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Comments by the Federation of International Civil Servants' Associations

Note by the Secretary-General

The Secretary-General transmits herewith for consideration by the Fifth Committee a document submitted by the Federation of International Civil Servants' Associations (FICSA). This document has been presented pursuant to the provisions of paragraph 2 (b) of General Assembly resolution 35/213 of 17 December 1980, whereby the General Assembly reiterated its readiness "to receive and consider fully the views of the staff as set out by a designated representative of the Federation of International Civil Servants' Associations in a document submitted through the Secretary-General under the agenda item entitled 'Report of the International Civil Service Commission'".

Annex

COMMENTS BY THE FEDERATION OF INTERNATIONAL CIVIL
SERVANTS' ASSOCIATIONS

INTRODUCTION

1. The success of the United Nations in bringing to an end wars and resolving conflicts, now recognized by the award of the Nobel Peace Prize to the United Nations Peace-keeping Forces, is testimony to the vital role of the Organization in promoting peace and progress. It is the result of persevering and able negotiations by the Secretary-General and his staff, to whom tribute is paid for their achievements. The settlement of disputes by the United Nations also underlines the determination of Member States to fulfil their obligations according to the Charter of the United Nations and to support the activities of the Organization.

2. These developments have greatly enhanced confidence in the effectiveness of the United Nations. They have encouraged all staff in the organizations of the United Nations common system and proved right their efforts of these past years in fighting for the continued existence of multilateral co-operation, which had come under increasingly serious attacks from several quarters.

3. It is therefore regrettable that the effective implementation of programmes continues to be jeopardized by delays in the payment of assessed contributions by some Member States. This unacceptable situation has not only limited the ability of organizations to deliver their programmes and resulted in staff cuts, it has also exerted a depressive effect on salaries, allowances, pensions and career development. The constant deterioration in conditions of service has made it difficult and often impossible for organizations to attract and retain the highly qualified staff they need in order to render the best services to Member States. Costly delays or even cancellations of programmes are not the only result. The Charter as well as staff rules and regulations are being circumvented in order to secure the services of high-calibre staff. "Supplementary payments" to common system staff are being made by an increasing number of Member States, in spite of the General Assembly's resolve to put an end to such practices (see Assembly resolutions 36/233 of 18 December 1981 and 42/221 of 21 December 1987).

4. The lack of adequate funding and continuing uncertainty about the payment of contributions have had a negative impact on both conditions of service and staff morale. There is a widespread feeling that financial difficulties are being solved through the erosion of staff entitlements and that the organizations of the United Nations system are no longer fair employers.

5. The Federation of International Civil Servants' Associations (FICSA) believes that the financial crisis must be attacked at its roots. At its forty-first session, held in February 1988, the FICSA Council adopted a resolution by which, inter alia, it requested legislative and governing bodies to review the system of contribution assessment, so as to ensure that no Member States, by simple failure to pay its contribution on time, was in a position to jeopardize the functioning and the existence of an organization.

6. The deterioration in conditions of service is also due to the failure of the International Civil Service Commission (ICSC) to fulfil its role as an independent expert body for the regulation and co-ordination of the common system. Last but not least, the present situation is the consequence of unilateral decisions on conditions of service which have proved their inadequacy. The staff believe that a new approach is called for in order to re-establish a climate of confidence within the international civil service.

7. This new approach is negotiation - a well-established practice in the public services of a number of Member States.

I. FUNCTIONING OF THE INTERNATIONAL CIVIL SERVICE COMMISSION

8. On 3 May 1988 members of FICSA decided to suspend their participation in the activities of ICSC and to pursue the recognition of their right to negotiate conditions of service. A few days later, the Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA) joined in the decision.

9. Staff dissatisfaction with the work of ICSC is not new. The decision to suspend participation in the Commission's sessions and in all of its activities represents the culmination of a long period of serious reflection within FICSA regarding the deteriorating conditions of service in the common system and the failure of the consultation mechanism to yield acceptable results. Since the creation of ICSC in 1975, actual improvements in conditions of service were few and mainly in the nature of ad hoc measures to meet the most urgent needs of the organizations. ICSC concentrated on removing some anomalies and updating - albeit insufficiently - the level of allowances and benefits. To date, ICSC has not found lasting solutions for such pressing problems as the effects of currency fluctuations or a simplification of the post adjustment system.

10. In 1974, FICSA supported the creation of ICSC on the following conditions:

(a) The Commission must command the confidence of the three parties concerned (Member States, executive heads and staff);

(b) Full staff participation must be ensured in the process of the establishment of the Commission, in the determination of its terms of reference, in the selection of its members and in its work after it had been established;

(c) The Federation's right of access to the employers of the staff must remain intact.

