



General Assembly

Seventy-second session

Official Records

Distr.: General
30 November 2017

Original: English

Fifth Committee

Summary record of the 15th meeting

Held at Headquarters, New York, on Thursday, 16 November 2017, at 10 a.m.

Chair: Mr. Tommo Monthe (Cameroon)
*Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Ruiz Massieu

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The meeting was called to order at 10.10 a.m.

Agenda item 143: United Nations common system
([A/72/7/Add.21](#), [A/72/30](#) and [A/72/30/Corr.1](#);
[A/C.5/72/3](#) and [A/C.5/72/3/Corr.1](#))

1. **Mr. Rhodes** (Chair of the International Civil Service Commission), introducing the report of the International Civil Service Commission (ICSC) for 2017 ([A/72/30](#) and [A/72/30/Corr.1](#)), recalled that, in its resolution [69/251](#), the General Assembly had taken note of the information provided in the Commission's report on the status of the comprehensive review of the common system compensation package ([A/69/30](#)). At the main part of the Assembly's seventy-first session, he had reported to the Committee on the status of implementation of the new compensation package, which had focused on staff in the Professional and higher categories, and had informed it that work had begun on the following phase of the review, which dealt with the use of different categories of staff in the common system.

2. In 2017, ICSC had completed its review of the use of the National Professional Officer and Field Service categories. With global organizations increasingly competing for talent, it was critical to devise consistent, mutually reinforcing policies to ensure the strategic use of the National Professional Officer category, which currently accounted for approximately one quarter of the Professional workforce and was the fastest growing staff category in the common system. The guidelines for the employment of National Professional Officers presented in the report ([A/72/30](#) and [A/72/30/Corr.1](#)) focused on the need for organizations to employ such staff in accordance with their mandates and operational needs so that they could benefit from the contributions of a pool of highly educated and qualified local talent. ICSC had also updated the criteria for the use of the Field Service category, a group of staff that dealt primarily with peacekeeping, peacebuilding, and humanitarian and emergency operations, in order to better reflect current realities.

3. In response to the General Assembly's requests regarding performance management in its resolution [70/244](#), the Commission reaffirmed its previous recommendations and proposed two additions to the performance recognition and rewards framework, namely, the introduction of a 1.5 per cent budgetary cap on the cost of cash and non-cash rewards and the imposition of a limit on individual cash awards. Those proposals constituted updates to the existing performance recognition and rewards framework approved by the Assembly in 1997.

4. Under a standing mandate from the General Assembly, the Commission had continued to monitor the net remuneration margin. On the basis of the latest available statistics, the net remuneration margin for 2017 was 113.7. In response to the General Assembly's request in its resolution [71/264](#), the report ([A/72/30](#) and [A/72/30/Corr.1](#)) included information on the development of the margin over the period 2008–2017, when it had decreased for four consecutive years, moving from 119.6 in 2013 to 113.7 in 2017.

5. The Commission had made recommendations for adjustments to the new unified base/floor salary scale for staff in the Professional and higher categories, which had come into effect on 1 January 2017, on the basis of a comparison of net base salaries of United Nations staff with the corresponding base salaries of their counterparts in the comparator civil service, the United States federal civil service. In order to reflect the movement of base salaries under the General Schedule scale of the comparator and a number of tax changes that had taken effect in the United States in 2017, ICSC was recommending a 0.97 per cent increase in the United Nations base/floor salary scale, with effect from 1 January 2018.

6. The cost-of-living surveys that had been conducted at eight headquarters duty stations in 2016 had resulted in salary reductions of 4.7 per cent for Geneva, 2.2 per cent for Madrid, and 2.5 per cent for Rome; net salary increases of 2.1 per cent and 0.4 per cent for Montreal and London, respectively; and no changes for Paris, Washington, D.C., and Vienna. Since the Commission's approval of the survey results and implementation modalities, several Geneva-based organizations and staff associations had challenged the analysis underlying the survey outcome for Geneva and had commissioned a team comprising senior statisticians from the International Labour Organization and the United Nations Conference on Trade and Development, as well as an outside consultant, to conduct a desk review of that analysis. At its eighty-fifth session, after consideration of the report prepared by the statisticians and the response formulated by its own secretariat, the Commission had reaffirmed its original conclusion that the ICSC secretariat had correctly implemented all aspects of its survey methodology. In response to appeals by representatives of Geneva-based organizations and staff associations, ICSC had decided, on the basis of a recommendation made by the Advisory Committee on Post Adjustment Questions, to approve the augmentation by 3 per cent of the post adjustment indices derived from the survey that fell below the prevailing pay index by more than 3 per cent; and to modify the gap closure measure, an operational rule

designed to mitigate the negative impact on salaries of the results of cost-of-living surveys that were significantly lower than the prevailing pay indices, to ensure that existing staff experienced no change in their salaries for six months after the implementation date of the survey. Some Geneva-based organizations had not yet implemented the survey results, however. In order to ensure a fair and objective evaluation of the methodology applied to the post adjustment index, ICSC had also commissioned an independent expert to review the methodology with a view to assessing its fitness for purpose and consistency with best practices used in other cost-of-living measures and international statistics.

