries increased by 4.1 per cent to take into account federal civil service salary increase proposed by the United States Congress for 2003.

Annex V

Recommended maximum admissible expenditures, education grant levels and recommended ceilings for boarding costs

Table 1
Recommended maximum admissible expenditures and education grant levels

Country/currency area	*Maximum admissible level*	*Maximum education grant*
Austria (euro)	13 618	10 214
Switzerland (Swiss francs)	25 347	19 010
Spain (euro)	10 586	7 940
United Kingdom (pound sterling)	15 900	11 925
Italy (euro)	13 518	10 138
United States dollar inside the United States of America	25 743	19 307
United States dollar outside the United States of America	14 820	11 115

Table 2
Recommended ceilings for boarding costs

Country/currency area	*Normal flat rate for boarding*	*Additional flat rate for boarding (at designated duty stations)*
Austria (euro)	3 300	4 949
Belgium (euro)	3 147	4 720
Denmark (krone)	23 062	34 592
Germany (euro)	3 794	5 690
Finland (euro)	2 382	3 572
France (euro)	2 672	4 008
Ireland (euro)	2 652	3 978
Italy (euro)	2 696	4 044
Japan (yen)	525 930	788 895
Netherlands (euro)	3 521	5 282
Norway (krone)	17 978	26 967
United Kingdom (pound sterling)	3 104	4 656
Spain (euro)	2 606	3 908
Sweden (krona)	22 127	33 190
Switzerland (Swiss francs)	5 182	7 773
United States (dollar)	4 742	7 113
United States dollar area (outside United States)	3 490	5 235

Annex VI

Recommended net salary scale for staff in the General Service and other locally recruited categories in London

(pounds sterling)

Survey reference date: 1 October 2001

	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*
G-1	12 358	12 854	13 350	13 846	14 342	14 838	15 334	15 830	16 326	16 822	17 318
G-2	13 842	14 397	14 952	15 507	16 062	16 617	17 172	17 727	18 282	18 837	19 392
G-3	15 502	16 122	16 742	17 362	17 982	18 602	19 222	19 842	20 462	21 082	21 702
G-4	17 363	18 056	18 749	19 442	20 135	20 828	21 521	22 214	22 907	23 600	24 293
G-5	19 445	20 223	21 001	21 779	22 557	23 335	24 113	24 891	25 669	26 447	27 225
G-6	21 782	22 653	23 524	24 395	25 266	26 137	27 008	27 879	28 750	29 621	30 492
G-7	24 396	25 371	26 346	27 321	28 296	29 271	30 246	31 221	32 196	33 171	34 146

Annex VII

Recommended net salary scale for staff in the General Service and other locally recruited categories at Vienna

(euros)

Survey reference date: 1 April 2002

	I	*II*	*III*	*IV*	*V*	*IV*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*
G-1	18 858	19 461	20 064	20 667	21 270	21 873	22 476	23 079	23 682	24 285	24 888	25 491
G-2	21 818	22 516	23 214	23 912	24 610	25 308	26 006	26 704	27 402	28 100	28 798	29 496
G-3	25 243	26 051	26 859	27 667	28 475	29 283	30 091	30 899	31 707	32 515	33 323	34 131
G-4	29 207	30 142	31 077	32 012	32 947	33 882	34 817	35 752	36 687	37 622	38 557	39 492
G-5	33 792	34 873	35 954	37 035	38 116	39 197	40 278	41 359	42 440	43 521	44 602	45 683
G-6	39 097	40 348	41 599	42 850	44 101	45 352	46 603	47 854	49 105	50 356	51 607	52 858
G-7	45 236	46 684	48 132	49 580	51 028	52 476	53 924	55 372	56 820	58 268	59 716	61 164

Annex VIII

Recommended net salary scale for staff in the General Service and other locally recruited categories at Geneva

(Swiss francs)

Survey reference date: 1 January 2002

	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*
G-1	49 380	51 009	52 638	54 267	55 896	57 525	59 154	60 783	62 412	64 041	65 670	67 299
G-2	53 826	55 602	57 378	59 154	60 930	62 706	64 482	66 258	68 034	69 810	71 586	73 362
G-3	58 640	60 576	62 512	64 448	66 384	68 320	70 256	72 192	74 128	76 064	78 000	79 936
G-4	63 969	66 082	68 195	70 308	72 421	74 534	76 647	78 760	80 873	82 986	85 099	87 212
G-5	70 012	72 321	74 630	76 939	79 248	81 557	83 866	86 175	88 484	90 793	93 102	95 411
G-6	76 673	79 202	81 731	84 260	86 789	89 318	91 847	94 376	96 905	99 434	101 963	104 492
G-7	83 952	86 722	89 492	92 262	95 032	97 802	100 572	103 342	106 112	108 882	111 652	114 422

Annex IX

Recommended net salary scale for staff in the Language Teachers category at Geneva

(Swiss francs)

(Reflecting average conditions of employment for the surveyed comparators as of 1 January 2002)

	Steps													
Level	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*[a]	*XIV*[a]
Language teachers (net)	72 960	74 984	77 009	79 033	81 058	83 082	85 106	87 131	89 155	91 180	93 204	95 229	97 253	99 277

[a] Seniority steps.

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