11. In 1986, the staff's disappointment with ICSC and its statutory consultation process was such that FICSA had to ask the Commission to review its working methods at its twenty-fifth session (March 1987). The document which FICSA presented on that occasion (ICSC/25/R.15/Add.1) noted the following problems:

(a) The requirement that members of the Commission be individuals of recognized competence who had had substantial experience of executive responsibility in public administration or related fields, particularly in personnel management (art. 3 of the Statute) appeared to be no longer the paramount consideration in appointing members of the Commission;

(b) The procedure for the appointment of the members of the Commission, involving the participation of all three parties (art. 4 of the Statute) had definitely shifted in favour of the Member States;

(c) The full independence and impartiality of the Commission (art. 6 of the Statute) appeared to be increasingly questionable. There was evidence that some members of the Commission acted under instructions from their Government. The participation of some commissioners in other subsidiary organs of the General Assembly had been seen to compromise their complete independence and impartiality;

(d) The consultation process (arts. 28 and 29 of the Statute and rules 36 and 37 of the rules of procedure), which was one of the most important elements of the Statute, had seriously deteriorated and, in fact had broken down at the twenty-fourth session of the Commission in July 1986.

12. The FICSA submission to the twenty-fifth session concluded with a clear warning to ICSC (ICSC/25/R.15/Add.1, para. 41):

"If the Commission were oblivious to the concerns of FICSA, the Federation and its members would reconsider their participation in its work. A repetition of the events of 1986 would certainly lead to the Federation's non-participation in the sessions of the Commission, as well as those of its subsidiary organs and working groups, resulting in the need to create an alternative technical body of the common system."

13. The Commission did take some heed of the FICSA warning, but unfortunately everything that was said at the twenty-fifth session appeared to have been forgotten just 12 months later, in March 1988, at the twenty-seventh session in Rome. The decision taken at that session to prolong the post adjustment freeze was based entirely on political considerations, in total disregard of the technical and legal arguments presented by FICSA. Thus, the Commission has failed to respond to criticism such as was voiced in the Fifth Committee in December 1987 by the representative of the Netherlands who urged ICSC to approach the issue of conditions of service from a technical point of view and to leave it to the Fifth Committee to take account of political factors (A/C.5/42/SR.65, para. 16).

14. Already in 1986, during the forty-first session of the General Assembly, several delegates had criticized the lack of competence of ICSC which made it necessary for the Fifth Committee to become involved increasingly in purely technical questions.

15. FICSA also recalled in document ICSC/25/R.15/Add.1 that the independent nature of the Commission was not a coincidence but the result of careful thinking. In 1972, the Special Committee for the Review of the United Nations Salary System had

recommended the establishment of an intergovernmental civil service commission. However, neither the International Civil Service Advisory Board (ICSAB), nor the executive heads nor FICSA favoured an intergovernmental body. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) and finally the General Assembly itself concurred that ICSC should be made up of independent members to command the confidence of all interested parties.

16. Outspoken criticism by Member States, executive heads and staff has not received much attention from ICSC. This is obvious from the Commission's response to the General Assembly's request to review its functioning (resolution 42/221). ICSC was mainly concerned with ways of improving the presentation of its annual report. Under the impression of the non-participation of staff representatives in its July 1988 session, the Commission agreed to some rather limited changes in the conduct of its session.

17. For FICSA, this is not enough. The staff have lost all confidence in the Commission as an independent expert body. Given the experience of 1987 when improvements were of an ephemeral nature, formalistic arrangements as now envisaged by ICSC do not meet the staff's concerns. A basic reform in labour relations is called for.

18. While the failings of the Commission itself have been the major factor underlying the FICSA decision, certain other elements have also been taken into consideration. These relate in particular to the legal protection enjoyed by the staff. In any system in which conditions of service are determined unilaterally, the only real safeguard for the staff is their ability to defend themselves through the legal system. Events since 1985 and in particular the judgements of the administrative tribunals with regard to adverse decisions affecting pensions, pensionable remuneration and post adjustment have underlined the fact that there are serious gaps in the legal protection enjoyed by the staff of the common system. FICSA has therefore concluded that, in order to defend the rights of the staff, fundamental changes are needed in the procedures for determining conditions of service.

II. RE-ESTABLISHING A CLIMATE OF CONFIDENCE THROUGH DIRECT NEGOTIATIONS

19. Negotiation or collective bargaining in the public service (or some sectors thereof) has existed for many years in a number of Member States, such as Australia, Canada, Finland, the Federal Republic of Germany, Norway, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America. In many other countries where the law provided only for consultation, collective bargaining has evolved in practice, e.g. in Belgium, France, Italy, Portugal and Spain, as well as in a number of Latin American and Caribbean countries.

20. "For the past two decades or so, there has been growing recognition of the right of public servants to participate in their employment conditions. Outstanding evidence of this trend was the adoption at the sixty-fourth session of the International Labour Conference of the Labour Relations (Public Service)

Convention, 1978 (No. 151) and its subsequent ratification by an increasing number of ILO member States." a/ Article 7 of the Convention provides that:

"Measures appropriate to national conditions shall be taken, where necessary, to encourage and promote the full development and utilisation of machinery for negotiation of terms and conditions of employment between the public authorities concerned and public employees' organisations, or of such other methods as will allow representatives of public employees to participate in the determination of these matters."