7. The Commission periodically considered the item of the status of women in the United Nations common system under a standing General Assembly mandate. At its eighty-third session, the Commission had recognized the need to review all issues relating to diversity and inclusiveness in a holistic manner, and, at its eighty-fifth session, had considered a broad range of diversity-related topics. In view of the rapid evolution of the field of diversity and inclusion in recent years and the growing number of studies indicating that balanced gender representation enhanced an organization's reputation, productivity and innovation, the Commission urged all organizations to invest greater time and resources in strengthening diversity and inclusiveness.

8. ICSC had initiated a comprehensive review of pensionable remuneration by identifying a preliminary list of issues to be examined, including options for recalculating pensionable remuneration under the unified salary scale; a review of grossing-up factors, which represented the percentage of net remuneration to which the rates under the common scale of staff assessment were added in order to calculate pensionable remuneration; an update of the common scale of staff assessment; and the issue of income inversion, a phenomenon whereby the pensionable remuneration of General Service staff was higher than that of Professional staff at the same net income level.

9. ICSC had considered recent policy-related changes in the common system, including the decision to increase in the mandatory age of separation to 65 for staff recruited before 1 January 2014. The Commission had established a working group to explore various options for implementing that decision, bearing in mind its potential impact on benefits and contributions and its actuarial implications. The United Nations Joint Staff Pension Board had established a contact group to liaise with the Commission in its review of that item, and ICSC would report on the outcome of the review to the

General Assembly at the main part of its seventy-third session.

10. **Mr. Huisman** (Director, Programme Planning and Budget Division), introducing the statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly on the administrative and financial implications of the decisions and recommendations contained in the report of ICSC for the year 2017 ([A/C.5/72/3](#) and [A/C.5/72/3/Corr.1](#)), said that the decisions and recommendations of the Commission with financial implications related to the remuneration of staff in the Professional and higher categories, specifically the impact on separation payments of the increase in the base/floor salary scale; the implementation of the new salary scale and revised dependency allowances for General Service and other locally recruited categories in Vienna, developed on the basis of a survey of best prevailing conditions of employment; and conditions of service in the field, in particular the revision to the level of danger pay for locally recruited staff. The financial implications of those recommendations and decisions for the programme budget for the biennium 2016–2017 and for the proposed programme budget for the biennium 2018–2019 were estimated at \$391,000 and \$4.5 million respectively. Should the General Assembly approve the recommendations of the Commission, the requirements relating to the 2016–2017 programme budget would be addressed, as necessary, in the context of the second performance report, and budgetary implications for the biennium 2018–2019 would be taken into account in the context of the Secretary-General's report on the revised estimates: effect of changes in the rates of exchange and inflation for that biennium.

11. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee ([A/72/7/Add.21](#)), said that the Advisory Committee took note of the financial implications of the Commission's decisions and recommendations. The Advisory Committee recommended that, should the General Assembly approve those recommendations, it should take note of the conclusion in the Secretary-General's statement ([A/C.5/72/3](#) and [A/C.5/72/3/Corr.1](#)) referring to the reports in which the requirements for the biennium 2016–2017 and for the biennium 2018–2019 would be addressed. The Assembly should also take note that the requirements for peacekeeping operations would be addressed in the performance reports for the 2017/18 financial period and in the context of the proposed budgets for the 2018/19 financial period.

12. **The Chair**, in accordance with General Assembly resolution [35/213](#), invited a representative of the Coordinating Committee for International Staff Unions and Associations of the United Nations System to make a statement. He also invited a representative of the Federation of International Civil Servants' Associations to make a statement.

13. **Mr. Richards** (Coordinating Committee for International Staff Unions and Associations of the United Nations System) said that several Geneva-based agencies had declared that they would not implement the results of the 2016 cost-of-living survey and had produced a report demonstrating errors in the calculations used and in the application of the post adjustment methodology, as well as the failure of ICSC to verify the quality of data from third-party sources. Moreover, the team of United Nations senior statisticians that had contributed to the report had considered the calculations to be statistically biased.

