

**REPORT  
OF THE  
INTERNATIONAL CIVIL SERVICE  
COMMISSION**

**GENERAL ASSEMBLY**

**OFFICIAL RECORDS: THIRTY-FOURTH SESSION**

**SUPPLEMENT No. 30 (A/34/30)**



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**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.**

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## ABBREVIATIONS

ACC	Administrative Committee on Co-ordination
CCAQ	Consultation Committee on Administrative Questions
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants Associations
GATT	General Agreement on Tariffs and Trade
IAEA	International Atomic Energy Agency
ICSAB	International Civil Service Advisory Board
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMCO	Inter-Governmental Maritime Consultative Organization
ITU	International Telecommunication Union
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNITAR	United Nations Institute for Training and Research
UNJSPB	United Nations Joint Staff Pension Board
UNJSPP	United Nations Joint Staff Pension Fund
UPU	Universal Postal Union
WAPA	Weighted Average of Post Adjustments
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

LETTER OF TRANSMITTAL

25 September 1979

Sir,

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

The main subject dealt with in this report - and that to which the largest part of the Commissions's work has been devoted in 1979 - is the study of pensionable remuneration which was requested of the Commission, firstly by ACC and subsequently by the General Assembly. As will be seen from chapter III of the report, although the Commission has made considerable progress in this study, it has not been able to recommend this year, as it had hoped, a comprehensive solution to the urgent problems which call for attention; it intends, however, to continue its work next year and to present to the General Assembly at its thirty-fifth session such a solution. In the meantime, the Commission makes a recommendation regarding the existing mechanism for adjustment of pensionable remuneration (paras. 85-88) and gives its views regarding interim measures which it trusts will be proposed by the United Nations Joint Staff Pension Board to prevent a further worsening of the situation of those staff members who retire before a comprehensive solution can be put into effect (paras. 94-96).

In chapter IV.A.2 the Commission reports on the study, made at the request of the General Assembly, of equivalencies of grade between the United Nations common system and the comparator national civil service at the level of D-2 and above; its recommendation will be found in paragraph 119.

Chapter V contains information on the further surveys made by the Commission under article 12 of its statute with a view to recommending salary scales for the General Service category in London and Montreal, as well as the surveys under way in New York and Rome and in preparation in Geneva. Action on the completed surveys has been taken or is being taken by the organizations concerned, IMCO and ICAO.

Notwithstanding the pressure of questions concerning remuneration, the Commission has devoted maximum attention to the other, longer-term responsibilities assigned to it under articles 13, 14 and 15 of its statute. Its work in these areas is reported on in chapter VII. It has established a common classification of occupational groups, as a first step towards establishing the job classification standards called for by article 13 of the statute. Under article 14 it has

Mr. Kurt Waldheim  
Secretary-General  
United Nations  
New York

prepared a number of recommendations (chapter VII.B) regarding career development which are addressed to the participating organizations. It will be noted that these recommendations touch upon the areas of personnel policy to which the General Assembly referred in paragraph 1 of part II of its resolution 33/119 of 19 December 1978.

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

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

Yours sincerely,

(Signed) Richard M. AKWEI  
Acting Chairman of the  
International Civil Service Commission

## CHAPTER I

### ORGANIZATIONAL QUESTIONS

#### A. Acceptances of the statute

1. Article 1 of the statute of the International Civil Service Commission, approved by the General Assembly by 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. The Commission's statute had previously been accepted by 10 of the organizations which, together with the United Nations itself, participate in the United Nations common system of salaries and allowances. <sup>1/</sup> In 1979, a further organization, the International Atomic Energy Agency (IAEA) notified the Secretary-General of its formal acceptance of the statute of the Commission, effective 1 January 1979, in accordance with a decision taken by the Board of Governors. Another organization, the General Agreement on Tariffs and Trade, although not having formally accepted the statute, continues to participate fully in the Commission's work, as does also the International Fund for Agricultural Development (IFAD), which was established as a specialized agency by General Assembly resolution 32/107 of 15 December 1977, and invited, by resolution 32/102 of 13 December 1977, to "participate in the United Nations common system ... and, in particular, to accept the statute of the International Civil Service Commission". <sup>2/</sup>

#### B. Membership

3. Following the appointments approved, on the recommendation of the Fifth Committee, by the General Assembly, at the 88th plenary meeting of its thirty-third session, on 19 December 1978, the membership of the International Civil Service Commission in 1979 was as follows:

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<sup>1/</sup> International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, World Health Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, Inter-Governmental Maritime Consultative Organization and World Intellectual Property Organization.

<sup>2/</sup> See fourth annual report, Official Records of the General Assembly, Thirty-third session, Supplement No. 30 (A/33/30), paras. 3-5, and A/33/30/Add.1. Previous reports were as follows: first annual report, ibid., Thirtieth Session, Supplement No. 30 (A/10030); second annual report, ibid., Thirty-first Session, Supplement No. 30 (A/31/30); third annual report, ibid., Thirty-second Session, Supplement No. 30 (A/32/30).

Mr. Richard M. Akwei (Ghana)\*\*\* Vice-Chairman  
Mr. Amjad Ali (Pakistan)\*  
Mr. Michael O. Ani (Nigeria)\*  
Mr. Anatoly Semenovich Chistyakov (Union of Soviet Socialist Republics)\*  
Mr. Moulaye El Hassen (Mauritania)\*\*\*  
Mr. Pascal Frochoux (Switzerland)\*\*\*  
Mr. Arthur H. M. Hillis (United Kingdom of Great Britain and Northern  
Ireland)\*\*  
Mr. P. N. Haksar (India)\*  
Mr. Jean de la Grandville (France)\*\*  
Mr. Akira Matsui (Japan)\*\*  
Mr. Jiří Nosek (Czechoslovakia)\*\*\*  
Mr. Antonio Fonseca Pimentel (Brazil)\*\*  
Mrs. Ersa H. Poston (United States of America)\*\*  
Mr. Raúl A. Quijano (Argentina)\*\*\* Chairman  
Mrs. Halima Warzazi (Morocco)\*

\* Term of office expiring 31 December 1980.

\*\* Term of office expiring 31 December 1981.

\*\*\* Term of office expiring 31 December 1982.

#### C. Chairman's resignation

4. The Commission was informed that, by letters dated 25 May and 2 July 1979 addressed to the Secretary-General of the United Nations, its chairman, Mr. Raúl A. Quijano had resigned with effect from the end of the tenth session of the Commission, to assume a post in the diplomatic service of his country.

5. The Commission noted that, in accordance with article 4 of the Commission's statute, the Secretary-General, acting as Chairman of the Administrative Committee on Co-ordination (ACC) and having duly consulted with Member States, the executive heads of the other organizations and staff representatives, would present to the thirty-fourth session of the General Assembly, for its consideration and decision, the name of a candidate for appointment as Chairman. In accordance with article 5, the incoming Chairman would hold office for the remainder of his predecessor's term, that is, until 31 December 1982.

#### D. Sessions held by the Commission and questions examined

6. As in previous years, the Commission held two sessions in 1979: the ninth and tenth, both held at United Nations Headquarters in New York, from 26 February to 16 March and from 13 to 31 August, respectively.

7. At the beginning of the year, the Commission reviewed the over-all programme of work for 1978-1979 which it had established at its seventh session, giving priority to those questions on which the General Assembly had requested it to report in 1979. At the same time, it maintained on its agenda several other questions relating to the review of the salary system while a number of other questions which had previously been scheduled for study in 1979 were of necessity deferred until later years.

8. Accordingly, the main questions dealt with by the Commission at its ninth and tenth sessions were as follows:

(a) Under article 10 of the statute: and in response to requests of the General Assembly and of ACC, a comprehensive examination of pensionable remuneration and pension entitlements as elements of total remuneration;

(b) Under article 12 of the statute: surveys of best prevailing conditions in London, Montreal, New York, Rome and Geneva, with a view to recommending salary scales for the General Service category in those duty stations and elaboration of a general methodology;

(c) Under articles 13 and 14, questions pertaining to the long-term functions of the Commission: common definition of occupational groups and common job classification standards; the career concept and career development;

(d) In the general area of salaries and allowances, under articles 10 and 11 of the statute: the questions relating to the "Noblemaire comparison" between United Nations remuneration of the Professional and higher categories and that of the national civil service taken as the comparator: evolution of the margin between the levels of remuneration of the two services and effects of currency instability; grading equivalencies for grades D-2 and above; and preliminary consideration of the methodology to be used in identifying the highest-paid national civil service.

9. Summaries of the work done by the Commission in 1979 on all these questions and, where appropriate, its conclusions and recommendations will be found in the following chapters of this report.

#### E. Subsidiary body

10. The Advisory Committee on Post Adjustment Questions (ACPAQ) established by the Commission in 1976 pursuant to the authorization given by the General Assembly in resolution 3418 A (XXX) was composed in 1979 of the following members: Mr. Pascal Frochoux, member of ICSC, Chairman; Mr. Yuki Miura (Japan); Mr. A. F. Revenko (Union of Soviet Socialist Republics); Mr. James A. de Souza (Brazil); Nana Wereko Ampem II (Ghana); and Mr. Stephen Van Dyke Baer (United States of America) who was appointed in 1979 for a term of four years in succession to Mr. Geoffrey H. Moore whose term had expired. The Committee's session for 1979 is to be held from 24 to 31 October at the headquarters of the International Labour Office at Geneva; its results will be considered by the Commission at its eleventh session.



## CHAPTER 11

### ACTION UPON DECISIONS TAKEN BY THE GENERAL ASSEMBLY AT ITS THIRTY-THIRD SESSION

11. The decisions taken by the General Assembly at its thirty-third session on matters concerning the International Civil Service Commission, apart from that relating to the appointment of members, as already mentioned in paragraph 3 above, related to: (a) the Commission's fourth annual report (cf. para. 2 above) which was the subject of resolution 33/119 adopted by the General Assembly on 19 December 1978, on the recommendation of the Fifth Committee; 3/ and (b) budgetary and administrative matters.

#### A. Action arising from the fourth annual report of the Commission

##### Development of a single unified international civil service

12. The Commission noted with satisfaction the concern manifested by the General Assembly in the preamble and section I of resolution 33/119 for the preservation and strengthening of the common system, in particular its reaffirmation of the objective which it stated in adopting article 9 of the Commission's statute, namely, "the development of a single unified international civil service through the application of common personnel standards, methods and arrangements". The Commission recognized that, in the changed conditions brought about by its coming into being, the processes by which decisions affecting the common system were arrived at were also undergoing change. It would continue to reflect on the whole matter with a view to working out, in consultation with the various legislative bodies, the administrations and the staff, the most effective way in which its recommendations and decisions could be put into effect in the common system.

##### Non-salary aspects of the Commission's work

#### (a) Long-term functions of the Commission

13. The Commission noted the hope expressed by the General Assembly in section II, paragraph 1 of the resolution that the Commission would be "able to assume progressively its functions under articles 13 and 14 of its statute and make progress in 1979 in its consideration of those aspects of personnel policy other than remuneration mentioned in paragraphs 309 to 329 of the report of the Commission, in particular career development and those other aspects which had occupied the General Assembly's attention at its current session". The Commission noted that its role required that it reconcile requests from particular organizations for action on specific problems as they affected those organizations with its over-all responsibilities to the common system and its plans for dealing

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3/ Ibid., Thirty-third Session, Annexes, agenda item 111, document A/33/495.

systematically with the matters entrusted to it under its statute. It would, however, do its utmost in planning its further work under article 14 of the statute to advance consideration of the points which were of special concern to the General Assembly.

(b) Pensionable remuneration and pension entitlements as elements of total remuneration

14. The General Assembly had approved in section II, paragraph 3 of the resolution "the Commission's intention to make, as a matter of priority, a comprehensive examination of the functioning, methods of establishment and adjustment and appropriate level of pensionable remuneration, in particular with a view to preparing, in co-operation with the United Nations Joint Staff Pension Board, proposals to be submitted to the General Assembly at its thirty-fourth session for correcting anomalies in the United Nations pension system brought about by the current economic and monetary circumstances". The report submitted by the Commission in response to this part of the resolution will be found in chapter III below.

Questions concerning remuneration of the Professional and higher categories

(a) Review of the relationship between the levels of remuneration of the United Nations common system and the comparator national civil service

15. The General Assembly had noted in section III, paragraph 1, of the resolution "the information provided by the report of the International Civil Service Commission on the evolution of the relationship between remuneration of the Professional and higher categories of the United Nations common system and the comparator national civil service and the Commission's conclusions on safeguards existing against possible undue widening of the margin between the levels of the remuneration of the two services resulting from the operation of the post adjustment system". The Commission's report on the current status of the margin will be found in paragraphs 98-103 below.

(b) Grading equivalencies between the United Nations common system and the comparator national civil service

16. The Commission noted the approval by the Assembly in section III, paragraph 2, of the resolution for the purposes of making salary comparisons between the two services, of the table of grading equivalencies from P-1 to D-1 recommended by the Commission, and its request that the Commission continue its study "in order to determine the proper equivalent grades in the comparator system for the United Nations grades of Director (D-2) and Assistant Secretary-General, and to report its findings to the General Assembly at its thirty-fourth session". The General Assembly had further requested the Commission "to study the feasibility of identifying posts of equivalent functions and responsibilities for the post of Under-Secretary-General", also reporting to the thirty-fourth session. The Commission's report on this will be found in paragraphs 104-124 below.

(c) Salaries and allowances

17. The Commission took note of the General Assembly's actions in section IV of the resolution regarding the recommendations contained in its report, as follows.

18. The Commission noted that, going beyond its own proposal, which referred only to "children's allowance", the General Assembly had decided that, with effect from 1 January 1979, the amount of the dependency allowances (para. 1) payable in local currency to staff in the Professional and higher categories /should/ not be less than the local currency equivalent of the dollar amount of the allowance at the time it was established or last revised". It further noted that the Assembly, approving in paragraph 2 a proposal by the Commission, had further decided that "the scale of termination indemnities established by the General Assembly in its resolution 31/141 of 17 December 1976 be amended to provide that the indemnity payable to a staff member holding a fixed-term appointment with less than six years' completed service /should/ not exceed three months' pensionable remuneration less staff assessment".

19. Regarding the proposed introduction of a new entitlement, to be known as the end-of-service grant (para. 3), the General Assembly, recognizing that the key to the problem lay in a clearer definition of the relationship between permanent and fixed-term service, had referred the proposal back for further study by the Commission "in the context of its examination of the relationship between career staff and fixed-term staff in the common system" with the request that the Commission should ensure "that such a grant /should/ not become a form of pre-pension plan", and make recommendations to the General Assembly not later than at its thirty-fifth session. The Commission reports on the work done on these aspects will be found in paragraphs 201-209 below.

20. On the repatriation grant (para. 4), the Commission took note of the modified form in which the General Assembly at its thirty-third session had adopted the Commission's recommendation that repatriation grant in future should not be paid to staff members who, on separating from their organization, remained permanently in the country of their last duty station and so incurred no expenses of relocation, and that payment to entitled staff members be made conditional upon the presentation by the staff member "of evidence of actual relocation". In compliance with the resolution it proceeded to establish the terms in which the new provision should be implemented.

21. The Commission first considered what should be admitted as constituting such evidence. It had been suggested that exercise by the staff member of his/her entitlement to removal of his/her household goods (or, in the absence of such entitlement, transport of personal effects) from the duty station country should constitute the principal evidence of relocation; some members, however, questioned the validity of this as evidence, since the staff member might send his/her household goods elsewhere but himself/herself remain in the duty station country. The Commission accordingly preferred an alternative formula, namely, provision of documentary evidence that the former staff member had taken up residence in another country.

22. The Commission observed that the requirement that evidence of actual relocation be provided meant in any case that the grant could not be paid until some time after the staff member had been separated, which entailed some administrative inconvenience. However, it agreed that the ex-staff member's entitlement could not be left open indefinitely until such time, perhaps years later, as he produced the necessary evidence. The consensus was that two years would be an appropriate limit.

23. Finally, the Commission recalled that in its proposal to the General Assembly it had foreseen the possibility that some special provision would be needed regarding staff members who had an expectation of receiving the grant under the existing rule but would no longer be entitled to it under the new rule. The Commission was informed that the legal advisers of several organizations had studied the question and come to the conclusion that any entitlement already earned by a staff member could not be affected retroactively by the changing of the rule; but the exercise of further entitlements accruing after the date of the change would be subject to compliance with the new condition. That view was supported by the jurisprudence of the United Nations Administrative Tribunal as quoted by the Tribunal in paragraph XVI of its judgement AT/DEC/237.

24. Some members questioned whether any acquired right could be said to exist to payment of the repatriation grant to a staff member who did not repatriate or relocate himself. In their view, such acquired rights as might be deemed to exist could only be in respect of persons who had retired and could not accrue to the benefit of existing employees whose rights must rest on a true interpretation of the existing staff regulations rather than an administrative practice contrary to the regulation which expressly related repatriation grant to those employees whom the organizations had an obligation to repatriate. The Commission sought an opinion from the Office of Legal Affairs of the United Nations Secretariat, which indicated that, in so far as the United Nations Organization itself was concerned, there was no express or implied provision that only those who actually made use of the travel entitlement should receive the grant; the relevant Staff Rules had been reported to and noted by the General Assembly, which must accordingly have deemed the rule to be consistent with the intent and purpose of the Regulations which it had itself approved. On the basis of the advice received the Commission decided that the requirement of relocation should apply only to that part of a staff member's entitlement which was earned after the date on which the rule was changed.