21. If the practice of negotiation has been adopted by many countries for their own public servants, it is not simply because the right to negotiate conditions of employment is regarded as a basic right of all workers. It is also because negotiation has proved to be the most efficient method for employers and employees to resolve their differences. The failure of the United Nations system to engage in a meaningful dialogue with its own staff is undoubtedly having a strongly adverse effect on staff morale and is not conducive to efficiency. At the same time, the conditions of service as determined under the present unilateral arrangements are proving inadequate to attract and retain the highly qualified expertise which the organizations require for the execution of their programmes. Negotiation of terms and conditions of service, as proposed by FICSA, can thus make a potentially important contribution to enhancing the effectiveness of international co-operation.

22. At this stage, FICSA can only make preliminary proposals on the modalities of negotiation since these will emerge progressively from discussions with representatives of the executive heads and the Member States. At the same time, staff representatives themselves, through CCISUA and FICSA, will need to co-ordinate their position. Whatever the modalities, a structure must be found which provides an appropriate mechanism to analyse and determine conditions of service. It is essential to re-establish an atmosphere of confidence and ensure the efficient functioning of the system.

23. The following should be considered as the starting point for discussing a framework for negotiations on common system issues.

24. A negotiating body, composed of equal numbers of staff and employer representatives, should be responsible for arriving at agreements on policies and principles at the interorganizational level. In addition, a genuinely technical body would be responsible for their implementation. Matters concerning implementation would be referred back to the negotiating body only if there were a difference of opinion on the way in which the agreed methodology was being applied.

25. Each side represented on the negotiating body would be entirely free to appoint its own representatives.

26. All appointments to the technical body at grade P-4 and above would require approval by the negotiating body. The same would apply to decisions concerning the budget of the technical body. These provisions aim to ensure that the work of the technical body would be rigorously objective, with no tendency to favour one side or the other.

27. Agreements reached through negotiation would be transmitted to the General Assembly and the governing bodies of the other organizations of the common system.

28. While the United Nations common system is unique, it is not such as to bar negotiations. Legislation and experience of Member States that have introduced negotiations in the public service can certainly serve as a guide for overcoming problems which may appear initially.

III. COMPREHENSIVE REVIEW OF THE CONDITIONS OF SERVICE OF THE PROFESSIONAL AND HIGHER CATEGORIES

29. At the outset it is emphasized that any comprehensive review of the salary system with possible far-reaching implications must be subject to negotiation. The staff cannot accept results based on unilateral decisions.

30. The following are the initial comments of FICSA on the comprehensive review requested by the General Assembly in resolution 42/221.

A. Scope and purpose of the comprehensive review

31. The comprehensive review is in fact the first one since the Commission was set up in 1975. When ICSC began its work, it saw as its main task the correction of anomalous and inequitable aspects in the system of salaries and allowances. Since 1975/76, it has limited itself to reviewing particular elements of the remuneration system, often at the request of the General Assembly. A comprehensive review, including that of conditions of service in the field, has not been made.

32. FICSA supports the aims of the General Assembly in requesting this review which could provide a sound methodological basis for Professional remuneration.

33. Whatever the results of the review, the staff expect from it not only simplifications but certainly improvements in the remuneration package. This is absolutely essential after many years of deterioration in conditions of service. The salary system must again be such as to enable the organizations to attract and retain highly qualified staff.

34. Given the period of time allotted, such a comprehensive review cannot cover all elements of remuneration. Nevertheless, all possible options should be analysed with a view to finding the most appropriate solutions. FICSA has identified the following priorities:

(a) The basis for establishing the remuneration of Professional and higher category staff;

(b) The margin and the control of the margin through the post adjustment system;

- (c) The post adjustment system;
- (d) Conditions of service in the field.

B. Priorities

1. Basis for establishing the remuneration of the Professional and higher categories

(a) Noblemaire principle and its application

35. The Noblemaire principle, dating back to the League of Nations, says in effect that, since there should be no difference in salary on the grounds of nationality, the conditions of service of the international staff must be such as to attract citizens of all countries, including the country with the highest pay levels. In applying this principle, the League of Nations used the United Kingdom civil service as the comparator and the United Nations used the United States civil service. It is to be noted that the principle refers to the country with the highest pay levels, not to the highest paid national civil service. Comparisons with the private sector are thus not precluded.