14. While ICSC had, for many years, added a 5 per cent margin of error to severely negative survey results in order to mitigate the impact on staff salaries, that practice had been discontinued prior to the launch of the round of surveys for 2016 under the pretence that ICSC calculations were reliable enough to render such mitigation measures unnecessary and that the elimination of such measures would result in savings. However, as the results received from the initial group of surveys had clearly demonstrated the need for such protection measures, the margin had been quickly reintroduced at a rate of 3 per cent, a figure that had been determined by ICSC, not the Advisory Committee on Post Adjustment Questions, and for which no explanation had been given. The lower margin would moreover set the standard for the calculation of the results for the remaining duty stations under the current round of surveys, which included field duty stations and regional commissions. In appointing an independent expert to review the post adjustment methodology, ICSC had furthermore reversed a verbal promise made to heads of Geneva-based organizations and staff unions to establish a tripartite working group comprising representatives of the Commission, Geneva-based organizations and staff to review the methodology. He also questioned whether the expert would be truly independent, given that he would be compensated and acting under the terms of reference established by ICSC.

15. The survey results had elicited 300 legal appeals, several demonstrations, a petition and a strike. In order to restore confidence in the common system, the General Assembly should consider commissioning a tripartite review of the post adjustment methodology that focused particularly on transparency and

periodicity. Pending the completion of that review, the Assembly should consider immediately reinstating the 5 per cent margin of error for all duty stations included in the current round of surveys.

16. In its audit report on the post-implementation activities relating to the new Integrated Pension Administration System introduced in 2008, the Office of Internal Oversight Services (OIOS) had noted that, despite being aware of the System's shortcomings, in particular its errors in calculating benefits for surviving spouses and children, the management of the United Nations Joint Staff Pension Fund had continued to use the System, which had led to significant payment backlogs. Moreover, in its audit report on procurement and contract management in the secretariat of the Pension Fund, OIOS had indicated that \$1.8 million had been misspent on procurement of consultancy services from the firm PricewaterhouseCoopers. In that connection, in 2016, the General Assembly had wisely rejected proposals by the United Nations Joint Staff Pension Board to afford it greater freedom in procurement matters and to eliminate the requirement to use OIOS as an auditor. Moreover, in its report on the financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2016 ([A/72/5/Add.16](#)), the Board of Auditors had noted that the actuarial valuation of the Pension Fund as at 31 December 2016 had had to be discarded after completion because the Fund's management had provided incorrect data to the actuaries, a misstep that had resulted in financial losses. The mismanagement of the Fund called into question the need to establish additional posts within it, particularly given the high number of vacancies. In addition, the large and unwieldy membership and infrequent meetings of the Pension Board made it ineffective in overseeing the Fund's operations. The General Assembly should therefore establish a panel to restructure the Board's membership and should grant the Secretary-General full power to appoint its members in order to reinforce the accountability of management.

17. **Mr. El-Tabari** (Federation of International Civil Servants' Associations) said the Fifth Committee must address at the main part of its current session the alarming results of the 2016 cost-of-living surveys. Reform of the common system must begin with Member States and must progress beyond the current piecemeal approach to address all aspects of the system, including issues related to mandates, duplication of services, duty stations, bureaucracy and classification of posts. Special attention should be given to ensuring compliance by organizations with the deadline of 1 January 2018 established by the General Assembly for the

implementation of the new mandatory age of separation of 65 for staff recruited before 1 January 2014. He welcomed the progress that had been made in ensuring the timely processing of pensions for newly retired staff and commended United Nations management and staff unions for their hard work in improving the Organization's whistle-blower protection policy.

18. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, noted that all of the annexes to the report of ICSC ([A/72/30](#) and [A/72/30/Corr.1](#)) had not been translated into all official languages, a situation that was at odds with the Commission's statute and rules of procedure. She looked forward to receiving the fully translated report at the earliest opportunity.

19. Recalling the principle of equal treatment of all staff serving under similar conditions across the common system, she said that the Group would seek further details regarding the proposed guideline whereby National Professional Officers could be assigned outside their country of employment while still being paid local salaries. With regard to performance management, the Group took note of the Commission's proposed revisions to the performance recognition and rewards framework and would seek further information on the potential added value of a bonus system at the United Nations, as well as on possible criteria and funding arrangements for awarding merit-based incentives.

20. The Group would seek further clarification with regard to the decision to review the level of danger pay every three years, bearing in mind the importance of that allowance for staff serving in hardship duty stations. The Group would like to know more about the impact on the preservation of the common system of the decision of some Geneva-based organizations not to implement the results of the 2016 cost-of-living survey and would seek further information on the lessons learned from that situation for the next round of surveys.