25. Accordingly, the Commission adopted the following text which was duly promulgated on 6 April 1979 under the symbol CIRC/GEN/39:

"The following modifications to the terms of entitlement to the repatriation grant are established by the International Civil Service Commission in pursuance of paragraph 4 of section IV of General Assembly resolution 33/119:

(a) With effect from 1 July 1979 payment of the repatriation grant shall be subject to the provision by the former staff member of evidence of relocation away from the country of the last duty station;

(b) Evidence of relocation shall be constituted by documentary evidence that the former staff member has established residence in a country other than that of the last duty station, such as a declaration by the immigration, police, tax or other authorities of the country, by the senior United Nations official in the country or by the former staff member's new employer;

(c) Payment of the grant may be claimed by the former staff member within two years of the effective date of separation;

(d) Notwithstanding paragraph (a) above, staff members already in service before 1 July 1979 shall retain the entitlement to repatriation grant proportionate to the years and months of service qualifying for the

grant which they already had accrued at that date without the necessity of production of evidence of relocation; the exercise of any additional entitlement accrued after that date shall, however, be subject to the conditions set out in paragraphs (a) to (c) above."

26. The Commission noted that the Assembly had approved (para. 5) its proposal which aimed at standardizing conditions as regards the death grant payable to the surviving spouse, dependent children or recognized secondary dependant of a staff member who died in service, but in doing so had excluded payment of the grant to a secondary dependant.

27. The Commission noted the approval by the General Assembly (para. 7) of its recommendation regarding post-secondary studies, to the effect that "expenses incurred by expatriate staff members for the post-secondary studies of their children in the country of the parent's duty station be eligible for reimbursement under the education grant, with effect from the beginning of the academic year in course on 1 January 1979", and the further approval (para. 8) of the Commission's proposal that "when, for the purpose of applying the scale of reimbursements approved for the education grant, the expenses incurred by a staff member in a currency other than the United States dollar are converted into dollars, the rate of exchange used shall be whichever is the higher of that which was in force at that date when the existing scale of reimbursements came into effect or that in force at that date when the reimbursement is made, the same rate being used in converting the dollar amount of the reimbursement into the currency in which it is to be paid". Likewise, it noted the approval by the Assembly that the provision of the education grant should be extended to include the reimbursement of the expenses incurred by staff members for the special education of their disabled children upon the terms and conditions specified in the Commission's report and in the annex to the resolution (para. 9)

28. The Commission noted that the General Assembly had gone farther than the Commission in one respect, that of the upper limit of eligibility for the education grant, deciding (para. 6) that the existing age limit for eligibility to the education grant be replaced by the formula "up to the end of the fourth year of post-secondary studies or the award of the first recognized degree, whichever is the earlier". 4/

29. The Commission complied with the General Assembly's request (para. 10) that it reconsider its decision to permit extensions of the assignment allowance for one period not exceeding two years after the normal limit of five years. It observed that the measure it had taken was not a blanket extension of the period

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4/ The attention of the Commission was drawn by one member to United Nations Administrative Instruction No. ST/AI/181/Rev.5 dated 16 April 1979 issued by the Assistant Secretary-General for Personnel Services, in which it had been stated, inter alia, that "The grant will not normally be paid beyond the scholastic year in which the child reaches the age of 25 ...". That member wished the attention of the General Assembly to be drawn to the apparent discrepancy between the relevant provision of General Assembly resolution 33/119 of 7 December 1978 abolishing the age limit principle and the terms of the Administrative Instruction mentioned above.

of entitlement to the allowance from five years to seven years. Firstly, it was to apply only to staff in field duty stations. Fears had been expressed by some representatives during the debate in the Fifth Committee of the General Assembly that the measure would be a disincentive to staff mobility, by making it easier for staff to stay in the same duty station for seven years rather than five. In so far as there was sometimes disinclination on the part of staff members to be transferred from one duty station to another, that problem arose mainly in headquarters duty stations (where the measure taken by the Commission would not apply) and only very rarely in field duty stations. Secondly, if a staff member in a field duty station did not wish to be moved after five years, the organization would be under no obligation to extend the entitlement to assignment allowance. Thirdly, by limiting the maximum extension to one period, not exceeding two years, the duration of which must be defined at the time the extension was granted, the Commission's intention was on the contrary to contribute to staff mobility by exerting pressure on the organization to decide on the reassignment of the staff member within a reasonable period, in the much more frequent circumstances where the staff member wished to be transferred but the organization found it necessary to keep him at his duty station to finish a task, or pending arrival of a successor, or until a new assignment could be found for him. In all those cases, the new rule would avoid, on the one hand, the inequity which occurred when the organization instructed the staff member to remain at his duty station but at the same time reduced his remuneration because he was staying there; and, on the other hand, the anomaly that the organization, not having paid for the removal of the staff member's household goods for five years, might have to do so when he was nearing the end of his stay in the duty station.

30. Accordingly, the Commission decided to confirm its previous decision and, in accordance with article 25 of its statute, approved the following text together with the decision regarding conditions of the installation grant which it took in the same context at its eighth session, which was duly promulgated on 6 April 1979 under symbol CIRC/GEN/39:

"A. With effect from 1 April 1979, the conditions of entitlement to the assignment allowance shall be modified to provide that when a staff member serving at a duty station outside Europe and North America who has been in receipt of the assignment allowance is maintained at the same duty station, by the initiative of the organization, beyond a continuous duration of five years, the organization may authorize extension of the period of entitlement to the assignment allowance for a single finite period not exceeding two years. Such extension shall be in lieu of entitlement to removal of household goods to the duty station. No further extension may be granted;

"B. With effect from 1 April 1979, the conditions of entitlement to the installation grant shall be modified to provide (a) that the entitlement for a staff member not accompanied by dependants at the duty station shall be 30 days of daily subsistence allowance at the standard rate (the provision for exceptional extensions being similarly unified at 90 days); (b) that the lump sum amount payable only in duty stations outside Europe and North America be \$300 for the staff member and for each dependant accompanying him or her to the duty station, up to a total of four persons (including the staff member)."

31. In view of the doubts which had been expressed, the Commission decided to keep under review the consequences of the measure concerning assignment allowance

and requested the organizations to provide information on the number, cost and justification of extensions granted beyond the normal five-year limit.

B. Budgetary and administrative matters

Conditions of service and compensation of the Chairman and Vice-Chairman of ICSC

32. The Commission noted the decision by the General Assembly (resolution 33/116 of 21 December 1978) regarding the "salary, entitlements and other forms of remuneration and conditions of service" of the two full-time Commissioners of ICSC. It also noted that the Assembly had further decided that the annual compensation of the Commissioners should "continue to be reviewed every four years or when the United States consumer price index has risen by 10 per cent since the last review, whichever comes first".

## CHAPTER III

### PENSIONABLE REMUNERATION AND PENSION ENTITLEMENTS AS ELEMENTS OF TOTAL REMUNERATION

#### Introduction

33. The General Assembly in its resolution 33/119 (sect. II, para. 3) "approved the Commission's intention to make, as a matter of priority, a comprehensive examination of the functioning, methods of establishment and adjustment and appropriate level of pensionable remuneration, in particular with a view to preparing, in co-operation with the United Nations Joint Staff Pension Board, proposals to be submitted to the General Assembly at its thirty-fourth session for correcting anomalies in the United Nations pension system brought about by the current economic and monetary circumstances".

34. The Commission had stated its intention to make such a study in its fourth annual report, 5/ where it had recorded its observation of the anomalous effects produced on the level of pensionable remuneration and on the relative value of United Nations pensions in different countries by currency fluctuations, in particular the devaluation of the United States dollar in relation to a number of other currencies, and by rapid inflation in many countries. It reported that pensionable remuneration of the Professional and higher categories (which is established on a uniform world-wide basis) had been increased by 25 per cent between 1 January 1977 and 1 January 1979 through the working of the adjustment mechanism instituted by General Assembly resolution 1561 (XV), whereby pensionable remuneration is adjusted by reference to the movement of the Weighted Average of Post Adjustments (WAPA). 6/ The Commission expressed doubt whether that mechanism, designed to reflect in pensionable remuneration changes in the average world-wide level of salaries and cost of living, continued to be appropriate today when the movement of WAPA was determined to an overwhelming extent by the depreciation of the dollar in relation to the Swiss franc and other currencies which weighed heavily in the calculation of WAPA. The Commission therefore declared its intention to give urgent attention to this problem.

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5/ Official Records of the General Assembly, Thirty-third Session, Supplement No. 30 (A/33/30), paras. 43-56.

6/ The "Weighted Average of Post Adjustments" (WAPA) reflects the post adjustment classifications of the headquarters duty stations and 43 other major duty stations. It is weighted by the numbers of staff in the Professional and higher categories in the duty stations concerned (and so heavily influenced by changes of post adjustment class in Geneva, New York, Paris, Rome and Vienna which together account for 59 per cent of the weighting). For the purpose of adjustment of pensionable remuneration, in accordance with the mechanism established by resolution 1561 (XV) (as subsequently amended), the index is read each year in March and September. If it has moved by one or more multiples of 5 per cent in relation to the level it held at the date when the level of salaries was last fixed by the General Assembly (i.e., at present, 1 January 1977), the corresponding adjustment of pensionable remuneration takes effect in the following July or January.



35. Concurrently the Commission had been seized of a request from the Administrative Committee on Co-ordination (ACC) that it give the highest priority "to a comprehensive examination of the level of pensionable remuneration and the way in which it is to be established". The concerns which had led ACC to make this request, as summarized in a statement made to the Commission at its eighth session by the Chairman of CCAQ, sprang from the conviction of many executive heads that the system was not functioning equitably in present circumstances. The Commission's own study had brought out similar concerns: the inequalities between the pension entitlements of staff members retiring in different countries, inequalities in the burden which a staff member's contribution to the Pension Fund represented in relation to his income, the inadequacy of the mechanism for adjustment of pensionable remuneration in present circumstances.

36. The Commission noted that its responsibility for finding a solution to the problem derived from the fact that both pensionable remuneration and pension entitlements themselves are essential components of the total package of conditions of service of the staff, the adequacy of which determines the ability of the organizations to recruit and retain staff of the needed calibre and which the Commission is charged, by article 10 of its statute, to keep under review, making recommendations as appropriate to the General Assembly.

37. At the same time, the Commission recognized that the United Nations Joint Staff Pension Board (UNJSPB) also had statutory responsibilities for certain aspects of the problem and that the action of the two bodies should consequently be co-ordinated. It described the plan it had drawn up for its own study and for co-ordination with the work of UNJSPB.

38. It was with that background that the General Assembly took the decision contained in paragraph 3 of resolution 33/119 quoted above.

#### A. Action by the Commission in 1979

39. As recorded in paragraph 56 of its fourth annual report, the Commission had already set up a working group of five of its members 7/ to pave the way for the Commission's own examination of the question at its ninth session. That working group met in December 1978 and again immediately before the Commission's ninth session and presented a working document suggesting an outline for a systematic study of the question.

40. At the ninth session the Commission also had before it documents submitted by the Secretary of UNJSPB providing descriptive and historical information about the pension system and by the Secretary of CCAQ recalling in particular the recent developments which had led to the present examination; a report from a working group set up by UNJSPB; studies presented by two of the organizations, ILO and ITU; and statements of the views of CCAQ and of FICSA. Further working documents, including one by a member of the Commission, Mr. Pascal Frochoux, were submitted during the discussion.

41. At the close of the ninth session the Commission analysed the various proposals and suggestions which had been made to it and identified two different

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7/ Mr. Arthur Hillis, Mr. Jiří Nosek and Mrs. Halima Warzazi, together with the Chairman and Vice-Chairman.

approaches. Reaffirming the necessity that an acceptable and well-worked out proposal be recommended to the General Assembly at its thirty-fourth session and that the co-operation of UNJSPB in the study continue to be sought, it called for detailed studies of the effects and implications of these different approaches, including their cost (both budgetary and actuarial) and re-established its working group (Mr. Pascal Frochaux replacing Mrs. Halima Warzazi). The working group was entrusted with reviewing the results of the studies and preparing a report on them on behalf of the Commission, so that it could be presented to the meeting of UNJSPB to be held in July (i.e. before the date of the Commission's tenth session). The Commission thus hoped to have available to it at its tenth session both the report of its working group and the views, comments or recommendations thereon of UNJSPB, so that it would be in a position to finalize its recommendation to the General Assembly.

42. The Commission's working group met at Vienna (by the kind invitation of the Director-General of IAEA) from 5 to 8 June. It met jointly on two occasions with a working group of UNJSPB which was present at Vienna at the same time and so was able to inform UNJSPB of the course being taken by its work and to take into account in the final text of its report some of the preliminary views expressed by members of the UNJSPB working group. The report was further presented, on behalf of the Commission, by Mr. Pascal Frochaux to a meeting of the Standing Committee of UNJSPB at Geneva on 12 and 13 June; and it was presented to UNJSPB at its twenty-fifth session in Manila from 9 to 20 July 1979.

43. At its tenth session (New York, 13-31 August 1979) the Commission consequently had before it the report of its own working group (supplemented by further studies made on some points by the secretariat at the request of the working group); a report from UNJSPB containing a summary of its debates and transmitting various working documents which it had considered but containing no agreed conclusion or recommendation; statements by Mr. Mario Majoli, representative of UNJSPB and by the Secretary of UNJSPB; and statements of views by CCAQ and FICSA and by the representatives of various executive heads.

44. After having heard the views of all concerned and deliberated in executive meeting, the Commission adopted the following report for presentation to the General Assembly at its thirty-fourth session, to the legislative organs of the other participating organizations and to the staff representatives, in accordance with article 17 of the statute.

## B. Findings of the Commission

### 1. The nature of the Commission's inquiry

45. At the outset of its consideration at its ninth session, the Commission agreed that its role should be to make a thorough examination of the problem, reviewing the assumptions on which the existing arrangements were based, evaluating possible alternatives and, as it had done in other similar studies, seeking to satisfy itself as to the rationale of the system. It was clear that ACC, UNJSPB and the General Assembly, in making a sharp distinction between the measures regarding adjustment of pensions approved in 1978 and the further study awaited from the Commission, had shared that view of the Commission's role. That did not mean that the outcome of the Commission's study should necessarily be proposals for radical changes; but such proposals should not be ruled out prima facie. However,

the Commission would have to take as its starting point the fact of the existence of a Pension Fund with more than 40,000 participants, assets of over a billion dollars and obligations covering a span of at least three generations of past and present participants.

46. The working group proposed the following framework for the Commission's study:

(a) Pensionable remuneration was not an end in itself, but a means to an end, i.e., the provision of an appropriate pension;

(b) The Commission should therefore consider first what kind of pension should be provided by the United Nations pension scheme and only thereafter consider how pensionable remuneration should be arranged in order to provide such a pension;

(c) The problem which had brought about the present examination, after nearly 30 years of satisfactory working of the pension system, was one of inequity. That inequity had been brought about by currency fluctuations, in particular the decline in value of the United States dollar, and by inflation; it had been aggravated by the working, in these changed conditions, of the mechanism for adjustment of pensionable remuneration instituted by General Assembly resolution 1561 (XV), which had produced marked over-compensation for inflation in some places while under-compensating for the declining value of the dollar and inflation in others;

(d) The existing system based on averaging could not assure a sufficient degree of equity in present circumstances; unless some other means of maintaining a uniform world-wide level of pensionable remuneration could be found, the Commission would have to explore the possibility of ensuring equitable treatment through a selective method of determining pensionable remuneration taking into account cost of living in each country of retirement and focusing on the effective value of the pension rather than its nominal value;

(e) The pensionable remuneration used as a basis for determining the amount of contributions need not be the same as that on which the initial level of pensions was based, provided that it produced sufficient revenue to meet the pension fund's obligations and that the burden of contributions was distributed equitably;

(f) Two further problems were noted: the extent to which and how to deal with uneven impact of varying national income taxes on pensions which would otherwise be equal; and the application to the General Service category of any solution which might be found to deal satisfactorily with the problems of the Professional and higher categories.

## 2. Rationale, objectives and characteristics of the United Nations pension scheme

47. After hearing the views of the working group of UNJSPB as well as those of FICSA, ITU, the ILO and GATT (which are summarized in annex II) the Commission reviewed the rationale, objectives and characteristics of the United Nations pension scheme. It reaffirmed the various reasons which had led the United Nations system to establish its own pension scheme, rather than relying on

national schemes to provide post-service coverage for its staff members, i.e. the need to ensure that the equitable treatment of all staff members was not vitiated by differences between various national pension schemes as regards both contributions and benefits; the necessity of maintaining the link, implicit in most pension systems, between employment and pension, between income during employment and pension benefits; the effect on the exclusively international character of the obligations of staff members if they depended on national authorities for their pension; the social responsibility of the United Nations as an employer.

48. A number of special considerations which apply to the pension scheme of an international organization but not to those of national civil services were noted: differences in the typical ages of entry and retirement and the span of service; lack of interchangeability between international and national pensions; the exclusion of many international civil servants from national social security benefits on account of their expatriate service; the more varied patterns of retirement found among those who had spent their active life as expatriates. The international pension must be made available in such a way that a staff member retiring to his own home country is not penalized thereby, for example, because of the cost of living there or because his pension must be paid in a currency other than that in which the resources of the Fund are held; that is a minimum obligation, independent of whatever conditions the scheme may offer to pensioners choosing to live in any other country. Finally, an international pension scheme must provide protection not only against inflation, as national pension schemes do, but also against currency exchange fluctuations.