36. Indeed, the United States civil service itself should use the private sector as a reference point, according to the Pay Comparability Act. However, the Pay Agent's recommendations, presented in accordance with that legislation, have not been implemented once since 1977, leading to an ever-widening gap between civil service pay and salaries in the private sector. This gap has now reached 26 per cent; it is even higher for positions that are comparable to those in the United Nations system. In order to cope with this problem, the United States civil service has had to resort to "special rates", i.e. higher pay levels for skills in high demand for which "market rates" are far above the General Schedule of civil service pay. The numbers of jobs under the "special rate" programme are growing constantly. This is a clear indictment of the inadequate pay levels of those United States civil servants who are remunerated under the General Schedule. FICSA is opposed to the introduction of "special rates" in the common system since special rates are not compatible with the system of job classification and with the international composition of the staff. For these reasons, it is highly questionable whether the United States civil service can now serve as the comparator for the United Nations system. Therefore, a study to determine whether the United States civil service is in fact still the highest paid must be made as a matter of urgency.

37. Further evidence of the inadequate level of remuneration in the United Nations system, at least at some duty stations, is provided by the growing practice of Member States of making "supplementary payments" to some or all of their nationals in order to provide a financial incentive for service in the common system. Certainly, such payments are not made out of sheer generosity but rather as a necessary complement to United Nations remuneration which would otherwise not be adequate to attract staff of these nationalities.

38. In the view of FICSA, the Noblemaire principle as such remains valid. What needs to be re-examined is its application. One of the major shortcomings of the present application is the fact that it totally ignores the private sector with which the international organizations compete for staff.

(b) Comparisons with other organizations

39. It would also be necessary to study the remuneration systems of other international organizations which employ the same or similar types of staff as the United Nations system. The United Nations system must again become a competitive employer, which it no longer is when one compares developments in real income levels over a certain period of time.

40. From July 1971 to July 1987, United Nations staff in New York, the base of the system, lost 12 per cent of the purchasing power of their remuneration. In Geneva, the loss of purchasing power was 21 per cent. Over the same time span, the purchasing power of salaries of other international staff increased considerably:

Co-ordinated Organizations, Brussels	9 per cent increase
European Community, Brussels	11 per cent increase
World Bank, Washington	15 per cent increase

41. Salaries of those organizations in absolute terms have long overtaken the United Nations system. To take just the example of the Co-ordinated Organizations, one finds that their salaries, when compared to the United Nations system, at comparable grades, are:

34 per cent higher in Geneva
27 per cent higher in New York
29 per cent higher in Paris
30 per cent higher in Rome
19 per cent higher in Vienna

42. These figures point to the urgent need to re-examine the basis of determining and adjusting remuneration in the common system.

(c) Total compensation

43. A serious shortcoming of the present method of determining remuneration in the United Nations system is the restriction of the comparison to net remuneration in the home civil service. Any meaningful comparison must be based on total compensation. With over 90 per cent of the United Nations system staff being expatriate, it follows that expatriate benefits must be an integral part of such comparisons. Indeed, the General Assembly recognized this by requesting the Commission in resolution 42/221 to develop a methodology regarding total entitlements and to present its recommendations to the Assembly at its forty-fourth session (1989). In fact, the ICSC secretariat has already made considerable progress on such a methodology. If matters have not yet been concluded, it has been due to the reluctance of some members of the Commission to admit the usefulness of total compensation comparisons and to the absence of an appropriate recommendation to the Assembly.

44. FICSA proposes the following:

- (a) The present application of the Noblemaire principle should be re-examined with a view to including both the public and the private sector as a basis for determining remuneration in the United Nations common system;
- (b) Comparisons should be based on total compensation, including expatriate benefits;
- (c) A new comparator study should be made, on the basis of subparagraphs (a) and (b);
- (d) Whatever the comparator country chosen, the pattern and structure of remuneration for the international civil service should not be a carbon copy of the comparator, but rather be geared to the unique characteristics of the common system;
- (e) A mechanism should be developed whereby the comparator country could be changed if and when higher pay levels apply in another country;
- (f) An in-depth study should be made of the remuneration systems used by the International Monetary Fund, the World Bank, the Co-ordinated Organizations and the European Community for comparison with and possible application to the United Nations system.

2. The margin and the control of the margin range through the post adjustment system

45. In applying the Noblemaire principle, it has consistently been recognized that, if United Nations remuneration is to be adequate to attract someone from the highest paid national civil service, it must be higher than that of the national civil service, in order to compensate for differences in the nature of national and international service, in particular the fact of or liability to expatriation. This has come to be called "the margin". Traditionally, the following elements were identified as justifying the margin:

- (a) Compensation for more limited career opportunities, including more limited prospects of promotion to the highest posts, lesser stability and security of tenure of United Nations service compared with national civil services, the absence of unemployment insurance, anonymity of service;
- (b) The need to attract people to jobs of limited duration, which are increasingly common throughout the United Nations system, particularly in the field;
- (c) Compensation for the additional expenses and constraints arising from expatriation (including loss of income through reduced or non-existent employment opportunities for spouses, additional costs of educating children away from the duty station, maintaining housing in the home country, constraints on political and social activities).