21. **Mr. De Preter** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia and the Republic of Moldova, said that ICSC played an essential role in enhancing the functioning of common system organizations. As staff were the Organization's primary asset, priority must be given to ensuring that they were able to fulfil mandates and adapt to emerging challenges. The European Union remained committed to providing staff with appropriate support that would

enable them to work effectively and safely, especially in dangerous conditions. At the same time, as staff-related costs accounted for the largest portion of the United Nations budget and contributed significantly to budget increases, staff could not remain insulated from the economic difficulties currently affecting Member States, particularly as salaries in the common system were set with reference to the salaries of staff in national civil services.

22. The post adjustment system, which was designed to maintain purchasing power parity of salaries across duty stations, was one of the cornerstones of the common system. Implementing consistent policies and standards with regard to conditions of employment was therefore essential for ensuring the equal treatment of staff performing work of equal value at different duty stations and for maintaining the morale of staff who were expected to collaborate with colleagues across the United Nations system. The uneven implementation of ICSC decisions would also be contrary to the spirit of the Commission's mandate and would pose a threat to the future of the common system. In that connection, the European Union would closely follow the discussions on the implementation of the 2016 cost-of-living survey results in Geneva-based organizations and expected that the related decisions of ICSC would be implemented in full and within established time frames, for new and existing staff alike.

23. In view of the persistence of gender imbalance in the United Nations workforce, particularly among senior staff and in field operations, he welcomed the Secretary-General's initiatives to promote gender parity at the senior leadership level and across the Organization. His delegation would also closely examine a number of other issues relating to the common system, including the recommended guidelines for the employment of National Professional Officers; the study on performance management and proposals on performance incentives; the base/floor salary scale for staff in the Professional and higher categories; the survey of best prevailing conditions of employment in Vienna; and danger pay for General Service staff serving in the field.

24. **Mr. Fukuda** (Japan) said that his delegation supported the role of the common system in ensuring the efficiency and effectiveness of the conditions of service of staff in all participating organizations. The system should be transparent, fair, simple and sustainable to ensure optimal motivation and confidence on the part of staff, the Organization's greatest asset.

25. The post adjustment system must be managed in a transparent and predictable manner, given its critical

role in determining the salaries of staff in the Professional and higher categories. He therefore urged all common system organizations to fully implement the decisions of the General Assembly and ICSC, including the results of cost-of-living surveys, in a timely manner, and requested the Commission to monitor implementation of such decisions and ensure their uniform application throughout the common system. As post adjustment indices were designed to take into account the actual cost of living at each duty station, the results of cost-of-living surveys, even if severely negative, should be considered an accurate reflection of reality. Operational rules designed to mitigate the impact on salaries of severely negative survey results therefore amounted to compensating staff at levels in excess of those warranted by the cost of living. Salary disparities among duty stations should be corrected promptly.

26. **Ms. Norman Chalet** (United States of America) said that the mandate of ICSC covered all aspects of staff employment and conditions of service. While the Commission made recommendations for consideration by the General Assembly on issues relating to, inter alia, salary scales, education grants and dependency allowances, in the case of other matters, such as the level of post adjustment for the different duty stations, ICSC took decisions that required implementation by individual organizations.

27. Her delegation had long supported the work of ICSC in ensuring that staff compensation was streamlined, modern and fair. She noted the successful implementation of the updated compensation package for staff in the Professional and higher categories and looked forward to the outcome of the review of the compensation package for General Service staff. She also welcomed the Commission's efforts to modernize the common system, in particular its recommended guidelines on the use of the National Professional Officer category outside of headquarters duty stations and its proposed principles and guidelines for performance appraisal and management for the recognition of different levels of performance. The proposed performance incentives represented important progress towards the goal of rewarding outstanding performance and addressing underperformance. Her delegation also noted the information provided by the Commission on diversity, including gender balance and geographical distribution in the common system.

28. Common system organizations could not be insulated from the budgetary constraints affecting Member States and the realities of the global marketplace. In that regard, her delegation was concerned at the resistance by some agencies to

implementing the Commission's decision regarding the post adjustment level for Geneva-based staff, noting that the same methodology that had resulted in an upward adjustment for several consecutive years could not be suddenly deemed erroneous when it resulted in a downward adjustment. Moreover, the compensation practices of many national civil services were similar to those of the common system in that they aimed to establish parity across duty stations. Indeed, in recent years, United States diplomats in Geneva had experienced a 50 per cent reduction in their cost-of-living adjustment, a situation that had been deemed fair and appropriate, as had downward adjustments at other United Nations duty stations. In addition, it was not in the Organization's best interests to allow a single duty station, or several agencies within that duty station, to jeopardize the legitimacy of ICSC and the integrity of long-standing practices within the common system. Taking into account the merit and independence of the cost-of-living survey and the related methodology, her delegation fully supported the Commission's post adjustment decision and encouraged all heads of Geneva-based agencies to implement it promptly.

The meeting rose at 11 a.m.