49. The Commission noted that there were various conceptions of the nature of the pension; for example, that it is a form of deferred earnings, that it is an insurance against certain risks, or that it has characteristics of a social security scheme. The Commission concluded that the United Nations pension scheme is indeed each of these, but more than all of them, as was noted by the 1960 Pension Review Group (which in para. 11 of its report 8/ noted, for example, that while it is essentially a pension scheme in which the benefits should be more or less proportional to the period of contributory service, there are special circumstances, in particular the predominantly expatriate character of the international service which make it necessary to incorporate in the pension scheme some features more typical of a social security scheme - for example, the fact that many international civil servants are not eligible for social security from any other source).

50. In the Commission's view, the central purpose which is common to these different conceptions is to ensure to the staff member when he retires (or becomes disabled or to his survivors if he dies) the maintenance of a proportion of the income he received while in service. What that proportion shall be is determined in part by the general level of benefits which it is deemed appropriate or feasible for the Fund to provide (which is dealt with in a later paragraph), in part by the employee's length of service and, in certain cases, his age in relation to the standard age of retirement. The benefit is established as a proportion of the remuneration attained by the staff member during the last years of his active service. It is not calculated on the basis of the amount contributed

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8/ Official Records of the General Assembly, Fifteenth Session, Annexes, agenda item 63, document A/4427.

to the Fund by him or on his behalf. That is abundantly clear as regards the insurance-type benefits, such as disability and survivors benefits; it may at first sight appear to be less so with respect to retirement benefits because they also reflect the element of reward for long service but it becomes clear, if one considers that two staff members with equal lengths of service, having had equal pensionable remuneration in the last three years of service will receive equal pensions - despite the fact that one may have been contributing for many years at the level of his final three years while the other may only have reached that level in the last three years and have contributed previously on a much lower level. While obviously there must be a correlation between the Fund's resources and its outgoings, the nature of the Fund clearly is not to refund to each participant in proportion to what he has paid in. It is rather to give each participant the means to maintain a pattern of living proportional to that he had attained in his last years of service; its concern is with the level of income which the participant has attained at the time of retirement, part of which level it sets out to replace for him.

51. That criterion, of the income replacement value of the pension, is seen by the Commission as crucial and has been applied by it in judging the adequacy of various alternative solutions.

52. Concerning the questions whether the level of United Nations pensions (for the Professional and higher categories) should be established by reference to a single comparator or, for example, by reference to the level of pensions provided by the staff member's own Government, the Commission was of the view that the homogeneity of the international civil service and the principle of equitable treatment of all its staff members dictated the use of a single comparator. The Commission found unacceptable the notion that the ultimate test of the adequacy of a United Nations pension when converted into the local currency of any country should be its relationship to national pensions in that country; that conception would be in conflict with the reasons which led the Commission to believe that it was necessary for the United Nations system to have its own pension scheme (see para. 47 above).

53. The remuneration of the Professional and higher categories of the United Nations common system is governed by the Noblemaire principle. The basic concept underlying that principle is the equitable remuneration of staff members regardless of their nationality or place of duty. The Noblemaire principle sets out to make this possible by relating remuneration to that of the highest-paid national civil service. From the beginning of its work the Commission has recognized that in comparing remuneration it is no longer possible to take into account only net remuneration; benefits of all kinds, including pension, are nowadays of such importance that they must be included, in a comparison of "total compensation"; and, with the endorsement of the General Assembly, the Commission is moving towards making the regular "Noblemaire comparison" in these terms. That being so, it follows that the level of pension must be established as a part of the comparison of United Nations total compensation with that of the national civil service chosen as comparator. Better conditions offered by any other country in respect of one element only, e.g., higher cash remuneration in one country, better housing allowance in another, better pensions in a third, then become irrelevant, provided that the total package of any of these countries is not in aggregate better than that found in the comparator country.

54. The application of the Noblemaire principle adopted by the Commission and endorsed by the General Assembly, limiting the point of reference to a single highest-paid national civil service and stipulating that the comparison be made in terms of total compensation, thus inevitably supersedes the broader interpretation reflected in an earlier pronouncement of the General Assembly, that "the Fund should continue to provide benefits comparable to those available under the best national civil service schemes". 9/ Rather, it should provide benefits which, taken together with all other elements of compensation, make up a total package comparable to that of the highest-paid national civil service.

55. This does not mean, however, that each individual element of the United Nations package must duplicate that of the comparator country's package. Allowance must be made for differences in the functions, characteristics and needs of the two services; a number of such differences relating to pensions have already been pointed out by the Commission. 10/ What is necessary is that differences in respect of particular benefits which might affect the over-all comparison of compensation should be identified and be capable of being justified.

### 3. The general level of income replacement

56. As to what should be the proportion of income which the Fund should undertake to maintain in general (as distinct from the particular level determined for each pensioner on the basis of his length of service and age), it follows from what has been said above that, for the Commission, seen in the context of total compensation comparison with the highest-paid national civil service, this level of income replacement must be judged by reference to the corresponding level provided by the United States Civil Service pension scheme (as long, of course, as the United States continues to be the comparator for the purposes of the Noblemaire principle). A detailed study of the provisions of the United States Civil Service pension scheme has been made (see annex III). As had previously been observed by the Commission, there are a number of significant and explicable differences between the conditions provided by this scheme and that of the United Nations. In some respects the United Nations scheme's conditions are more favourable, e.g., higher rate of accumulation in early years of service (but which, it may be noted, is identical with that of the United States Foreign Service), surviving spouse's benefit without reduction of retirement benefit; in others, the United States scheme is more favourable, e.g., more liberal conditions for early retirement and for obtaining disability benefits, higher maximum rate of pension made possible by the greater number of years of permissible accumulation, the absence of a mandatory age of retirement and the possibility of adding on credit for unused sick leave above the normal maximum level of pension. To evaluate precisely the impact of these various features on the benefit value to the participants as a whole requires complicated actuarial calculations of the kind performed by Hewitt Associates in the comparison of United States and United Nations benefits which they made for the Commission in 1978. In general, however, it may be said that, having due regard to the differences between the two services, their pension schemes are comparable within the context of the comparison of the total compensation of the two services.

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9/ Ibid., Twenty-eighth Session, Supplement No. 9 (A/9009 and Corr.2), vol. II, para. 3.

10/ See ibid., Thirty-third Session, Supplement No. 30 (A/33/30), paras. 106-113.

57. The income replacement rates provided by the United States Civil Service pension scheme at different levels of income after 25, 30 and 35 years of contributory service are shown in annex III, appendices 2, 3 and 4 and are related to the established equivalent grades of the United Nations Professional and higher categories. Here (and throughout this report) income replacement rates are expressed in the form "gross (pre-tax) pension to net (after-tax) remuneration". This form of comparison, which may appear anomalous, has been used because of certain characteristics of the United Nations salary system which complicate the comparison of the United Nations ratio of post-retirement income to pre-retirement income with that of the United States. Were only the United States civil servant concerned, one could compare either gross to gross or net to net, assuming that the taxes paid on salary and on pension would be roughly the same. But as the comparison has to be made with the United Nations system, it would not be accurate to compare total gross remuneration with gross pension, because United Nations total remuneration includes post adjustment which is a net amount; grossing up the total of net salary and post adjustment by the scale of staff assessment would give an artificial result because the progressivity of the United Nations staff assessment scale is different from that of the United States tax scale. On the other hand, to compare total net remuneration to net pension would involve an assumption as to the scale of tax which would be applied to the pension. It would not be the scale of staff assessment, since this is a theoretical form of taxation which differs from any national tax scale to which the pensioner would be subjected; neither could it be assumed that it would be the United States scale of income tax since the taxes actually paid by United Nations pensioners in countries throughout the world vary greatly, some being less than United States taxes (some indeed paying no tax at all) but many being significantly higher than United States taxes. The only solution then is to use United Nations net income and United Nations gross pensions and to compare them with the corresponding United States elements. Other definitions of income replacement are possible; for example, it would theoretically be possible to calculate net pension in each individual case by deducting the taxes payable in the pensioner's country of residence. What is important is that the same convention, once adopted, be applied throughout, as it is in the present report.

58. It has also been objected that in this way, United States taxes are taken into account (in netting down United States Civil Service gross salary to net) but that all other taxes which the pensioner will pay on his pension have been dismissed as irrelevant, by using only the gross amount of pensions. All members of the Commission recognize that the ultimate purchasing power of a former staff member's pension is affected by the amount of tax which he is required to pay on his pension in the country in which he has chosen to reside. Neither the organizations nor the staff have suggested that the Governments of Member States should be expected to exempt United Nations pensions from tax; many members of the Commission feel that there are strong reasons why former international civil servants, once they have returned to normal citizenship, ought not to be treated any differently from their fellow citizens. One member of the Commission was of the opinion that further study was required of the way in which the varying incidence of national income taxes on United Nations pensions might be offset by measures taken internally (e.g., in determining the level of a pension or by some kind of tax levy similar to staff assessment or tax equalization fund) or measures which Governments or participants might be asked to take; in the meantime that member considered that the failure to solve the tax question cast doubt on the concept of income replacement and so on the concept of equality of purchasing power of pensions in different countries. Other members considered that the

ultimate inequality of pensions resulting from varying levels of income tax levied on them could not be invoked as an objection to any proposal for reform which the Commission might contemplate, since it applied equally to the existing system and always had done so. The member who held the view stated above considered, however, that the fact that the existing system did not deal with the tax problem either was irrelevant since the existing system did not set out to achieve equality of purchasing power.

59. It will be noted that the income replacement rate is not a constant percentage at all income levels or grades; it increases from the lower levels to the higher, e.g., the United States rate after 30 years' contributory service rises from 66 per cent at grade GS-9 to 77 per cent at grade GS-16. The same is true of the existing United Nations system. This is to offset the incidence of progressively higher rates of tax as the amount of the pension increases.

#### 4. Anomalies of the existing system

60. Before proceeding to examine possible alternatives to the existing system, the Commission believes it worth while to recall once again what are the anomalies which the General Assembly has invited it to correct, and which it had already described summarily in paragraphs 43 to 52 of its fourth annual report. They are illustrated in annex IV.

61. Annex IV, figure A, shows the present pattern of pensionable remuneration: at each grade a single uniform dollar amount, applicable at all duty stations throughout the world irrespective of differences in cost of living or the exchange value of the United States dollar in local currency.

62. It has, of course, long been recognized that for the actual remuneration of staff members such a uniform nominal approach would not be acceptable. In order to maintain equality of remuneration of staff members serving in different countries, account must be taken of cost of living differences and exchange rate variations; hence the post adjustment system, introduced in 1956, which seeks to ensure as nearly as possible equality of purchasing power of the remuneration, by adding to the uniform base salary or subtracting from it amounts corresponding to the number of index points by which the cost of living at each duty station, converted into dollars, is greater or less than that at the base of the system.

63. Figure B of annex IV shows the differing number of dollars which have to be paid at duty stations at different levels of cost of living (expressed in dollars) in order to maintain this equality of purchasing power. Between the lowest post adjustment class (20 index points below the base 100) and the highest now existing in a major duty station (Geneva, 132 points above the base), the range is from \$13,000 to \$34,000 at grade P-1 or from \$30,000 to \$75,000 at grade D-2. In other words, to provide a given purchasing power or standard of living, about two and a half times as many dollars are required in a country at the highest level of post adjustment as in one at the lowest level.

64. Figure C of annex IV shows the relationship at different post adjustment index levels between the total net remuneration (salary plus post adjustment) gross salary (net salary plus the amount of staff assessment) and pensionable remuneration (notionally the same as gross salary but, by the working of the adjustment mechanism established by General Assembly resolution 1561 (XV), at



present 25 per cent above it). It will be seen that, at the base 100, gross salary and pensionable remuneration are both greater than net remuneration, as they are normally in a national salary system; but at index point 188, the line of total net remuneration crosses that of pensionable remuneration so that at all places with post adjustment indexes higher than 188 the uniform level of pensionable remuneration is less than net remuneration, and a pension set as a given proportion of pensionable remuneration represents a lower proportion of net remuneration. This is the reverse of what is normally found, pensions being as a rule subject to tax: for example, a United States Civil Service pension which is set at 60 per cent of pensionable remuneration represents approximately 74 per cent of net (after tax) remuneration (at equivalent of P-4/V); but at post adjustment index 232, a United Nations pension set at 60 per cent of pensionable remuneration represents only 48 per cent of net (after tax) remuneration.

### Effects on benefits

65. The Commission already in its fourth annual report, qualified the effects of this state of affairs on the value of pension benefits as anomalous; how anomalous they are is shown by figures D and E of annex IV. <sup>11/</sup> Taking the example of P-3/XIII (which is roughly the mid-point of the Professional category and close to P-4/V) it will be seen from figure E that the constant dollar value of the pension (\$25,560) represents approximately 115 per cent of total net remuneration at index level 85 (the present level of Colombo, Sri Lanka), 80 per cent at index 141 (New York), 50 per cent at index 232 (Geneva). This means that a staff member who retires and remains in his last duty station will receive as pension those percentages of the net remuneration he was receiving just before retirement; in other words, they will be his rate of income replacement. For the staff member in the lowest-cost country, his pension will be 15 per cent higher than his net remuneration in service was; for the staff member in the highest-cost country, his pension will be 50 per cent lower than his net remuneration in service, although both pensions represent 60 per cent of pensionable remuneration (and both will normally be subject to income tax).

66. Similarly, for staff members who, wherever they were serving, return on retirement to their home country, these percentages represent the relationship of the pension they will receive to the income which would be proportional, in the place of their retirement, to that which they had in their last duty station (that is, the level of real income which it is the aim of the salary system to ensure as nearly possible equally in all duty stations). Thus the staff member from Sri Lanka who returns there on retirement will receive a pension 15 per cent higher than the income which would enable him to maintain in Sri Lanka a standard of living equivalent to that which he had in his last duty station, wherever it was, whereas the pension of the staff member of Swiss nationality who retires in his home country will correspond to only 50 per cent of that amount (in both cases subject to whatever tax they have to pay). These rates of income replacement are to be set against that of 75 per cent provided by the civil service pension

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<sup>11/</sup> The pensions used in the figures of annex IV are those applicable today, i.e., with pensionable remuneration at 125 per cent of gross salary. The pensionable remuneration of the last year of service has been used, rather than the average of the best three of the last five years; but similarly, the net remuneration used for comparison is a spot amount not reflecting changes in step or in class of post adjustment which would inevitably have occurred in any three-year period.

scheme of the comparator country at equivalent income levels and lengths of service. In terms of income replacement, the relationship of the pension to the staff member's remuneration at his last duty station is meaningless (unless he happens to have retired in that last duty station), just as is its relationship to an average world-wide level; the significant rate of income replacement is that which provides at the place of retirement the appropriate proportion of the standard of living which the staff member had attained in the last duty station and which, at the same grade and step, is notionally equalized throughout the world.

67. The anomalies and inequities which the Commission finds in the present system are made strikingly evident by figure E of annex IV: the anomaly that in certain circumstances the income replacement value of the pension can be over 100 per cent while in others it is less than 50 per cent; the inequity between the income replacement values of their (otherwise equivalent) pensions to staff members of different nationalities each retiring to their own country. The salary system goes to considerable pains to avoid any differentiation in the remuneration of staff members on the basis of their nationality or of pay levels in their respective countries (Noblemaire principle); it is difficult then to justify to a retired staff member of, say, Guinean, Japanese, Ugandan or Swiss nationality that the pension provided to him by that same salary system has an income replacement value of less than half that provided to colleagues of other more fortunate nationalities. The inequity is compounded by the fact that it is not merely a freak occurrence affecting a few staff members; staff members in the Professional and higher categories who are nationals of countries where the income replacement value of the pension falls below the 75 per cent level of the comparator country constitute nearly half of the total Professional category; and, as will be seen from the table at appendix 7 of annex V which lists the post adjustment classes in effect in the different countries, the countries affected include far more developing countries than developed countries. It cannot be emphasized too strongly that the problem is not one in which developed countries are to be found on one side and developing countries on the other; countries of both categories are to be found in equal proportions both among those where pensions are today favoured and among those where they are depressed.

#### Effects on contributions

68. The relationship which the staff member's contribution to the Pension Fund bears to his income follows the inverse pattern: at a uniform 7 per cent of the uniform pensionable remuneration, this contribution represents for a P-4/V in a duty station at the lowest level of post adjustment 14 per cent of net remuneration; but for a P-4/V in a duty station at a high level of post adjustment, it represents less than 6 per cent of net remuneration, as shown by the table at annex IV, F.

#### Effect of measures introduced on 1 January 1979

69. Since the above comparisons have been made in dollar terms, they do not show the effect of the measures introduced by the General Assembly from 1 January 1979 on the recommendation of UNJSPB, which concern the rate of exchange used for the conversion of the initial pension into local currency. The effect of these measures is thus determined not only by the level of post adjustment of a given country but also by the evolution over the past 36 months of the exchange rate of

its currency in relation to the dollar. Consequently it cannot be illustrated in the same form as the other figures. Instead, the table at annex IV, G shows the initial value in local currency in each of the headquarters countries of the retirement pension of a staff member (P-4/V after 30 years' contributory service) retiring on 1 January 1978 (the floor value ensured by the new measures); 1 July 1978 (change in pensionable remuneration) 1 January 1979 (further change in pensionable remuneration and entry into effect of the 36-month currency rate averaging measure); and 1 January and 1 July of each year through 1982. For the purpose of this projection, it is assumed that pensionable remuneration remains at its present level, as do also the exchange rates. (Obviously, it is not to be expected that the cost of living or exchange rates will remain constant for the next three years, but their movements are unpredictable; in order to show the effect of the progressive incorporation into final average remuneration of the present level of pensionable remuneration as well as the averaging of exchange rates over an elapsed period, it is necessary to assume that they remain constant.)