46. At the request of the General Assembly, ICSC defined a margin range, based on net remuneration, of 110 to 120, with a desirable mid-point of 115. This came into effect on 1 January 1986. No effort was made to define the margin range in a technical manner. It was arrived at in a purely empirical way, being based on actual developments between 1976 and 1984. The absence of a technical approach is all the more serious since, as of that date, the margin and thus the level of salaries have been controlled through the post adjustment system. In effect, post adjustment in New York was frozen from 1 December 1984 (with the last increase on 1 August 1984) to 31 May 1988.

47. FICSA has long held the view that a margin range of 110 to 120, with a mid-point of 115, is insufficient where United Nations salaries are determined by reference to artificially compressed remuneration levels in the United States civil service, which lag behind the private sector by 26 per cent or more. The total compensation package of United States civil servants posted abroad tends to be between 35 and 50 per cent higher than that of United Nations system staff at the same duty station, as shown by a recent ICSC study. Moreover, the fact that the margin happened to fluctuate between 110 and 120 over the period 1976 to 1984 is certainly no technical justification.

48. The comprehensive review provides an opportunity to define the margin on a more technical basis than has been done to date. In any event, the margin must take into account total compensation comparisons, including expatriate benefits.

49. The use of the post adjustment system to control the margin range has thrown the whole system into disarray. It has become totally incomprehensible and extremely difficult to administer. The staff cannot be expected to have confidence in a system that they are unable to understand and that is replete with ad hoc or interim measures.

50. In this connection, it is emphasized that the lifting of the post adjustment freeze in New York on 1 June 1988 has not resulted in corresponding increases of the post adjustment classifications in the majority of duty stations, which have remained frozen.

51. FICSA believes that the chaotic consequences of using the post adjustment system to control the margin range have been among the main factors leading the General Assembly to request the comprehensive review in order to make the system simpler and more transparent.

52. FICSA therefore proposes that the post adjustment system no longer be used to control the margin range.

3. Post adjustment system

53. The post adjustment system was created in 1956 for the equalization of purchasing power among duty stations. In those days, the majority of staff worked at Headquarters, differences in post adjustment classifications among duty stations were relatively small, inflation was low and monetary instability did not exist. The initial problems arising from currency fluctuations in the early 1970s were

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solved by the Commission in 1976 to some degree; however, the Commission did not find a mechanism for separating the effects of currency fluctuations from inflation. New problems arose in field duty stations as a consequence of massive currency devaluations accompanied by rampant inflation which necessitated the introduction of special measures. Since the post adjustment system had not been designed to cope with these situations, distortions and other impediments to its good functioning have crept in. The post adjustment freeze, introduced in December 1984, and the use of the post adjustment system to control the margin range totally obstructed the normal operation of the scheme. The sharp decline of the United States dollar, starting in 1985, was only partially solved by ad hoc measures of an interim nature, the remuneration correction factor and the "floor" protection.

54. The malfunctioning of the post adjustment system is particularly evident in the field where it cannot cope adequately with disparate market conditions, the effects of high inflation and weak local currencies. Post adjustment classifications in many field duty stations are much lower than at Headquarters; in some, deductions are made from base salaries ("negative" post adjustment). These are features unknown in the comparator civil service and in other national and bilateral aid systems, which never pay less in the field than at Headquarters. Although incentives to make service in the field attractive must be found outside the post adjustment system, the post adjustment itself should not be such as to constitute a disincentive. In 1988, the Commission introduced some ad hoc "floor" provisions, on an interim basis, which address the problems only partially.

55. While FICSA proposes that these interim measures be instituted on a more permanent basis, some improvements should be made. First negative post adjustments should be abolished. Second, better "floor" provisions should be sought. One possibility may be to base the "floor" on the average post adjustment at the seven headquarters duty stations in order not to provide a disincentive to staff serving in those duty stations upon transfer to a field assignment with a steep loss in take-home pay. Another solution would be to establish the "floor" at the level of the New York post adjustment and thus follow, at least to some degree, the practice of the present comparator.

56. FICSA therefore proposes the following:

(a) An examination should be made of other remuneration adjustment systems before a final decision is taken;

(b) The post adjustment system should be used to equalize purchasing power and to compensate fully for exchange rate variations;

(c) The post adjustment system should not be used to control the margin range and the automaticity of the post adjustment system should be restored;

(d) Horizontal and vertical regressivity should be eliminated;

(e) The question of out-of-area expenditures should continue to be examined closely;

(f) The "floor" provisions for field duty stations, with low and negative post adjustment, introduced with effect from January 1988, should be instituted as a permanent measure with the proviso that no duty station should have a negative post adjustment classification. As to the "floor", more equitable formulae than the present one should be examined;

(g) The problems of soft and hard currency duty stations are different and should be dealt with separately.

4. Conditions of service in the field

57. In spite of some improvements during the past years, in particular for staff in extremely difficult duty stations, a comprehensive review of conditions of service in the field has not been made to date and should therefore be accorded priority treatment in the present exercise.

58. Although FICSA believes that there should not be two different salary systems for Headquarters and field staff, this would not preclude the creation of separate entitlements for service in the field. In particular, adequate compensation and incentives must be provided for service away from Headquarters, since under present arrangements a transfer to a field duty station may imply a harsh financial penalty.

59. Having come to the conclusion that the post adjustment system should be used for the equalization of purchasing power and compensation for exchange rate variations, with some special measures for duty stations in the field, FICSA believes that the particular problems of staff in the field have to be solved otherwise.

60. The assignment allowance, including the mobility element introduced in 1988, is certainly not enough of an incentive to make field assignments attractive. For a staff member at the P-4 level (with dependants), the enhanced level of the assignment allowance amounts to barely \$20 per day. As for the hardship scheme, it is much more restricted in scope than an analogous scheme operated by the United States civil service and provides far lower allowances. At the most difficult duty stations, the "financial incentive" is not even \$20 per day. FICSA therefore proposes the creation of a field allowance, payable at all duty stations, irrespective of hardship and the level of post adjustment. While the modalities need further study, one possibility may be to fix the allowance as a percentage of net base salary plus post adjustment in New York; it is recalled that the financial incentives for hardship duty stations also use the level of net remuneration in New York as a reference point. At the same time, non-cash incentives should be studied, such as the provision of child-care facilities and agreements on the employment of spouses.

61. With regard to the hardship scheme, an analysis should be made of similar systems used by national civil services and bilateral aid agencies. A preliminary study of the scheme applied by the present comparator would point to the need to improve the hardship scheme in the United Nations system.

C. Other items for examination in the comprehensive review

1. Structure of categories and grades

(a) Unified salary structure

62. The comprehensive review provides an opportunity to re-examine the establishment of a unified salary structure which in fact existed in the early days of the United Nations. It is in use by the present comparator civil service and other international organizations, such as the World Bank. In any event, there are no longer just two categories in the United Nations system, but a myriad of different types of employees. Some of these categories have been created in circumvention of staff rules and regulations. The contractual and legal status of these employees is not always clear. Often, they are denied proper social security coverage. While organizations have to adapt to the changing needs of Member States and development assistance, the creation of new categories of staff should be kept under strict control; it should certainly not lead to abuses. FICSA proposes that a close examination be made of the different types of personnel employed by the common system organizations.

(b) Number of grades and steps

63. Budgetary constraints and rigid job classification systems have diminished career prospects for many staff. It would therefore be appropriate to have a close look at the number of grades and steps and their possible restructuring in the context of human resources management. It should be noted, however, that any increase in the number of grades and steps within the existing ranges would only slow down staff advancement both in terms of career and remuneration. It would not provide any real benefits or open up career opportunities, in particular for those staff who are blocked at the top of their grade. It would be especially important to increase the number of steps and salary ranges at the P-4 and P-5 levels, where there is the greatest concentration of staff.

(c) Recognition of long service and merit

64. For the same reasons as pointed out under paragraph 63, it would be important to provide relief to staff who are blocked at the top of their grade and to give some recognition to staff with long service who have no prospect of promotion. The recommendation of the Commission made several years ago to introduce one longevity step was based on excessively restrictive criteria; in any event, the recommendation was not accepted by the General Assembly, probably because of the lack of convincing arguments given. The comprehensive review provides another opportunity to review the situation of staff blocked at the top of the grade, which has certainly worsened over the last few years.

65. Based on the experience of those organizations that have introduced monetary awards for particularly meritorious service, FICSA is rather sceptical about the feasibility of creating a system of merit awards in the international organizations. The international composition of the staff and the difficulty of measuring performance in an objective manner make such a system questionable.

FICSA considers that this matter should be dealt with outside the comprehensive review, since it would require a revamping of human resources management systems or rather their introduction in most organizations. Satisfactory performance appraisal and training of supervisors would be a prerequisite for any merit pay scheme. These questions do not form part of the comprehensive review.

2. Recognition of dependants

(a) Differentiation in remuneration

66. At present, net salaries and post adjustment distinguish between staff with and without a dependent spouse (or the first dependent child where there is no dependent spouse) through differentiated staff assessment rates which until recently have followed local tax rates applicable at the seven headquarters duty stations. They are progressive: with increasing remuneration, the difference in remuneration for staff with and without dependants widens. At P-1/I the difference is 6.1 per cent, at P-4/VI, 8.0 per cent and at the Under-Secretary-General (USG) level, 10.6 per cent.

67. It is recalled that staff assessment serves a double purpose. First, it constitutes an internal taxation. Second, it is the source of income of the Tax Equalization Fund. Staff assessment is not applied in the same way as are taxes, but rather in reverse (net salaries are "grossed up"). The purpose of staff assessment is quite different from that of national income taxes, since the organizations are not in a position to provide their "taxpayers" with any of the benefits that a Government can provide.