70. It will be seen that final average remuneration in dollars continues to increase up to 1 January 1982; until the July 1978 and January 1979 increases in the level of pensionable remuneration of 15 per cent and 10 per cent respectively will have been fully taken into account in the final average remuneration (average of best 36 months out of last 60 months). The value of the initial pension in dollars in the United States thus increases by 30 per cent from 1 January 1978 to 1 July 1982. In each of the other countries this increasing amount of final average remuneration is multiplied by the average of the exchange rates for the previous 36 months which by 1982 reflect fully the current low levels of the dollar against the other currencies. Consequently with the exception of Canada (where the local currency has depreciated against the United States dollar during the reference period), the rate of progression of the initial value of the pension in local currency lags behind the rate of progression in the United States. In Switzerland it would fall below the level of 1 January 1978, were it not protected by the "floor" provision at that minimum level. This is shown by the graph at annex IV, H which plots the initial values of these pensions in the headquarters countries in relation to the base 1 January 1978 = 100.

71. It may be concluded that the measure introduced on 1 January 1979 on the recommendation of UNJSPB is, as the Board itself described it, a palliative; it provides a partial cushion against even greater losses which would otherwise be suffered in countries against whose currency the dollar might continue to decline. Only in those countries whose currency depreciates against the dollar will the pensioner be better off than he is in the United States; in all other countries (including all the headquarters countries except Canada), the initial value of the pension in local currency will drop back still further in relation to the value in dollars. Disregarding possible changes in post adjustment in the same way as it has been assumed that the exchange rates will remain constant, if it can be said that a pension which in the United States at the present time has an income replacement value of 80 per cent will have by July 1982 an income replacement value of  $80 \times 130.1 \div 110.9 = 94$  per cent, then the same pension which in Switzerland at present has an income replacement value of 50 per cent will have by July 1982,  $50 \times 100 \div 100$  (because of the operation of the floor) - that is to say, it will have worsened relatively by a further 10 per cent.

72. Certain of those whose views were heard by the Commission have objected that it has not been demonstrated that what the Commission has described in the above paragraphs as anomalies constitute proof of any inadequacy of the pensions at present provided. The Commission has already given its reasons for not being able to accept the argument that the resulting pension, however inadequate it might seem to be by other standards, is still adequate by the standards of national civil service pensions in the pensioner's home country; this approach is wholly incompatible with the Noblemaire principle and with the concept of a homogeneous international civil service. The whole salary system is built on the foundation of equal treatment of all staff members, irrespective of nationality; and in the view of the Commission that same principle must consequently apply also to pensions.

#### 5. Alternative solutions

73. As stated earlier, at the end of its ninth session the Commission identified in the various suggestions which had been laid before it two basic and opposing approaches:

(a) The one, which would recognize that, in present economic and monetary circumstances, a uniform global level of pensionable remuneration (and hence, subject to minor alleviations, of pension), arrived at by a system of averaging, can no longer give acceptable results and so would replace the concept of equality through equal nominal amounts in dollars by equality of real value of the pension in relation to living costs in the place of retirement, achieving this by making use of the system, i.e., the post adjustment system, by which the organizations already achieve a similar result as regards the remuneration of serving staff;

(b) The other, which, questioning the necessity of reforming the system by abandoning the concept of a universal pensionable remuneration and pension and doubting the wisdom of linking pensions to the post adjustment system would therefore maintain a single pensionable remuneration, adjusted by relation to movements in the comparator country, with provision for maintenance of a predetermined minimum level of pension when the pension produced by this system would be deemed inadequate in relation to local circumstances.

74. As requested by the Commission, these approaches were elaborated and analysed by the working group in the report which it prepared for the tenth session and which was also communicated to the Pension Board. From a much larger number of variants which were considered, two variants of each approach were retained, alternatives I and II corresponding to the approach described under (b) in the preceding paragraph; and alternatives III and IV, based on the selective approach described under (a). These alternatives are described in greater detail and their advantages and disadvantages analysed in annex V. Their effects are illustrated comparatively in appendix 6 of that annex.

75. Alternative I (Uniform pensionable remuneration plus a "floor") was outlined in the report of the UNJSPB working group considered by the Commission at its ninth session. It would maintain a single world-wide level of pensionable remuneration which would be adjusted periodically by the movement of either United States Civil Service gross salaries or the United States Consumer Price Index. Initial pensions would be calculated as at present on the basis of final

average remuneration. However, where the resulting pensions were deemed to be inadequate (the test of adequacy being in terms of the value of the pension compared to total net remuneration of a serving staff member in the country of retirement), they would be protected by a "floor". It was suggested that the "floor" for a pension after 30 years' service could be set at 55 per cent of total net remuneration for grades P-1 through P-3, 60 per cent for grades P-4 and P-5, 65 per cent for D-1 and above.

76. Alternative II (Uniform pensionable remuneration with "floor" and "ceiling") is a variant of the first. It also retains a uniform universal level of pensionable remuneration for the determination of benefits; this would be established as the amount of total net remuneration in New York, reduced by the proportion of the United Nations/United States margin and grossed up by the scale of staff assessment. The "floor" provision for benefits would be similar to that of alternative I; but in addition "ceilings" would be established to limit the value of initial pensions to between 90 and 100 per cent of total net remuneration. Pensionable remuneration for contribution purposes would be modulated so as to alleviate extreme differences in the ratio between the staff member's contribution and total net remuneration.

77. Alternatives III and IV (Differentiated pensionable remuneration) would replace the uniform world-wide level of pensionable remuneration by differentiated amounts established selectively to take into account differing costs of living (expressed in dollar terms) in differing duty stations and places of retirement. The basic level of income replacement would be determined by reference to that provided by United States Civil Service pensions; and that level would be reproduced elsewhere through a formula relating pensionable remuneration to total net remuneration. Contributions would be based on the level of pensionable remuneration applicable at the duty station and benefits on that applicable in the country of retirement. Alternative III would ensure complete mathematical equity of income replacement at all levels of post adjustment, whereas alternative IV by taking into account only a percentage of post adjustment would provide an income replacement rate which would decline slightly as the class of post adjustment increased.

#### Views expressed to the Commission regarding these alternatives

78. The views expressed by the Pension Board on these proposals will no doubt be summarized in the Board's own report; as stated above, the Board did not reach any agreed position and decided to resume its consideration of the matter after the close of the Commission's tenth session. Divided views were also expressed at the tenth session by the representatives of the executive heads and by the staff representatives. The conflicting positions, each held with complete conviction by its proponents, may be summarized as follows:

(a) Those who see no need for a fundamental reform of the pension scheme, who contest the soundness of the approach followed in alternatives III and IV for a number of reasons of principle as well as technical and administrative reasons (most of which are examined in paragraphs 59-64 of the extract from the working group's report reproduced at annex V) and consequently would favour retaining the "universalist" approach regarding the establishment of pensionable remuneration and instituting a corrective to protect the local currency value of pensions in high-cost countries which fall below a certain level in relation to the net income of staff members serving in those countries;

(b) Those whose goal is that the pre-tax income represented by the pension should have as nearly as possible a constant income replacement value and who would therefore favour a differentiated, selective level of pensionable remuneration at different levels of post adjustment, for both contribution and benefit purposes;

(c) Those who endorse the principle of alternatives III and IV but would wish to have more details of the working and implications of those alternatives before committing themselves.

## 6. Conclusions of the Commission

79. The Commission, conscious of the obligations flowing from article 6 of its statute, is anxious to play a special role in dealing with this matter. It has also been entrusted by the United Nations and by the legislative bodies of the other participating organizations with special responsibilities for the maintenance and strengthening of the common system. It is its task to rise above divisions between groups of staff members or between organizations and to recommend to the General Assembly the solution which will be in the broadest long-term interest of all the organizations of the common system, of the Governments and of the staff. Moreover, it has been specifically requested by the General Assembly to make such a recommendation at the thirty-fourth session.

80. To its regret, the Commission is unable to do so. Given its concern for pensionable remuneration and pension entitlements as part of the over-all system of remuneration, it is convinced that the ultimate solution must be based on the principle of equitable treatment of all staff members and of all pensioners. Without precluding consideration of any further solutions which may still be proposed, most members' preference would therefore go to a formula based on the approach illustrated in alternatives III and IV: others would reserve their judgement at this stage. If the Commission is unable to make a concrete recommendation in that sense at the present time it is for two reasons.

81. Firstly, the sharp divisions which persist among the organizations and staff make it desirable that before any proposal be submitted for approval it have been fully elaborated and ample time given for all concerned to have studied it carefully in the hope that they may be able to accept it. In the short space of one year that has not been possible.

82. Secondly, the Commission recognizes that much of the supporting material which would be necessary before such a proposal could be adopted by the General Assembly has not been prepared and could not be prepared by the Commission. This includes technical questions of changes which would be required in Pension Fund regulations and procedures (e.g., on such matters as the way in which one-third lump sum payments or withdrawal settlements would be calculated, or the compatibility of the proposed arrangements with the "dual-track" system for adjustment of pensions). These are technical questions within the purview of the Pension Board, which has however not yet provided answers to them.

83. In the same vein, the Commission, conscious of the terms of the third preambular

paragraph of General Assembly resolution 33/120, 12/ could not submit a recommendation to the General Assembly unless it was able to report fully on its financial implications, both budgetary for the contributions of Member States and actuarial for the resources of the Fund. The budgetary implications present little problem and the Commission has calculated them; none of the variants proposed would affect the level of contributions to the Pension Fund by more than the amount which would result automatically from the continuation of the present system, some indeed resulting in savings compared with the maintenance of the WAPA adjustment system. The Commission can say then that the budgetary implications of any of the proposals it might have considered making would not be significant, thus satisfying the stipulation of resolution 33/120 quoted above. As regards the actuarial implications, however, these can only be worked out by actuaries and preferably by the Fund's own actuaries who are already familiar with the situation of the Fund. The Commission regrets to say that up to the close of its tenth session the Commission had been unable to obtain from the Pension Fund any estimate, even tentative, of the actuarial implications of the various alternatives which it was studying. If only for that reason it is prevented from recommending a long-term solution this year.

84. The Commission therefore has no alternative but to continue in 1980 to search for a solution along the lines it has indicated in paragraph 80 above. This it intends to do in co-operation with the Pension Board with a view to the elaboration of a long-term solution to enter into effect no later than January 1981.

#### 7. The WAPA adjustment system

85. In the meantime the question arises what should be done about the mechanism for periodic adjustments of pensionable remuneration by the movement of WAPA, instituted by General Assembly resolution 1561 (XV). The Commission has pointed out the anomalies produced in present circumstances by this method of making world-wide, across-the-board adjustments based on an average movement: pensionable remuneration in some countries has increased much more than would be justified by inflation or changes in currency equivalencies in those countries, 13/ while in other countries even the 25 per cent increase which occurred between 1 January 1977 and 1 July 1979 has not sufficed to maintain the value of pensionable remuneration. It can already be stated that the level which will be reached by the WAPA index in September 1979 will justify, under the existing arrangements, a further 5 per cent

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12/ This paragraph reads as follows: "no change in the pension adjustment system should entail an increase in the present or future liabilities of Member States".

13/ Including the comparator country, where CPI increased by 18.7 per cent between 1 January 1977 and 1 July 1979 while pensionable remuneration increased by 25 per cent. In August 1979, however, there were indications that the rate of inflation in the United States might soon exceed the rate of rise of WAPA, unless the evolution of the exchange rate should accelerate the movement of WAPA, as it has since 1975.

increase in pensionable remuneration on 1 January 1980. <sup>14/</sup> The cost to Member States of their share of the resulting increases in contributions to the Pension Fund would be of the order of \$7.5 million. The increase in pensionable remuneration would further exaggerate the already-existing anomalies: the excessive proportion of a staff member's net income devoted to his pension contribution in low-post adjustment countries; the unwarranted increase in pension benefits exceeding the extent of inflation in countries below the level of WAPA.

86. The Commission is therefore of the opinion that, provided the condition set out in the following paragraph is met, the General Assembly should decide to freeze the operation of the mechanism for adjustment of pensionable remuneration instituted by its resolution 1561 (XV) pending the adoption of a long-term solution.

87. However, the Commission could not recommend the freezing of the WAPA adjustment system - that is, the freezing of pensionable remuneration at its 1979 level - without being assured that that measure will not be prejudicial to those who are already disadvantaged by the inequitable working of the present system. They are those whose pensionable remuneration has already fallen in value far below the income replacement level deemed normal by the Commission and below that prevailing at the base of the system in New York. The WAPA adjustments based on average measurements have not sufficed to maintain the level of pensionable remuneration and pensions in these circumstances; for those who take their retirement in 1980, the withholding of the adjustments of 5 per cent and perhaps 10 per cent which would otherwise have come due would result in a further aggravation of the loss in value of their initial pensions.

88. The Commission therefore considers it indispensable that, concurrently with the freezing of the WAPA adjustment system, an appropriate interim measure should be enacted to prevent the pensions in question from falling below a predetermined minimum level. Such a measure is necessary not only to protect the category of staff members concerned against further inequitable treatment but also to preserve the cohesion of the common system. The Commission cannot ignore - nor can the General Assembly - the implications for the common system of the indications given by some of the organizations - in some cases by resolutions adopted by the Governments in the legislative organs of those organizations - that unless action is taken to correct the anomalies of the present pension system, they would feel obliged to take action outside the common system. It is to be hoped that those organizations will continue to show patience if suitable interim measures are adopted while the search for a long-term solution continues.

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<sup>14/</sup> Note by the secretariat of ICSC: When the post adjustment classification for September became known, after the close of the Commission's tenth session, it was found that WAPA had reached 134.75. By the normal processes of rounding-up applied throughout the post adjustment system and applied on previous occasions to the readings of WAPA, this is equated to 135, so that the second further increase of 5 per cent referred to in the Commission's report also becomes due from 1 January 1980. If the mechanism of resolution 1561 (XV) is allowed to continue to function, pensionable remuneration will then be set from 1 January 1980 at 135 per cent of gross salary. The additional cost to Member States of their share of the increase in contributions to the Pension Fund (14 per cent of the higher level of pensionable remuneration) for the full 12-month period is estimated at approximately \$10 million.



## 8. Interim measure

89. As to what the interim measure should be the Commission has noted that, insofar as it would take the form of an adjustment of the initial pensions concerned and would not modify the way in which pensionable remuneration is established, it would fall within the competence of the Pension Board. The Commission further noted that the Board had instructed its Secretary "to study the possibility of interim measures intended to deal with at least some manifestations of the anomalies referred to in the General Assembly resolution on an interim basis". It was informed by the Secretary of UNJSPB of the lines along which he was working in preparing the interim measure which the Board had asked him to prepare.

90. According to the information given to the Commission:

"The proposed interim measures are intended to ensure that the local currency amount of a periodic benefit payment commencing on the separation of a participant in 1980 shall not be less than the amount which would have been payable if, during the period used to calculate his final average remuneration there would have been used instead the net remuneration in local currency, including post adjustment, of a participant with an identical salary classification in the country of retirement. As such, the interim measures would apply solely to participants who, immediately before separation or death, were in the Professional category or above.

"The excess, if any, of the pension amount so calculated over the amount which would otherwise have been applicable under the present system of pension adjustment would be paid as an interim supplement on a monthly basis from the date the pension becomes payable until the end of 1980, pending the submission of agreed proposals for more comprehensive action by next year's General Assembly. Such proposals to become effective from 1981 onward would have to determine the level of subsequent payments for all past and future pensioners, including those who separated in 1980."

91. It was further explained by the Secretary of UNJSPB that:

"For a given staff member, benefits from the Joint Staff Pension Fund, which are based on a participant's pensionable remuneration averaged over the 36 calendar months of highest pensionable remuneration within the last five years of his contributory service, will represent different percentages of final average net remuneration at each level of post adjustment index. Annex I to the report on the second meeting of the Working Group of the UNJSPB illustrates the amounts of pension payable after 30 years of service (i.e., 60 per cent of pensionable remuneration) and expresses them in terms of percentage of final average net remuneration (i.e., 3-year average of net salary plus post adjustment) at different dates for different countries and for different levels of grade classification. It will be seen from the tables contained in that annex that, on 1 January 1979, 60 per cent of final average remuneration represented less than 60 per cent of final average net remuneration in the following countries of retirement for some or all grades of salary classification:

60 per cent pension as percentage of net remuneration in:

<u>Grade/Step</u>	<u>Austria</u>	<u>France</u>	<u>Switzerland</u>
P-1/X	53.8	53.4	46.4
P-2/XI	56.1	55.7	48.4
P-3/XIII	58.8	58.4	50.7
P-4/XII	61.2	60.8	52.9
P-5/X	64.2	63.7	55.5
D-1/VII	65.7	65.3	57.0
D-2/IV	67.3	66.8	58.3

"The proposed interim measures described above would provide a minimum pension of 60 per cent of final average net remuneration after 30 years of service. They would thus benefit the participants at the lowest professional classification to a greater degree than those at the higher grades."

92. As regards the applicability and modalities of the proposed interim measures, the statement of the Secretary of UNJSPB gave the following indications:

"The proposed interim measures would apply to the new periodic benefits to become payable in 1980 to participants separating in that year who, at the time of separation, were in the Professional category or above. The measures would not affect any of the lump-sum benefits, including withdrawal settlements and lump-sum commutations.

"On the basis of the present levels of net and pensionable remuneration, it is expected that the proposed measures would apply at the following levels of post adjustment classes:

<u>Grade</u>	<u>Steps</u>	<u>Classes of Post Adjustment</u>
P-1	I-VI	10 and above
P-1	VII-X	11 and above
P-2	I-VI	11 and above
P-2	VII-XI	12 and above
P-3	I-VI	12 and above
P-3	VII-XIII	13 and above
P-4	I-V	13 and above
P-4	VI-XI	14 and above
P-4	XII	15 and above
P-5	I-III	14 and above
P-5	IV-IX	15 and above
P-5	X	16 and above
D-1	I-III	15 and above

<u>Grade</u>	<u>Steps</u>	<u>Classes of Post Adjustment</u>
P-1	IV-VII	16 and above
P-2	I	16 and above
P-3	II-IV	17 and above
ASG		18 and above
USG		19 and above

"Thus, in a country where 17 classes of post adjustment are in effect, the local currency pension would be increased by the following supplements:

<u>Grade</u>	<u>Step</u>	<u>Percentage increase in local currency pension</u>
P-1	VI	29
P-4	V	15
D-1	III	7
D-2	IV	3

#### Calculation of interim supplement

"The interim measures for 1980 would operate as follows: the pensions would first be calculated in accordance with the Regulations and the present system of pension adjustment; thus, both a dollar pension and a local currency pension would be determined for each new pensioner. In the case of a pensioner from the Professional category or above who furnishes proof of residence in the country of retirement - the same type of proof now required if he wishes to benefit from the full scope of the present adjustment system including the provision for a guaranteed minimum in local currency - a new final average remuneration in local currency would be calculated on the basis of the scales of net salary and of post adjustment which were in effect in that country during the 35-month period over which the participant's final average remuneration was determined.

"That new final average remuneration would then be used to calculate the participant's minimum pension in local currency, using his period of contributory service and the accumulation rate provided under the Regulations. Any excess of such amount over the local currency pension calculated in accordance with the system of pension adjustment would be added as a supplement to the periodic pension payments to be made in 1980.

"The interim supplement computed in accordance with paragraph 16 above would be subject to the same adjustments in 1980 as the local currency pension of the participant as determined under the system of pension adjustments without any further reference to the levels of net remuneration and post adjustment in the country of retirement."

95. The Secretary of UNJSPB informed the Commission that the Fund's Consulting Actuary provisionally estimated that the cost to the Fund of the additional benefits which it would have to provide in 1980 under this scheme would be of the order of \$500,000, which extra outlay he considered the Fund could absorb.

94. The Commission finds that such an interim measure would in general satisfy the objectives which it considers essential. It suggests that the fixing of the "floor" at the level where a pension of 60 per cent of pensionable remuneration would be exactly equivalent to 60 per cent of net remuneration might be reconsidered: bearing in mind that the pension would normally be subject to taxation, its final value would therefore be less than 60 per cent of the staff member's pre-retirement net income and, considering this to be the minimum acceptable level, some members of the Commission believed that the floor should be set slightly higher, so that it would preserve a minimum value of the pension at 65 or 66 per cent of net remuneration. Such a level would still be such that it would not prejudice the subsequent adoption of a permanent solution, being lower than the levels foreseen in either of the alternatives III and IV.

95. Similarly, the Commission suggests that lest the financing from the resources of the Fund of the proposed supplementary payments should be seen as a problem, for 1980 or for subsequent years, it should simultaneously be decided, again as an interim measure, that wherever the level of pensionable remuneration of a staff member falls below the level of total net remuneration, the contributions paid by the organization and by the staff member should be based on total net remuneration. The Pension Fund will thus be assured of additional resources both to meet the cost of the interim measure proposed for 1980 and in anticipation of additional commitments possibly resulting from any long-term solution to be adopted subsequently (should such a solution entail additional commitments, which is not at all certain).

96. Since the UNJSPB will be considering this interim proposal at its resumed session in September, after the Commission has adopted the present report, the Commission cannot foresee what action the UNJSPB will take. It does however express its firm hope that the Board will recommend to the General Assembly an interim measure similar to - and not less satisfactory than - that now envisaged and that the General Assembly will adopt it as an indispensable corollary to the freezing, recommended by the Commission, of the costly and ineffective WAPA adjustment system. The Commission has authorized its Chairman to present an addendum to this report, should that appear necessary in the light of the deliberations of UNJSPB in September.

#### 9. The General Service category

97. It has been noted that the Commission's consideration of the problem of pensionable remuneration has been concentrated almost exclusively on the Professional and higher categories. The reason for this was that the problems which had led to the Commission's being asked to take up the study as a matter of urgency relate specifically to the internationally-recruited, expatriate Professional and higher category staff. <sup>15/</sup> The Commission has sought to find first a solution to this most pressing problem. That it is aware of problems concerning the method of establishment of pensionable remuneration of the General Service category, it made abundantly clear in paragraphs 281 to 296 of its fourth annual report. It had hoped - and still does hope - that when it can recommend

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<sup>15/</sup> Some of them consequently do concern also non-locally recruited, expatriate, General Service staff members.

a long-term solution for the Professional category, that solution will provide a key as to how the problem of the General Service category should be solved, bearing in mind that the two categories are treated without distinction by the Regulations of the Pension Fund, the only difference lying in the way in which their pensionable remuneration is established. Concern has been expressed that by concentrating first on the search for a solution to the problems of the Professional category, the Commission would neglect the General Service category and place it in an unfavourable solution. Some have therefore urged that the two categories be dealt with simultaneously and in parallel; others have feared that doing so might result in worsening the conditions of the General Service category in some duty stations where their situation with respect to pensionable remuneration is at present relatively favourable. To these two contradictory concerns the Commission can only give an assurance that it is well aware of the problems concerning pensionable remuneration and pension entitlements of General Service staff members in different duty stations (including non-locally recruited staff) and will do its utmost in 1980 to find a solution for them which will be compatible with that found for the Professional category and, above all, equitable.

## CHAPTER IV

### CONDITIONS OF SERVICE OF THE PROFESSIONAL AND HIGHER CATEGORIES

- A. Comparison to be made in application of the Noblemaire principle
  - 1. Evolution of the margin between the remuneration of the United Nations common system and that of the comparator national civil service

98. The Commission has continued, in execution of the mandate entrusted to it by the General Assembly, to keep the relationship between the levels of remuneration of the comparator civil service, at present that of the United States of America, and the United Nations common system under continual review and has examined a report on the evolution of this relationship at each of its sessions.

99. Because of the pressure of other business in 1979, the Commission has not been able to progress in the development of a method for comparison of total compensation, to which it referred in paragraphs 93 to 104 of its fourth annual report. However, the study mentioned at that time as being made by the United States Government has now been completed and the Commission plans to see in 1980 to what extent the methodology developed there can be adapted to international comparisons.

100. The comparison therefore continues to be made on the basis previously approved by the General Assembly, namely, the net remuneration of officials of the two services having a dependent spouse but no children and between the headquarters of the two systems, i.e. Washington, D.C., for the United States Civil Service, and New York for the United Nations common system, with due allowance for the difference in cost of living between the two cities. The margin is expressed as the weighted average of the ratios found at the several matching grades, averaged over a 12-month period from 1 October of each year to 30 September of the following year.

101. On that basis and using the grading equivalencies from P-1 to D-1 and from GS-9 to GS-16 as approved by the General Assembly at its thirty-third session (see paras. 105-108 below), the average margin for the 12-month period from 1 October 1978 to 30 September 1979 was as shown in the following table.

102. The comparable figures for the preceding period, October 1977 to September 1978, were as follows:

- (a) Average ratio of net remuneration at matching grades: 118.8
- (b) Cost of living ratio New York/Washington: 108.7
- (c) Average ratio, adjusted for cost of living differential: 109.3

P-4 = (GS-13 with a weight of 33)  
(and  
(GS-14 with a weight of 67)

P-5 = GS-14 with a weight of 100

and D-1 = GS-16 with a weight of 100

106. Although the study had included an analysis of D-2 level jobs, the Commission reserved its position as regards the equivalency for the D-2 grade. The points-factor system used in the study had been designed to cover the range of grades P-1 to D-2. No jobs graded higher than D-2 had been evaluated. Thus while it had been possible to determine the highest point level of the D-2 jobs evaluated, it had not been possible to determine the lowest point level of jobs graded higher than D-2. Since the upper limit of the D-2 point range in the evaluation instrument had not been established with the benefit of this additional check, the Commission considered that the results that had been obtained were not conclusive as regards the equivalent United States Civil Service grade levels for the D-2 grade. Accordingly, the Commission concluded that a further study aimed at establishing the equivalency for grade D-2 should be undertaken in the future.

107. As regards the assistant secretary-general (ASG) and under-secretary-general (USG) and equivalent levels (assistant director-general and deputy director-general), the Commission reported to the General Assembly the reasons which had led it to decide that these levels not be included in the study:

"... While similar jobs at the D-2 and lower levels could be found in many of the organizations of the United Nations common system, jobs at this level were usually unique, which made comparisons difficult within the common system and even more difficult with a comparator civil service. The differences in functions between the international civil service and a national civil service increased at the higher grades but became most marked at those two levels. While the D-2 grade was in effect the top of the career service and a level at which comparison on the basis of job evaluation techniques could still be made, grades above that level were influenced by political considerations and by the standing of the individual to be appointed. Many of the persons appointed at those levels came from the higher levels of their national civil service and served in the international organization on a fixed-term basis for only a few years. When evaluating the remuneration offered them, they thus tended to make comparisons with senior civil servants of their own country, posted in the same duty station, rather than with the United States Civil Service. In any case, the salaries established for those levels could not be dissociated from that of the Secretary-General of the United Nations.

"One member of the Commission contended that at least at the assistant secretary-general level positions in the common system could be compared to similar positions in the United States Government. Most members, however, considered that salaries at that level could not be established by the type of direct comparison made for other grades in application of the Noblemaire principle but that account must also be taken of all the other special factors relevant at the very highest levels. It was for these reasons that no attempt had been made to establish precise equivalencies between the assistant secretary-general and under-secretary-general grades and grades of the United States Civil Service." 19/

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19/ Ibid., paras. 90 and 91.

108. The General Assembly, in its resolution 33/119, approved the grading equivalencies recommended by the Commission at grades P-1 to D-1 inclusive. However, in section III, paragraph 2, of that resolution, it requested the the Commission:

"... to continue its study of grade equivalencies between the United Nations common system and the comparator national civil service in order to determine the proper equivalent grades in the comparator system for the United Nations grades of D-2 and assistant secretary-general, and to report its findings to the General Assembly at its thirty-fourth session."

In paragraph 3, it further requested that the Commission:

"... study the feasibility of identifying posts of equivalent functions and responsibilities for the post of Under-Secretary-General and to report to the General Assembly at its thirty-fourth session."

#### Setting up of the study by the Commission

109. At its ninth session, the Commission examined on the basis of a document prepared by the Secretariat a series of alternative approaches to the carrying out of grade equivalency studies at each of the D-2, ASG and USG levels.

110. The representative of CCAQ affirmed the organizations' commitment to co-operate in the study although they were not convinced it would lead to useful results. The organizations shared the views expressed by the Commission in the paragraphs of its fourth annual report quoted above regarding the difficulties involved in determining equivalencies for jobs at the ASG and USG levels. They noted that those higher grades did not form part of the normal career structure and appointments at them were only made on a fixed-term basis. In the case of the smaller organizations, the highest levels of the United Nations grades corresponded to that of the executive head. The recruitment procedures for grades D-2 and above differed from those for lower grades in that individuals were selected not only for their competence but also taking into account political considerations. Although a certain logic had been introduced over the years in the salary scales of these levels, the salary structures could not be said to be based entirely upon the same considerations which governed the lower level grades.

111. The Commission recognized again the difficulties involved in carrying out grade equivalency studies at these higher levels. In addition, it noted that recent changes in the remuneration system of the comparator civil service would further complicate the task; for example, the United States Government had acknowledged that the correlation of pay to job content in those higher level positions which became part of the new Senior Executive Service (SES) would be of the order of only 0.7. Other practical difficulties while doubtless not insurmountable could be expected to arise. The Commission noted with satisfaction the statement by one of its members to the effect that she had been reassured that maximum assistance would be given by the United States authorities in carrying out the survey, in particular as regards the provision of the requisite job descriptions. Since the General Assembly had requested the Commission to make a study of the D-2 and ASG grades and considering that the difficulties involved in a study of the USG grade were not markedly different from those of the ASG, it was decided that the study should be attempted at all three levels.



112. Various alternatives for carrying out the study were then considered. For the study of the D-2 and ASG grades, CCAQ favoured the same method that had been used during the previous equivalency study with the adjustment, recommended by the Secretariat, to take into account the additional remuneration of these grades resulting from the introduction of the Senior Executive Service in the comparator country. However, the organizations considered that the United States Civil Service grades to be examined in determining the equivalent for the D-2 grade should not be limited to GS-17 and 18, as a previous study had indicated that some D-2 jobs were equivalent to United States executive level positions. As regards the USG grade, the organizations favoured a whole job comparison approach which would take into account such factors as the title and organizational domain of the jobs, the relative rankings of the jobs within the two hierarchical structures, the relative importance of the role of the jobs within the programmes and priorities of the two services, and possibly other factors such as the relative stature of the individual incumbents, the sources from which they were recruited and political considerations.

113. The Commission recognized that although the grading of jobs at the higher levels within both services was based less upon job content than at the lower levels, job content nevertheless remained the most measurable of the elements affecting grading. Given the difference in the nature of jobs between the United States Civil Service and the United Nations common system, the points-factor evaluation method remained the most effective of the job classification approaches in that it was the best suited for comparing jobs within heterogeneous occupational groups and comprising varied combinations of tasks. The Commission decided therefore that the points-factor evaluation method - the same approach as was used during the previous equivalency study - would be applied to all three grades. This method would be adjusted however to take into account the effects of the establishment of the Senior Executive Service on the remuneration of some of the United States Civil Service jobs to be compared. The Commission further decided to re-engage the same consultants who had been used for the 1977-1978 grade equivalency study.

#### Report of the consultants

114. At its tenth session the Commission examined the report of the consultants (which is reproduced as annex VI to the present report). The consultants had recommended equivalents for grades D-2, ASG and USG as follows:

<u>Common system grade</u>		<u>United States Civil Service grade</u>	
D-2	=	GS-17	weight of 67
		GS-18/E-V	weight of 33
ASG	=	GS-18/E-V	weight of 67
		E-IV	weight of 33
USG	=	E-IV	weight of 17
		E-III	weight of 63
		E-II	weight of 20

115. The consultants considered that the degree of validity of the equivalency determined for grade D-2, based on a larger sampling of jobs, was now comparable to that of the equivalents determined in the 1978 study for grades P-1 to D-1.

However they considered that the equivalencies for the ASG grade and, to a greater degree, for the USG grade, should be regarded as approximations. This was due, in part, to the difficulty of covering fully by the points-factor system special non-job content aspects involved in these higher-level positions. Some such special aspects identified by the consultants in certain of the United States Civil Service posts surveyed were:

- (a) The incumbent's "representativeness" of key or special interest groups;
- (b) The incumbent is a supporter of the policies of the Administration and has the confidence of the President and Cabinet in carrying out those policies;
- (c) The incumbent is nationally or internationally renowned in scientific, academic or other fields;
- (d) The need to bring in officials with high-level managerial skills rather than specialized technical skills;
- (e) The incumbent is called upon to act as a mediator or negotiator in sensitive matters (political and diplomatic) or to act as advisor or co-ordinator of activities which do not directly fall under his/her jurisdiction.

116. Moreover, even though an attempt had been made to revise the points-factor system in order to make it more applicable to ASG and USG grades, the system had not produced distinctions in jobs at these levels in which the consultants had had the same confidence as for grades D-2 and below. Furthermore, jobs at these top levels had not been found to be strictly graded according to job content, within either the common system or the United States Civil Service and therefore had tended to reflect a lesser degree of consistency across department, agency and organization lines.

#### Views of the Consultative Committee on Administrative Questions

117. The Consultative Committee considered that the findings of the study represented a good basis for determining the degree to which functions and responsibilities of these higher-level positions could be equated between the two services. The organizations noted, however, the difficulties which the consultants had encountered in evaluating the job content of the senior positions compared and the qualifications required of their incumbents; they therefore accepted the conclusions of the consultants that the equivalency of grade D-2 was of comparable validity to that found in the previous study for grades P-1 to D-1, while the equivalencies for the ASG grade and even more so for the USG grade should be regarded only as approximations. It had been CCAQ's view that because of their particular characteristics the most senior posts in the organizations were not susceptible to easy comparative evaluations through the use of job classification methods. The consultants' study made it clear that this was also true of the senior positions in the United States Civil Service. Therefore the findings of the study led the organizations to the conclusion that the equivalency of the D-2 grade could, if the Commission considered it desirable, be used for the purpose of the regular salary comparisons. The approximations as regards the equivalency of the ASG or USG levels, on the other hand, should be used separately for such legislative action as might be necessary in reviewing the remuneration of officials at those levels.