68. Recognition of dependency should be seen as a social benefit and should be granted uniformly at all grades. FICSA proposes that the differential in remuneration should be the same percentage for all Professional and higher grades and be fixed at 10.6 per cent as now applies at the USG level. Remuneration for staff with a primary dependant would be increased accordingly. There would indeed be good arguments for going even further and making it a flat-rate amount.

(b) Dependency allowances

Children's allowance

69. The increase in the amount of the children's allowance recommended by ICSC represents an urgently needed adjustment, in view of the fact that the last updating was made with effect from 1 January 1983. For the future, a system of regular adjustments should be introduced.

70. Another issue which should be examined in the context of the comprehensive review is the age limit for eligibility to the children's allowance and to the dependent rate of salary and post adjustment (where there is no dependent spouse). At present, the age limit is 18 years and 21 years for children in full-time education. It is well known that post-secondary education extends beyond the age of 21 in most educational systems and has become a prerequisite for most professions. Many national systems and international organizations outside the

common system have recognized this by extending the age limit for eligibility to tax abatements or social benefits beyond 21 years.

71. The extension of the age limit for eligibility to the dependent rate of salary and post adjustment is of particular importance to single parents, the vast majority of whom are women.

72. FICSA proposes that the age limit for the children's allowance and eligibility for dependent rate of salary and post adjustment (for the first dependent child where there is no dependent spouse) be extended to 25 years in respect of children who are in full-time education.

Secondary dependant's allowance

73. The present eligibility criteria, which preclude payment of a secondary dependant's allowance where there is a dependent spouse, are too restrictive and should be reviewed. It does not appear justified to bar payment of the allowance for a secondary dependant in the case of a single-income family.

3. Education grant

74. The adjustment of the maximum amount of the grant which was last reviewed in 1983, was postponed in 1986 and again in 1987. The increase recommended by the Commission in 1988 should be seen in this context. The present level of the grant, which is one of the most important entitlements for expatriate staff, has been totally eroded by increases in school fees over the past six years. Such delays in updating the grant create considerable hardship for staff.

75. For the future, a mechanism must therefore be found to guarantee more frequent adjustments of the grant on the basis of objective criteria, such as the fees of schools most commonly attended by children of international civil servants. Comprehensive surveys of the actual level of expenditures should also be made at regular (but less frequent) intervals. Since data on the reimbursement of school fees are computerized in most if not all organizations, such information is certainly available without major difficulty.

4. Separation payments

(a) Scale of separation payments

76. FICSA has frequently pointed out that the present scale of separation payments is inadequate.

77. Prior to 1 January 1977, separation payments (commutation of accrued annual leave, repatriation grant, termination indemnity, death grant) were computed on the basis of gross salary less staff assessment. With effect from 1 January 1977, separation payments were based on pensionable remuneration less staff assessment, with periodic adjustments on the basis of the weighted average of post adjustments (WAPA). In 1981, when a dual system of pensionable remuneration was introduced,

the General Assembly decided that separation payments should be based on gross salary adjusted by movements of WAPA less staff assessment. When recommending to the General Assembly the consolidation of 20 points of post adjustment into net base salary (with corresponding increases in gross salaries) with effect from 1 January 1985, the Commission recommended not to change the scale of separation payments. This was an unjustified device not to increase the scale of separation payments.

78. Separation payments are adjusted according to the movement of WAPA. In spite of three adjustments since 1985, the scale is now only about 12 per cent above net base salaries, excluding post adjustment. The following examples, based on net salary plus post adjustment at the dependent rate for a P-4/VI, June 1988, illustrate the inadequacy of the scale.

Separation payments as a percentage of net salary plus post
adjustment as at June 1988

	<u>Percentage</u>
New York	79.2
Genova	53.7
London	68.7
Montreal	92.8
Paris	68.7
Rome	74.7
Vienna	63.3

79. It is therefore proposed that a more equitable formula be found. One possibility may be to base the scale on net salary plus post adjustment in New York

(b) Protection of the amount in local currencies

80. It has been accepted that the prevailing monetary instability makes it necessary to protect the level of remuneration and other benefits in local currencies. Such a protection is at present missing for separation payments, as shown by the following examples.

Development of separation payments in local currencies (P-4/VI)
April 1986 to June 1988

	<u>Percentage</u>
Swiss francs	-18.3
Pounds sterling	-11.4
Canadian dollars	-1.8
French francs	-9.6
Italian lire	-9.7
Austrian schillings	-15.5

81. These losses in local currencies, which occurred in spite of the adjustments of the scale on the basis of WAPA, are unacceptable when they come on top of an inadequate scale. Some mechanism must therefore be found, as a matter of urgency, to protect the level of separation payments in local currencies.

(c) Repatriation grant

82. FICSA wishes to draw attention to what it considers an anomaly in the calculation of the repatriation grant which is based on the scale of separation payments. This scale distinguishes between staff with and those without dependants, through different rates of staff assessment. The repatriation grant scale makes a further distinction between staff with a spouse and dependant children and those without. As a result, the repatriation grant for single staff is only about 53 per cent of the amount received by staff with a spouse and/or dependant children. This double differentiation is not considered justified. It is therefore proposed that the same number of weeks (per years of service) as for staff with a spouse and dependent children apply to those without.

(d) End-of-service grant

83. FICSA recalls that it has always supported the introduction of an end-of-service grant in case of non-renewal of fixed-term appointments. For the record, it must be added that such a grant should apply to all categories of staff. The Commission itself recommended the introduction of an end-of-service grant in 1976 and 1978 in recognition of the fact that the constant renewal of fixed-term contracts creates for the employing organization not only a moral but also a legal obligation to treat the termination of an appointment at its expiry date in the same manner as the termination of the same contract prior to its expiry date. This obligation has been confirmed by the jurisprudence of the administrative tribunals in view of the unique employment practice of the United Nations system to retain staff on fixed-term contracts for many years, sometimes for their entire career. More and more organizations are granting few, if any, permanent appointments, a deplorable development which is contrary to General Assembly resolution 37/126 of 17 December 1982 aimed at the granting of permanent appointments. Financial problems and other considerations have resulted in staff retrenchment in an increasing number of organizations, which makes the end-of-service grant more important than ever.

84. With regard to the modalities, FICSA proposes that the Commission's recommendations of 1978 be taken as a basis.

IV. SECURITY AND INDEPENDENCE OF THE INTERNATIONAL CIVIL SERVICE

85. The existence of the international organizations hinges on these fundamental principles. FICSA is deeply concerned about the increasingly frequent violations of the security and independence of United Nations system staff. The report submitted by the Secretary-General to the Sub-Commission on Prevention of Discrimination and Protection of Minorities of the Commission on Human Rights in August 1988 (E/CN.4/Sub.2/1988/17) showed that violations of human rights of staff

members of the United Nations system and threats against their security and independence had increased during the past year and that about 100 cases remained unresolved. The following were mentioned: Afghanistan, Argentina, Bahrain, Chad, Chile, China, Ethiopia, Israeli authorities in Lebanon, in the Gaza Strip and in the West Bank, Syrian armed forces in Lebanon, unknown elements in Lebanon, Jordan, Kenya, Rwanda, Syrian Arab Republic and the Union of Soviet Socialist Republics.

86. In the resolution it adopted (E/CN.4/Sub.2/1988/L.18), the Sub-Commission considered that such violations of the fundamental rights of staff members had a negative effect on the implementation of the organizations' mandates. It appealed to member States to ensure respect for the rights of staff members and of their families as well as of experts in the service of the United Nations system. At the same time, the Sub-Commission entrusted one of its members with the task of undertaking an examination of violations of human rights of staff members, their families and experts, as well as of the repercussions of those violations on the functioning of United Nations system organizations. A report should be submitted to the Sub-Commission at its next session (August 1989).

87. At a time when the organizations of the United Nations system are called upon increasingly to settle conflicts, operate peace-keeping missions and assist in the reconstruction of countries destroyed by warfare or civil disorder, their work must not be undermined by the non-respect of the security and independence of their staff. By the very nature of their functions, thousands of staff members - and there will be more in the coming months - work in danger zones. They must be protected to permit the international organizations to fulfil their important role.

88. The resolutions adopted by the General Assembly and the Sub-Commission enhanced awareness of the problem in many quarters and were instrumental in solving some cases. The fact that over 100 staff or members of their families still remain imprisoned or detained, have disappeared or died, or are being held against their will in a country, requires urgent action.

89. FICSA appeals to Member States concerned to do everything in their power in order to resolve pending cases in a satisfactory manner. The staff also appeal to Member States to respect and protect the fundamental rights of United Nations system staff.

90. FICSA for its part will continue to defend the independence and security of the staff and to make public any violation of these basic principles.

91. FICSA proposes that the Fifth Committee prepare a draft resolution for adoption by the General Assembly, containing the following elements:

(a) An appeal to Member States to respect the privileges and immunities of United Nations system staff and their families and to ensure the full enjoyment of their human rights;

(b) A request to those Member States where staff members or their families are at present imprisoned, detained, missing or prevented from leaving the country to respect the rights of those officials and their families as well as the rights of the organizations;

/...

(c) Member States should be informed of the decision of the Administrative Committee on Co-ordination that, in future, the Secretary-General of the United Nations may request heads of organizations concerned to suspend all operations, other than those of a purely humanitarian nature, in those countries which have arrested or detained a staff member of the United Nations system in clear violation of his/her privileges and immunities and in disrespect of the employing organization's rights and obligations vis-à-vis the staff member. Missions should be cancelled until the case is resolved;

(d) The organizations should suspend recruitment from Member States that violate the fundamental principles of the Charter and of human rights of international civil servants.

Notes

a/ International Labour Office, International Labour Review, vol. 126, No. 3, May-June 1987.