## Conclusions of the Commission

113. The Commission noted that the consultants' report had been prepared according to the methodology which it had previously approved. It also recalled the difficulties involved in carrying out grade equivalency studies at these higher levels which it had pointed out in its last annual report and noted the further difficulties encountered by the consultants. The Commission concurred with the views of the consultants that the equivalencies for the ASG and USG grades could only be taken as approximations. As to whether the results of the study should be included in the periodic calculation of the margin, the Commission observed that because of the few staff in these grades they would carry only a smaller weighting in the over-all comparison, so that the effect of their inclusion or exclusion would in any event be negligible. Noting, however, that the D-2 grade had been included in the previous equivalency study but had not been recommended for use in calculating the margin because of doubts about the precision of the equivalency and that a more precise equivalency had resulted from the present study, the Commission considered that the equivalency at the D-2 grade should be included together with those at grades P-1 to D-1 in future calculations of the margin. Two members felt that the report of the Commission should have included data on the salaries paid in the two services to employees at the ASG and USG levels and their equivalents. 20/

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20/ Note by the Acting Chairman: The data referred to are as follows. The total net remuneration of an Assistant Secretary-General in New York in August 1979 with dependent spouse was \$52,893. The net (after-tax) remuneration of the corresponding United States Civil Service grades, on the basis of the approximate equivalencies indicated above, using the published salary scales and disregarding SES pay rates, was \$37,613. The ratio of United Nations (New York) to United States (Washington) was thus 140.6 : 100. The corresponding figures at the Under-Secretary-General level were: United Nations \$57,628; United States \$38,452; ratio 149.9 : 100.

Some examples of jobs at the comparable United States levels are:

- E.V - Assistant Secretary for Personnel Administration (Department of Health, Education and Welfare)
  - Assistant Director for Biological, Behavioural and Social Sciences (National Science Foundation)
- E.IV - Assistant Secretary of International Affairs (Department of State)
  - Assistant Secretary of Administration (Department of State)
  - Assistant Administrator for Africa (U.S. Agency for International Development)
- E.III - Under-Secretary for International Affairs and Commodity Programs (Department of Agriculture)
  - Under-Secretary of Labor, Deputy to Secretary of Labor (Dept. of Labor)
- E.II - Director, International Communications Agency
  - Administrator, Environmental Protection Agency.

## Recommendation

119. The Commission accordingly recommends that the General Assembly:

- (a) Approve the grading equivalency

$$D-2 = \begin{array}{l} \text{(GS-17 with a weight of 67} \\ \text{(GS-18/E-V with a weight of 33} \end{array}$$

to be used together with the previously established equivalencies at grades P-1 to D-1 in comparing United States and United Nations remuneration;

- (b) Note, subject to the reservations stated above, the approximate equivalencies obtained for the ASG and USG levels.

3. Effects of the establishment of the Senior Executive Service in the United States Civil Service on the calculation of the margin

120. The Commission noted that as a result of the Civil Service Reform Act, which was signed into law by the President of the United States on 13 October 1978, a new system for the remuneration of incumbents of management positions within the executive branch of the United States Government had been established effective 13 July 1979. Under the provisions of the Senior Executive Service (SES) incumbents of general schedule positions GS-15 through 18 and Executive Levels V and IV meeting certain eligibility requirements could elect to enter the service and be paid according to one of six new (Executive Level) salary rates to be determined by management. The transition from General Schedule grades to the Executive Service salary rates had meant actual salary increases for the incumbents of those positions at GS-15 and GS-16 whose salaries had been affected by the Congressionally-imposed ceiling of \$47,500.

121. The Commission considered it necessary therefore to take into account the effects of SES on the calculation of the margin in respect of the equivalents already established for grades P-1 to D-1. The Commission noted that only grades P-5 and D-1 were affected as the incumbents of the positions in the General Schedule grades found equivalent to grades P-4 and below were not eligible to enter SES. It further noted that since SES came into effect on 13 July 1979 its implementation would only affect the current margin for two and a half months out of the 12-month period of October 1978 to September 1979.

122. The Commission considered the question whether the salary rates of the United States Civil Service grades to be used in calculating the margin should be those of the officially published salary scales or those of the salary rates resulting from the temporary ceiling imposed by the United States Congress. It noted that this was the first occasion on which it had been required to consider this question as before the implementation of SES the United States grades used for comparison purposes were unaffected by the Congressionally-imposed ceiling. The Commission decided that the published salary scales should be used, because they resulted from the normal process of job analysis and comparison with salaries paid in the market-place for work of equivalent value and responsibility and thus provided a scale of compensation which differentiated between positions with

different levels of responsibility. They were the rates of pay established by the comparator country under normal salary administration principles. In addition, the Commission also felt that it was questionable whether the United Nations' salary system should fluctuate according to domestic political considerations of the comparator country, particularly having regard to the temporary nature of the current salary ceiling.

123. The effect of the introduction of SES on the over-all margin for the current 12-month period would be to reduce the weighted average ratio of net remuneration from 120.6 (as shown in paragraph 101 above) to 120.3 and the ratio adjusted for New York/Washington cost-of-living differential from 113.9 to 113.6.

124. The Commission intends therefore to take into account in future calculations of the margin the effect of the introduction of SES in the United States Civil Service, on the basis of the officially published salary rates for the matching United States Civil Service grades. It will also take into account the effect of additional remuneration in the form of performance awards that will be granted in future years as part of the Senior Executive Service scheme.

4. Preliminary guidelines to methodology for identifying the highest paid national civil service

125. In its second annual report, the Commission had recorded its consensus that for purposes of applying the Noblemaire principle "there was no evidence currently which would justify a conclusion that the federal civil service of the United States of America, which for the past 30 years had been taken as the guide in establishing the level of United Nations remuneration, should no longer be used for that purpose. It agreed that the question should be kept under review ...". 21/

126. Since then, doubts had continued to be expressed, both in the Commission's debates and in those of the Fifth Committee of the General Assembly, as to whether the Federal Civil Service of the United States was indeed still the highest paying national civil service, and so should continue to be used as comparator for determining the salary levels of the Professional and higher categories of the United Nations system.

127. At the Commission's ninth session, the President of FICSA stated the Federation's view that United Nations salaries were no longer competitive and advanced as proof, on the one hand, recruitment difficulties experienced by the organizations, as illustrated by the increasing rarity of recruitment at the P-1 and P-2 grades, and, on the other hand, the fact that some Member States found it necessary to offer to their nationals serving in international organizations supplements to their United Nations remuneration.

128. The Commission asked for further information on this latter point and at its tenth session was given details of legal provisions enacted by three Member States, the Federal Republic of Germany, Japan and the United States of America (see annex VII). It made a preliminary study of this information in relation to the

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21/ Ibid., Thirty-first Session, Supplement No. 30 (A/31/30), para. 131.

adequacy or otherwise of present levels of United Nations remuneration and to the obligations of Member States and staff members. Noting that there were important differences between the measures adopted by the three countries and considering that other Member States might be following similar practices, the Commission decided to keep the matter under review.

129. At its ninth session, the Commission had also reaffirmed its commitment to make a study to verify whether the United States Federal Civil Service was indeed still the highest-paid national civil service. It reiterated its intention to do so at the earliest feasible time and, observing that the survey would be a major undertaking of considerable methodological complexity, requested its secretariat to begin to study the methodology forthwith.

130. The Commission began consideration of such a methodology at its tenth session on the basis of a note presented by its secretariat. It endorsed the basic guidelines which it had put forward in paragraph 131 of its second annual report that the comparison should be limited to national services employing significant numbers of staff at the relevant levels and having established grading patterns and conditions of remuneration and benefits; and that studies should be pursued with a view to arriving at a methodology permitting comparison of "total compensation", including such elements as pension, insurance and other monetary benefits. Having heard the views of the organizations and of the staff and having identified a number of the methodological problems likely to arise, the Commission decided to continue its study of the matter at its next session on the basis of revised proposals. It noted again that the study would necessarily be complex in design and entail collection of a considerable amount of data; its timing would have to be co-ordinated with the Commission's other commitments, including the establishment of a methodology for total compensation comparison.

#### B. Operation of the post adjustment system

131. The Commission has continued to perform the function entrusted to it under article 11 (c) of the Statute, of establishing "the classification of duty stations for the purpose of applying post adjustments". This is done by way of monthly circulars issued by the Chairman acting under the authority delegated to him by the Commission. (Similar circulars announce changes in the rates of daily subsistence allowances, established by the Commission under subparagraph (b) of the same article.)

132. Annex VIII shows graphically the movement of post adjustment classifications in the headquarters duty stations from 1 January 1977 (when the salary scale was last modified) up to the present, as well as the movement of the Weighted Average of Post Adjustments (WAPA).

## CHAPTER V

### CONDITIONS OF SERVICE OF THE GENERAL SERVICE CATEGORY

#### A. Action by the Commission under article 12 of its statute

##### Introduction

133. The Commission recalled in its fourth annual report 22/ that, in view of the General Assembly's request in paragraph 5 of section III of its resolution 32/200 that the Commission advance to 1980 its next survey in Geneva and judging it desirable that before making a second survey in Geneva it should complete surveys in the other headquarters duty stations so as to draw whatever conclusions might be possible from them regarding the general principles of methodology for such surveys, it had agreed upon an accelerated time-table by which it would carry out all the remaining surveys before 1980.

134. As will be seen from the following sections, the Commission has indeed completed surveys in London and Montreal, has carried out the data collection for a survey in New York and is far advanced in preparation for the survey in Rome, the data collection phase of which will be concluded before the end of 1979 and the results examined by the Commission, together with those of the New York survey, at its eleventh session in February-March 1980. With the first survey in Geneva and that previously carried out in Paris, and bearing in mind that a survey was carried out in Vienna by the International Atomic Energy Agency in co-operation with the United Nations before the Agency accepted the Commission's statute (cf. paragraph 2 above), the first round of headquarters duty stations will be completed by March 1980. In the meantime, as is recorded below, the Commission has begun preparations for the second Geneva survey, in consultation with the administrations and staff of the Geneva-based organizations, so as to avoid the difficulty experienced on the previous occasion due to the shortness of the time available for the survey.

135. It cannot be overlooked, however, that this extremely heavy concentration of salary surveys in one year has placed a considerable strain both on the time of the Commission itself and on the resources of its small secretariat. Fortunately, it should be possible in future to space the surveys out more evenly, otherwise consideration would have to be given to different procedures for dealing with them (a proposal has been made by one member that in due course the Commission might consider entrusting the making of such surveys to a subsidiary body) and to augmented secretariat resources.

136. Partly because of the amount of time devoted to actual surveys, the Commission has been able to make little progress in attempting to draw up a general methodology

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22 Ibid., Thirty-third Session, Supplement No. 30 (A/33/30), paras. 298-301.

which would revise or replace the 1964 "Guiding Principles". This study will therefore have to be continued in 1980 and in the meantime the second Geneva survey will also have to be made according to an ad hoc methodology, albeit one enriched and refined by the experience the Commission has acquired, since it left Geneva in 1977, of surveys in five other headquarters cities.

1. Salary scales of staff in the General Service category in London

137. As the Commission informed the General Assembly in its fourth annual report, 23/ it had decided that the third survey it would carry out under paragraph 1 of article 12 of its statute would be in London. In accordance with guidelines established by the Commission at the eighth session, the survey was made by preselection of a group of 22 presumed best employers from various sectors of activity, including the public service, the list of which was established in consultation with the representatives of the Secretary-General and of the staff of IMCO and approved by the chairman of the Commission.

138. The data collection was carried out in the latter part of 1978 by a team composed of one member designated by the Secretary-General of IMCO, one member designated by the Staff Committee of IMCO and one member of the secretariat of the Commission who acted as team leader. In its examination of the data, presented at the ninth session, the Commission gave full opportunity to the representatives of the Secretary-General and of the staff of IMCO to express their views. It recorded its appreciation for the co-operation and assistance it received from both parties in doing so.

139. Out of the 22 employers contacted, 8 declined to participate. The conclusions reached by the Commission were therefore based on the data provided by the 14 employers retained for the final analysis; together they employed a total of nearly 13,000 office employees as compared to about 150 staff members in the General Service category at IMCO.

140. Seven jobs, covering grades G-4 to G-7 of the IMCO scale, were retained in the final analysis. Together, they represented 52 per cent of the IMCO work-force in the General Service category. All 14 employers surveyed provided data for two of the jobs and the great majority provided data for the remaining five jobs. The Commission was therefore satisfied that the jobs surveyed were representative of the corresponding IMCO work-force and that comparable data had been obtained from a sufficient number of the employers surveyed.

141. The Commission determined for each job the external matching point at the 75th percentile of the average total net remuneration paid by each outside employer for that job, due weight then being given to the number of IMCO staff employed in each of the jobs for converting the data into matching salaries for each of the IMCO grades covered by the survey. Account was also taken of the differences found to exist between the conditions of employment other than salaries available to IMCO staff and those offered to outside employees. The internal matching point at which the outside salaries were equated to the IMCO scale was step 5 of each grade, or slightly below the mid-point. In agreement with the representatives of the Secretary-General and of the staff of IMCO, the Commission, in constructing the

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23/ Ibid., para. 299.



salary scale around the salary figures obtained by the survey, corrected as far as possible some defects of the existing scale. Using as a starting point the actual salary obtained for the central most populated grade G-5, at step 5, a scale was constructed, reproduced as annex IX to the present report, which the Commission recommended as reflecting adequately the best prevailing conditions and salaries in London as at 1 January 1979. By comparison with the scale which had been in force in IMCO since 1 January 1978, the recommended scale represented an increase at all grades, these increases ranging in descending order from bottom to top of the scale from 18.8 per cent at step I of grade G-2 to 11.6 per cent at step I of grade G-8. The over-all weighted average increase for the scale as a whole was 15.4 per cent.

142. In evaluating this average increase, it should be borne in mind that during the same 12-month period the United Kingdom Index of Average Earnings went up in gross terms by 13.3 per cent which corresponds to about 12 per cent in net terms. Thus, the average net increase of 15.4 per cent resulting from the Commission's recommendations was only 3.4 points greater. The Commission was confident that this slight improvement in the salaries of the General Service category was due essentially to the fact that the method it adopted on this occasion reflected best prevailing conditions of employment in London more accurately than the method formerly applied.

143. The Commission further decided that the United Kingdom General Index of Retail Prices should be used as an indicator of the time at and extent to which salaries should be adjusted between surveys. The Index would be read every month and net salaries would be increased as of the first day of the month following that when the Index had reached or overtaken a level 5 per cent above its level at the time of the previous salary increase; to take account of the effect of taxation, the increase in net salaries should correspond to 90 per cent of the movement of the Index. The Commission also invited the Secretary-General of IMCO to keep a close check on the movement of the United Kingdom Average Earnings Index and to inform the Commission if it should exceed or lag behind the movement of the Index of Retail Prices by a margin large enough to justify consideration by the Commission of possible corrective action.

144. In compliance with its mandate under article 11 (b) of its statute, the Commission also considered the level of dependency allowances payable to staff in the General Service category in London. Having examined the amounts of family allowances payable under the United Kingdom social security system and the tax abatements allowed on account of dependants, the Commission recommended a scale of family allowances to be established, also with effect from 1 January 1979. By comparison with the existing scale, the recommended scale represented an increase, in pounds per annum, from 173 to 180 for the spouse allowance, from 130 to 246 for the children's allowance in the case of married employees (and from 303 to 531 in the case of single, divorced or widowed employees) and from 147 to 246 for each additional dependent child. There was no increase in respect of secondary dependants. These big increases in the rates of family allowances reflect substantial improvements in family benefits in the United Kingdom, particularly under the social security system, since the family allowances were last revised by IMCO.

145. The findings, conclusions and recommendations of the Commission were set out in detail in a report presented to the Secretary-General of IMCO. This report was transmitted by the Secretary-General of IMCO to the Council of the organization which approved the Commission's recommendations and authorized their implementation with effect from 1 January 1979.

## 2. Salary scales of staff in the General Service category in Montreal

146. The fourth survey carried out by the Commission under paragraph 1 of article 12 of its statute was in Montreal. At the request of the Commission, acting under article 27 of its statute, the Secretary-General of ICAO accepted responsibility, on the Commission's behalf, for the fact-finding phase of the collection of data from outside employers.

147. The data collection was carried out in the early months of 1979 and the data were presented to the Commission at its tenth session. In its examination of the data, the Commission gave full opportunity to the representatives of the Secretary-General and those of the staff of ICAO to express their views. It noted with appreciation the spirit of co-operation and frankness which was displayed by both parties in doing so.

148. The conclusions reached by the Commission were based on data provided by 22 employers pre-selected with the agreement of the Secretary-General and of the staff of ICAO as being among the best employers on the Montreal market. They were drawn from various sectors of the economy, including the public sector, and together employed a total of nearly 30,000 office workers, i.e., about 74 times the ICAO work-force in the General Service category. Subsequently, it was decided to retain only 20 of the 22 surveyed employers for the final analysis.

149. The previous ICAO practice of surveying a wide range of jobs was followed, and 32 jobs representing 79 per cent of the total General Service staff of ICAO were covered. In line with the practice followed by the Commission in previous surveys, the criteria applied for the selection of jobs to be retained for the final analysis were that of representativity of ICAO jobs and comparability with jobs in the outside market. Eight jobs were thus retained for final analysis, covering seven out of the nine ICAO grades. Some 232 ICAO staff members out of a total of 405 in the General Service category (or 57.3 per cent of the total population in that category) were employed in these jobs. The size of the corresponding work-force of the outside employees was approximately 12,000.

150. In considering various alternative methods of processing and interpreting the data on salaries obtained outside, the Commission took account of the fact that in previous surveys conducted by ICAO in Montreal the method consistently followed was that of averaging the salaries paid by the six employers identified as being the best over-all. The Commission considered, however, that the choice of six employers, not more nor less, was an arbitrary one and as such could not be retained as a method. It further believed that ICAO competitiveness in the local labour market was not sufficiently secured by a method which relied on the ranking of a restricted group of best employers in over-all terms, irrespective of their relative ranking for each job. It therefore adopted a method of interpretation of the results which consisted in averaging, for each job, the salaries of all those employers whose salaries were above the average for that job. In determining these salaries, due account was taken of the benefits available to outside employees as compared to those available to ICAO staff. The scale was constructed on the basis of graduated internal matching points: at grade G-3, step 4; at grade-4, step 4.5; at grade G-5, step 4.5; at grade G-6, step 5; and at grade G-5, step 5.

151. On the basis of its findings and conclusions, the Commission recommended a salary scale reproduced as annex X to the present report, which, in its opinion,

reflected adequately the best prevailing conditions in Montreal at 1 April 1979, the date on which the annual revision of the ICAO salary scale was due and did occur. By comparison with the scale which was in force at that date in ICAO, the recommended scale represented salary increases at all grades, these increases ranging in descending order from bottom to top of the scale, from 5.3 per cent at step 4 of grade G-1 to 2.6 per cent at the same step of grade G-9. The weighted average of the increases in salary for the scale as a whole was approximately 4 per cent.

152. The Commission also approved a system of adjustments of salaries between surveys whereby salaries would be adjusted once a year on the first of April on the basis of the combined movements of the index of Montreal salaries for the preceding 12-month period, as reported (i) by the Quebec Industrial Relations Institute and (ii) by Statistics Canada for the finance, insurance and real estate sectors (all employees) in the Montreal urban area. Furthermore, should the latter index increase by at least 5 per cent before the month of April, ICAO salaries would be increased accordingly as of the first day of the subsequent month. This index would be re-based to 100 in April of every year.

153. In compliance with its mandate under article 11 (b) of its statute, the Commission also considered the level of dependency allowances payable to staff in the General Service category in Montreal. Having considered the amounts of family allowances already paid to ICAO staff by Federal and Provincial social security and the tax exemptions allowed on account of dependants, the Commission adopted a methodology for the determination of family benefits and recommended a revised scale of family benefits to be introduced concurrently with the revised scales of salaries.

154. The findings, conclusions and recommendations of the Commission were set out in detail in a report presented to the Secretary-General of ICAO. It is understood that the Secretary-General will transmit this report to the Council of ICAO, together with whatever comments he may wish to make on it. In compliance with article 17 of its statute, the Commission will include in its next annual report information on the action taken on its recommendations.

### 3. Salary scales of staff in the General Service, Manual Workers and Security Service categories in New York

155. At its ninth session, the Commission took decisions regarding the methodology of the survey to be made under article 12, paragraph 1, in New York, the fifth such survey to be made by the Commission. After hearing the representatives of the Secretary-General and of the staffs of the United Nations and of UNDP, the Commission decided that the survey should cover the three categories: General Service, Manual Workers and Security Service. It should be made by preselection of a group of presumed best employers, between 30 and 40 for the General Service category and eight each for the other two categories. Lists of employers drawn up after consultation with the administrations and the staff were approved. General directives were given as regards the jobs to be surveyed but final approval of the lists as well as of the job descriptions was delegated to the chairman. The Commission emphasized the importance of precise and understandable job descriptions, particularly considering that this was the first survey conducted by the United Nations system for the General Service category in New York and that its scope would be more comprehensive than those of earlier surveys for the other two categories. The Commission expressed its concern that the organizations in New York

did not have a job classification system for their locally-recruited categories and that there existed no established and tested formal job descriptions, which meant that the descriptions had to be drafted for the first time specifically for the purposes of the survey.

156. The Commission further decided that the collection of data should be performed by three survey teams each composed of one member designated by the administrations, one by the staff representatives and one from the Commission's secretariat, the latter acting as team leader. It established a time-table which it hoped would enable the results to be ready in time for consideration at its tenth session, while noting the risk of delays resulting from difficulties in the critical stage of preparation of job descriptions. It recognized that the calendar it had established left very little time for carrying out the necessary work but nevertheless requested that every effort be made to enable it to complete the study at its tenth session.

157. At its tenth session the Commission had before it reports on the data which had been collected; but, owing to delays of the kind anticipated in the preparation of adequate job descriptions and the consequent late start of the data collection, those documents had been distributed only after the start of the session. The representative of the Secretary-General and that of the staff of the United Nations (the latter speaking also on behalf of the staff of UNDP) stated that in the time available they had not been able to give to these documents the thorough consideration which the subject-matter required. Furthermore, and perhaps more importantly, because of time constraints no prior consultations had taken place before the preparation of these documents between the secretariat of the Commission and the representatives of the administrations and of the staff. They pointed out that, contrary to the practice which had been followed on the occasion of previous surveys conducted by the Commission, the representatives of the administrations and of the staff had thus not had the opportunity to obtain clarifications concerning the contents of the documents to be presented to the Commission or to have their views reflected therein. They felt that on such an important matter the Commission should be cautious not to take hasty decisions under the pressure of time and without the benefit of the views expressed, in full knowledge of all the facts, by the parties concerned. While the representative of the Secretary-General indicated his readiness to proceed with the consideration of the document in the hope that certain conclusions might nevertheless be reached, the representative of the staff stated that he was not prepared to make any comment beyond his introductory statement.

158. In these circumstances, the Commission, conscious of its statutory obligations and constant policy not to take decisions or make recommendations on such important issues as the one under consideration without having given full opportunity to all parties concerned to express their views, decided that it had no option but to postpone consideration of the matter.

159. It saw no possibility of dealing with the matter before its next regular session, either through a working group of its members or through a special session, and so decided to resume consideration of the item and make recommendations regarding it at its eleventh session in February-March 1980 on the basis of such additional documentation as might be necessary, to be prepared by its secretariat after consultations with the representatives of the administrations and of the staff of the United Nations and UNDP. However, should it be found absolutely necessary, the Commission was prepared to reconvene in special session if requested to do so by the General Assembly.

160. Meanwhile, the Commission recommended that any further adjustment of salaries as might become due should be granted and be, for the time being, calculated on the basis of the existing practice pending consideration of the matter in February-March 1980.

4. Salary scales of staff in the General Service category in Rome

161. At its ninth session the Commission, after hearing the views expressed by the representatives of the Director-General and of the General Service staff of FAO jointly with those of IFAD, established guidelines for a survey of best prevailing conditions to be carried out in Rome in October-November 1979. It decided that the survey should be made by preselection of a group of presumed best employers; the list should be drawn up by the representatives of the Director-General and of the staff for the approval of the chairman of the Commission and should include as many as possible of the employers surveyed in 1974. The aim should be to obtain information from about 25 employers. The jobs to be surveyed (approximately 21), the job descriptions and the questionnaire should be based on the experience of the 1974 survey. The data collection should be performed by three survey teams composed in the same way as those for the London and New York surveys.

162. The representatives of the Director-General and of the staff of IFAD having urged that the Commission should if possible establish in advance the methodology to be used in interpreting the survey data, the Commission considered at its tenth session proposals for such a methodology based on that applied in 1974 and approved it in principle, on the understanding that certain aspects might be revised at the eleventh session when the Commission had the data before it.

5. Salary scales of staff in the General Service category in Geneva

163. At its ninth session the Commission had noted that, in view of the request that it complete the next survey of best prevailing conditions of employment in Geneva in 1980, it would be desirable for it to begin consideration of question of method at the tenth session in order to leave ample time for all preparations to be made and the data collection completed before the twelfth session.

164. Accordingly, at its tenth session it heard the views of the representatives of the administrations and of the staffs of the seven organizations having their headquarters or major offices in Geneva. It noted with satisfaction the readiness to co-operate in the second Geneva survey manifested by all parties and took a number of decisions recorded in detail in the report on the work of the tenth session. In particular it decided that the survey should be made of a sample of employers selected, on the basis of a preliminary inquiry, as being representative of the best employers in Geneva; the preliminary inquiry should cover all, or the largest feasible number, of relevant employers in Geneva. While employers, to be deemed relevant, should normally have at least 50 office employees, enterprises with less than 50 (but not less than 20) office employees might be included if it could be shown that they were representative of the branch of economic activity in Geneva to which they belong. Preliminary inquiries should also be made with a view to establishing the extent of differentiation in the Geneva labour market in the remuneration of men and women for work of equal value.

165. The Commission reaffirmed its responsibility for the survey and its intention to supervise carefully all stages of its conduct, at the same time ensuring full

consultation with the representatives of the administration and staff. It will participate in the operations of the survey through its secretariat and, if appropriate, through members designated for that purpose; it reserves the possibility to appoint a working party of its members to resolve on its behalf outstanding problems should that appear necessary. The Commission expects to receive at its eleventh session joint proposals from the administrations and the staff for the data-collection phase of the survey. If it does so, it expects to be able to complete the survey at its twelfth session. It will consider at its eleventh session the methodology to be followed in analysing and interpreting the data.

B. Procedure for determination and adjustment of dependency allowances of the General Service category

166. Dependency allowances (for spouse, children and secondary dependants) for the General Service category are established by reference to local conditions and have normally been determined by the authority which is responsible for determining General Service salary levels in each locality. When the Commission made its first survey of best prevailing local conditions in Geneva in 1976 it also indicated the appropriate rates for spouse allowance and children's allowance in Geneva. <sup>24/</sup> Likewise the Commission had included in its reports on the Paris and London surveys sections setting rates for dependency allowances in those duty stations. The question was then raised whether the rates, having been set by the Commission could be adjusted only by the Commission, which would apparently mean that they would be adjusted only once every four or five years when salary surveys were carried out. In at least two of the headquarters duty stations surveyed, the rate of increase in corresponding outside allowances had been so fast that a four-year wait before adjusting the inside rates would be inequitable.

167. Since the power to determine these allowances had been given to the Commission, strictly speaking they could not be fixed or adjusted by any other authority. However, such a strict interpretation would lead to practical difficulties of two orders:

(a) For those duty stations where the Commission does not conduct salary surveys (i.e., at present, all except the seven headquarters duty stations), it did not have the necessary data to enable it to determine dependency allowances; and even if the data were provided by the organizations responsible for salary surveys in those duty stations, it might be questioned whether the Commission could effectively make decisions about allowances in some 140 duty stations;

(b) Even in the headquarters duty stations, if the Commission could determine the rates of the allowances when it conducted surveys and recommended salaries, it might be questioned whether it could effectively deal with interim adjustments in these duty stations without having to find time for the question at each of its sessions.

168. After hearing the views of the representatives of the organizations and of FICSA, and having had a full discussion, the Commission agreed at its tenth session

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<sup>24/</sup> Cf. ibid., Thirty-second Session, Supplement No. 30 (A/32/30), paras. 189-191.

that, until such time as it would have an opportunity, when it made its planned study of conditions of service of staff of the General Service category in duty stations away from headquarters, to review the general pattern of rates of dependency allowances, it would resolve the difficulty and at the same time avoid the risk of a challenge that dependency allowance rates in any duty station had not been legally fixed because ICSC had not fixed them, if it exercised its responsibility in this respect under article 11 by establishing the methods according to which these allowances should be determined. It would then entrust to the organizations concerned the responsibility for fixing and adjusting the actual rates of the allowances in duty stations other than headquarters duty stations and for adjusting them in headquarters duty stations. The said organizations would continue to apply the methodology they had been applying up to the present time (taking into account essentially tax reductions and social security payments granted in respect of dependants) until the Commission had had an opportunity to review the criteria within the framework of the above-mentioned review.

## CHAPTER VI

### CONDITIONS OF SERVICE IN THE FIELD

#### A. Criteria for the classification of duty stations according to adverse living and working conditions

169. From its earliest report the Commission has consistently declared its concern that the conditions of service offered by the common system should be such as to secure and retain for the organizations staff of the highest calibre for duty not only in the headquarters and other large established offices but also - even, above all - in the multitude of small duty stations scattered through more than 140 countries, some in capital cities but many in remote locations where development assistance projects are situated. The Commission has recognized that the circumstances and the needs of staff members serving in such places are in many respects different from those of their colleagues in headquarters duty stations; and it has been particularly conscious that those staff have fewer opportunities for making their problems known and expressing their views and consequently often feel forgotten and neglected. To overcome the negative effects of this state of affairs and enhance the effectiveness of the organizations in providing the expert assistance expected of them by the developing countries, the Commission has sought various approaches to the problem of identifying needs and applying specific remedies to them; these are recorded in its earlier reports. 25/

170. One of the main difficulties has been that of distinguishing the countries (or particular duty stations within countries) where the conditions of life and work may have an adverse effect on the availability of candidates for appointment to posts in such "difficult" duty stations, the readiness of staff to be assigned to them and the practical effectiveness of staff serving there. A "rough and ready" distinction between the countries of Western Europe and North America, on the one hand, and the rest of the world, on the other hand, has been applied to differentiate the conditions of some entitlements; but it is obvious this does not reflect the very great differences between one country and another in Africa, Asia or Latin America. Neither, of course, does it provide any indication as to the nature of the conditions which make the duty station "difficult". Accordingly, the Commission approved at its ninth session a plan for the making of a study of the possibility of establishing criteria by which duty stations could be classified in terms of the conditions of life and work which prevailed in them. The study was made with the assistance, as consultant, of a staff member of UNDP who had served in a number of duty stations in Africa, latterly as resident representative; and it was presented to the Commission at the tenth session.

171. The study took as its premise that the criteria to be used by an international organization for classifying conditions of life and work at duty stations must, to the fullest extent possible, be objective, impartial and free from cultural bias.

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25/ See *ibid.*, Thirty-first Session, Supplement No. 30 (A/31/30), paras. 322-327; *ibid.*, Thirty-second Session (A/32/30), paras. 214-217; *ibid.*, Thirty-third Session (A/33/30), paras. 248-280.



what would be found appropriate for an international heterogeneous service would necessarily differ from the practice any one Member State found suitable for its own national foreign service; nevertheless, the practices of the widest possible selection of Member States should be taken into account. In general, attention should be concentrated on "special problems" rather than "extra entitlements".

172. The following plan of work was agreed upon:

(a) The identification of possible criteria, for discussion by the Commission at its tenth session in the light of comments to be made by the representatives of the organizations and of the staff;

(b) The testing of the criteria tentatively approved by the Commission, by means of a questionnaire incorporating them which would be sent to field duty stations;

(c) Analysis of the replies received from the field duty stations, by a task force composed of representatives of the organizations and of the staff, together with the Commission's secretariat, with a view to recommending to the Commission any changes in the criteria or in the questionnaire, together with proposals for the way in which the information to be obtained on conditions at each duty station should be graded and translated into a classification;

(d) After approval by the Commission, the institution of a procedure for the ongoing classification of all field duty stations;

(e) Lastly, consideration by the Commission of possible measures to counteract or compensate for the effect of adverse conditions.

173. Inquiries made of more than 60 Member States revealed that, while many do reflect differing conditions in countries of assignment in the remuneration and other conditions of service of their diplomatic and other expatriate staff, the decision to place a given duty station in a category which entitles staff there to special conditions is rarely formalized but is rather made by the competent authorities of the Ministry of Foreign Affairs on the basis of their knowledge and the information available to them, without set criteria. Of the few Member States which do have systematic procedures for classifying duty stations, those of Canada, the Federal Republic of Germany and the United States of America were found to be most relevant to the study.

174. Canada uses a numerical system of rating developed on the basis of studies carried out in 1958-1961 by Dr. J. Desmond Blake of the Department of National Health and Welfare at the request of the Department of External Affairs. The principal factors rated are climate, isolation, local conditions (including "hostility" and "violence") and health (subdivided into "health" and "medical care").

175. The system by which the United States Department of State classifies duty stations for the purpose of fixing the amount of the post differential allowance involves a questionnaire consisting of 89 questions in 14 general categories. The major focus is on physical environment (including isolation, climate and altitude, natural hazards), living conditions (including sanitation and disease, medical and hospital facilities, housing, food, education, import facilities, recreation and community facilities) and personal security (including political violence,

crime and harassment). Points values are given to elements identified as contributing to difficult or adverse conditions; in the process of rating objectivity and impartiality are ensured by the use of information obtained from sources other than the questionnaire filled in at the duty station and by evaluations made by several analysts independently.

176. The Federal Republic of Germany determines eligibility for payment of the Foreign Service Allowance (which ranges from 66 per cent of base salary in the least difficult duty stations to as much as 150 per cent at the other end of the scale) by assigning the duty station to one of 12 categories; pecuniary and non-pecuniary burdens which result from the fact of expatriation, as well as living conditions at the specific duty station are taken into account for this purpose.

177. On the basis of this information and of earlier studies carried out within the United Nations system, 26/ six major factors were identified for use in classifying conditions of life and work in field duty stations:

- (a) Health;
- (b) Climate;
- (c) Education;
- (d) Housing;
- (e) Isolation;
- (f) Local conditions;

Each of these was broken down into subfactors, for example, for "health", the prevalence of disease and the availability of facilities for medical treatment.

178. The attempt to establish such a classification was warmly welcomed both by the representatives of those organizations most concerned with field operations and by the representatives of the staff. In their statements and also in the interventions of members of the Commission it was emphasized that the questions put in order to elicit information about conditions in each duty station should concentrate on objective facts, such as the existence or non-existence of a given facility or condition at the duty station and avoid qualitative or subjective judgements. If that were done, difficulties which might otherwise have arisen with respect to the different personal perceptions of those who answered the question could very largely be avoided. It was also stressed that the inquiry should be made on the basis of individual duty stations, rather than countries, so as to reflect possible differences in conditions between the capital city and other locations.

179. The Commission instructed its secretariat to revise and simplify the draft questionnaire which was submitted with the study, concentrating on the main facts which could serve as indicators of the degree of adversity of the conditions while still permitting identification of the specific types of conditions which created difficulty (so that at a later stage remedies specific to these difficulties could be sought). Above all, the questions should all relate to objective facts and avoid value judgements.

180. The revised questionnaire should then be tested by sending it to all duty

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26/ In particular, that made in March 1971 by Mr. Karol Kraczkiewicz, former Assistant Administrator of UNDP, and Mr. Robert Rossborough, former Chief of Personnel Services of the United Nations Office at Geneva.

stations outside headquarters. The senior United Nations official in each country (UNDP resident representative or director of a Regional Office) would be responsible for ensuring that the questionnaire is completed with all information relevant to each duty station in the country. The preparation of the answers should be a collective exercise, with the widest possible consultation and participation of staff members at the duty station and of their spouses. (It was emphasized that at this stage the questionnaire would be used only for the purpose of testing the criteria and not for the actual classification of duty stations.) On return of the questionnaire from the field, the replies would be examined by the secretariat with the assistance of a task force composed of representative of the organizations and of the staff, the Chief of the United Nations Medical Service, etc. The role of the task force would be:

- (a) To collate the information gathered from the questionnaire;
- (b) To review the appropriateness of the factors identified and the questions posed, taking into account any comments or suggestions made by those in the field who had completed the questionnaire;
- (c) To recommend any changes in the factors or the questionnaire;
- (d) To examine the relative weight to be given to different factors, with a view to recommending to the Commission a point rating system.

181. Only after the Commission had considered the report of the task force and taken final decisions about the factors and criteria would the actual process of classification of duty stations take place. Finally, the Commission would consider such questions as: what relative weighting should be given to the different groups of criteria; should the decision on classification be based on an aggregate of points for all criteria or should a duty station which has a very bad rating in respect of one factor only, while being satisfactory from other points of view, qualify for "hardship" treatment; should any remedial measures which the Commission might later decide upon be applied generally in all duty stations with equal "hardship" ratings or only to those found defective in the particular respect to which the remedial measure in question relates?

#### B. Other questions

182. The Commission began at its tenth session a study of the special problems relating to conditions of service of staff of the General Service category away from headquarters duty stations; it will pursue this at its eleventh session and report on it in its next annual report.

183. The Commission has referred to its Advisory Committee on Post Adjustment Questions (ACPAQ) the review of the operation, during the initial 12-month period, of the rental subsidy scheme for field staff. 27/ Since ACPAQ was scheduled to hold its annual session after the conclusion of the Commission's tenth session, this question, too, will be taken up by the Commission in February-March 1980 and dealt with in the next annual report.

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27/ Cf. Official Records of the General Assembly, Thirty-third Session, Supplement No. 30 (A/33/30), paras. 252-260.

## CHAPTER VII

### LONGER-TERM FUNCTIONS OF THE COMMISSION

#### A. Action by the Commission under article 13 of its statute

##### 1. Common classification and definitions of occupational groups

184. In its third annual report, the Commission recognized the urgent need for a common classification of occupational groups to be applied within the common system as a precursor to the assumption by the Commission of its functions under article 13 of the statute and as a necessary prerequisite to the development of management systems in other areas, such as personnel statistics, which were basic to all the Commission's activities. 28/ At its eighth session the Commission further analysed the uses to which such a classification would be put and, in the light of that analysis, established the basic framework of the classification and a time-table for completing it. In reporting this action to the General Assembly in its fourth annual report, the Commission asserted the importance of its establishing a common classification of occupational groups without delay. 29/

185. At its tenth session the Commission was given a report on the progress carried out under the first four steps of its time-table. It noted that many useful comments and suggestions had been received from the organizations and staff representatives and that efforts had been made by its secretariat to incorporate these, as far as possible, in revisions to the definitions and to the structure of the global schema. While it had not been possible to take fully into account all of the views expressed, the suggestions received from different organizations sometimes being contradictory, substantial changes in the texts of the definitions had been made. Changes made in the framework or structure of the classification had, however, been minimal.

186. The Commission then considered the structure of the classification and the texts of each of its definitions. The structure of the classification provided a logical categorization of all or most of the individual occupations that existed within the organizations of the common system by grouping these together on the basis of similarity of the work performed. The classification covered occupations in which all categories of staff may be found, including Local, Manual, General Service, Professional and higher categories in both project and non-project situations. Bearing in mind that the common system was characterized by a wide variety of occupations with relatively small numbers within each occupation it was unavoidable that the classification have some 350 definitions as it did. Furthermore,

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28/ Ibid., Thirty-second Session, Supplement No. 30 (A/32/30), para. 219.

29/ Ibid., Thirty-third Session, Supplement No. 30 (A/33/30), paras. 309-314.

the texts of the definitions were considered to be comprehensive and complete enough to prevent confusion as to their applicability to a given job; at the same time they did not enumerate each and every item of work that could conceivably be carried out within a given occupation, which would have led to a heavy and voluminous classification, the implementation of which would not thereby be encouraged. The Commission therefore approved the Common Classification of Occupational Groups as the framework within which occupational data would be compiled or exchanged for all interorganization personnel matters and recommended its use within individual organizations when compiling personnel statistics or exchanging personnel-related information. <sup>30/</sup> It also requested the organizations to review each of their jobs to determine into which occupational groupings they fall and to provide the resulting statistical breakdown to the Commission's secretariat by 31 December 1979.

187. The Commission instructed its secretariat to prepare a manual containing the global schema of the classification, the definitions of each of the occupational groupings and an introductory section which would include, *inter alia*, an explanation of the purpose of the classification, how it was developed, how it is to be used; an alphabetical cross-reference; a table of contents and codes that could be affixed to each entry of the classification for computer-processing purposes.

188. The Commission then considered the procedure for future revisions to the classification. It recognized that revisions in the global schema and definitions would be required from time to time as occupations evolve as the work of the organizations of the common system changes. While modifications in the classification may be more numerous in the initial stage of implementation as this will represent the first time the classification has actually been applied to all of the jobs within the common system, it was not expected that the number of changes in subsequent years would be significant enough to require the continuing attention of the Commission. It was therefore decided that the Commission's secretariat would, after consulting the representatives of the organizations and of the staff, effect future changes in the classification and report these to the Commission as required.

## 2. Common job classification standards

189. In its first annual report the Commission "... emphasized the importance of the uniform application of job classification standards throughout the organizations, as an indispensable corollary to a uniform salary system and hence the importance of its assuming its responsibilities in this connexion without undue delay". <sup>31/</sup> During its fifth session, the Commission reviewed the plans for the assumption of its functions under article 13 of its statute. It noted that the application of a uniform system of salaries and allowances to all the staff of the Professional and higher categories throughout the common system does not, in itself, suffice to ensure "equal pay for equal work", unless grading standards are also uniformly applied. With respect to the General Service category it observed that, since salary scales are not uniform world wide, there was not the same necessity for

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<sup>30/</sup> In view of the considerable size of the definitions portion of the classification only the global schema of the classification is reproduced in annex XI to the present report.

<sup>31/</sup> Ibid., Thirtieth Session, Supplement No. 30 (A/10030), para. 87.

uniform world-wide classification standards, although greater comparability of classification patterns and standards would undoubtedly be desirable in the long run and that in any case it was evident that within a single duty station, such as Geneva, the same standards should be applied to staff of all the different organizations who were paid according to a common scale; and while it was the primary responsibility of the organizations concerned to achieve this, the establishment of common standards by the Commission would no doubt be helpful. Apart from fulfilling this basic necessity of making "common" salary scales meaningful, common standards of classification of posts and their precursor -- a common classification of occupational groups <sup>32/</sup> - were recognized as being indispensable for the studies the Commission was to make of recruitment standards and policies and of career development. The subject of job classification was therefore deemed to be of central importance to the Commission's work. Accordingly, a programme of work was established whereby a common classification of occupational groups in both the Professional and General Service categories would first be developed, followed by the preparation of job classification standards.

190. As reported in section A of this chapter of the report the Commission at its eighth session further analysed the uses to which the common classification of occupational groups would be put and, in the light of that analysis established the basic framework of the classification and a time-table for completing it. At its tenth session the Commission approved the classification as the framework within which occupational data would be compiled or exchanged for all interorganization personnel matters and recommended its use within individual organizations when compiling personnel statistics or exchanging personnel-related information.

191. Consistent with its original programme of work in this area the Commission first considered at its ninth session and later approved at its tenth session a plan for the preparation of common system job classification standards. The plan called for grading standards to be developed first for Professional and higher category positions at Headquarters and field offices - such standards being established for those jobs falling in common fields of work and recommended for other jobs. The Commission recognized that while this activity alone would require a considerable amount of time further steps would also have to be taken in due course, which would include (not necessarily in order of priority) the following:

(a) To establish standards for General Service and other locally-recruited positions in duty stations in which two or more organizations have jobs falling within the same field of work (in the development of these standards priority would,

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<sup>32/</sup> The Commission's work in the area of a common classification of occupational groups should not be confused with that of common job classification standards. The former is a system for grouping together or categorizing those jobs existing in the organizations of the common system in which similar types of work are performed. Common job classification standards, on the other hand, are criteria which would determine the appropriate grade level of the jobs that exist within the different occupational groups.

of course, be given to the larger duty stations. The standards could apply to both Headquarters and field duty stations or to each separately); 33/

(b) To recommend standards for General Service category and other locally-recruited positions in duty stations in which only one organization has jobs or in which two or more organizations have jobs which fall in different fields of work; 33/

(c) To establish and/or recommend standards for project positions of the Professional category.

192. The Commission considered that given the different types of job classification systems already existing or being developed within the organizations of the common system, it would be logical, when developing any common system job classification standards, to attempt to incorporate, as far as possible, existing approaches. On the one hand, this would avoid the adoption of any one organization's system thereby giving preferential treatment to that organization's jobs compared with those of other organizations. On the other hand, it would permit, when developing the common standards, drawing to the maximum possible extent upon each organization's own experience. It would also facilitate individual organizations' application of the common system standards by providing, as far as possible within the total common system approach, elements that already exist within each organization. In addition, it would probably achieve the maximum degree of commonality of grading patterns among the organizations with the minimum amount of changes in present grades. The plan before the Commission which called for the development of a three-tiered system was considered to meet these objectives.

#### Tier I - Master standard

193. The first tier of the common system grading standards would be a "master standard", that is, one which would apply to all Professional and higher category (P-1 to D-2 inclusive) jobs at Headquarters and established field offices. For those jobs falling in common fields of work, the master standard would be established for use within each organization and for other jobs its use would be recommended. It was therefore a "horizontal" standard as it would apply to jobs in all fields of work. Since it would cover the widest possible variety of jobs the master standard would be, by necessity, the most general of the three tiers in its applicability to individual cases. The master standard would consist of the points-factor evaluation system used by the Commission in the course of the grade equivalency studies carried out in application of the Noblemaire principle. This system had been developed after a review of job classification systems existing within the common system, other international organizations, national governments and to a lesser extent, the private sector. It was analytical, quantitative, objective and prescribed an orderly approach to the analysis and evaluation of jobs by requiring the consideration and rating of a number of factors. Without constituting

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33/ These activities would require a prior or concurrent determination of the appropriate number of General Service grade levels to be established in field duty stations.

a fully scientific scale of measurement that would result in a mechanical approach to evaluating jobs, the system did provide job analysts with a basis for more objective judgements in determining relative job values. Perhaps its greatest advantage was that it was particularly well suited for application to jobs which consist of a varied combination of tasks and which are found in different fields of work. The latest revision of the points-factor evaluation system is reproduced in appendix 2 of annex VI.

#### Tier II - Grade-level standards for specific fields of work

194. The second tier of the common system standards would be composed of grade-level standards for specific fields of work. These would be developed for Professional and higher category (P-1 to D-2 inclusive) jobs at Headquarters and established offices only within those fields of work in which two or more organizations have jobs. Accordingly these standards would be established (as opposed to recommended) by the Commission. As separate standards would be established for each field of work, these standards would be "vertical" standards, and as such they would be more specific than the master standard in their applicability to individual cases. Each standard would provide specific examples of the types of duties typically carried out at a given grade level in a given field of work; it would also give a brief description of requirements in terms of each of the six factors reflected in the master standard; and provide the resulting points rating for each of these factors as well as a total points score. In this way the second tier of the common system job classification standards would be related specifically to the first tier - the master standard - thereby avoiding the risk that the different tiers produce contradictory results for any given job.

#### Tier III - Benchmark jobs

195. The third tier of the standards would consist of benchmark jobs. These would be developed for Professional and higher category (P-1 to D-2 inclusive) jobs at Headquarters and established offices. Unlike the master standard, which would be applied to all jobs in all organizations, and the grade-level standards, which would be applied within all the organizations to all those jobs which fall in fields of work designated as common fields of work (i.e., those shared by two or more organizations), the benchmark jobs would be developed separately within each organization and would be applied only to the jobs in that organization which fall in those fields of work in which grade-level standards have been established. Therefore the benchmarks would also be established (as opposed to being recommended) by the Commission. These standards are the most specific - the most directly applicable of the three tiers - but as such they would apply to smaller numbers of jobs. While both the master standard and grade-level standards would be established and applied (as relevant) in all organizations, it would not be mandatory, especially for smaller organizations having less resources to devote to ongoing classification activities, to identify benchmark jobs and have these established by the Commission. If those organizations were able adequately and consistently to classify all of their jobs on the basis of tier I and tier II standards, then tier III standards would not be necessary. However, if an organization were to decide to apply tier III standards as a feature of its over-all classification programme, then these benchmark jobs would have to be established by the Commission



in order to ensure a consistent approach throughout the common system. Tier I and tier II standards would in any case be established and applied in all organizations. A diagram of the three-tier system is reproduced in annex XII to this report.

### Testing and development of the standards

196. The Commission recalled that a great deal of work had already been done on the development of the points-factor evaluation system during the Commission's studies of equivalencies of grade between the United Nations common system and the United States Federal Civil Service. <sup>34/</sup> During the 1977-1978 study the system had been applied with successful results to over 500 jobs existing within 14 organizations and falling within over 28 fields of work. The system was revised successively during a series of five tests stretching over a period of seven months and its final application resulted in confirmation of the grades of 82.63 per cent of all the jobs included in the survey (8.49 per cent of the jobs received ratings higher, and 8.88 per cent lower than their present grades). During this year's study the system had been applied to an additional 49 positions at the D-2 level and had undergone further refinements. However, as the system had been adopted for the purposes of these grade equivalency studies only and therefore had only been applied to typical jobs, it would require further testing in order to ensure its utilization as an element of the common system job classification standards to be prepared by the Commission. The purpose of these further tests would, of course, be to determine if the narrative level descriptions within each factor, the points within each factor, the weight of each factor or the grade determining points ranges needed to be modified in order to make the master standard applicable not only to typical jobs but to atypical jobs as well. In this way the applicability of the master standard to all Professional and higher category jobs within the common system at both Headquarters and established offices could be ensured. As regards the second and third tiers, while elements could be extracted from some of the systems of these types already existing within the common system, most of the substance of these standards would still have to be developed.

197. The Commission's plan called for the further testing of the master standard (tier I) beginning in the autumn of 1979 with tests first in Geneva, then in New York and Bangkok, and the commencement of the development of the grade level standards (tier II) with the elaboration of standards for the fields of work of economists, personnel management specialists and translators in the spring of 1980. Job classification specialists from the organizations and representatives of the staff would participate in the further testing of tier I and the development of tier II standards. The participation of specialists from the field of work concerned was envisaged in the development of the tier II standards. The Commission would approve the master standard at its eleventh session.

198. The representative of CCAQ stated that the organizations agreed in principle with the approach and plan of action envisaged by the Commission. While the

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<sup>34/</sup> Official Records of the General Assembly, Thirty-third Session, Supplement No. 30 (A/33/30), paras. 60-92, and chap. IV, paras. 104-119 of this report.

organizations would assist the Commission in every way and especially by making available, wherever possible, the staff needed to carry out the work on the first two tiers, they must do so without jeopardizing their ongoing classification programmes and, in those cases where there are no full-time classification officers, other work as well. Furthermore, it was necessary to bear in mind the heavy demands in manpower resulting from the need to prepare job descriptions in a form suitable for use in the testing of the standards. CCAQ then submitted for the Commission's information a document containing the organizations' detailed comments on the approach envisaged and a document explaining the current classification practices in the organizations of the common system.

199. The representative of FICSA observed that it had always believed that the development of job classification standards should be a subject for discussion at the level of individual organizations. Since FICSA could not provide its own representative on the teams that would test and develop the standards it offered to designate for each of the three tests a representative from one of the organizations involved. The staff representatives hoped that once the standards were implemented the administrations of the organizations would apply them harmoniously.

200. The Commission further recognized that definitions of Professional level work and General Service level work would have to be developed in order to determine which jobs would fall under the common system job classification standards established by the Commission for Professional and eventually for General Service positions. Since some organizations place certain jobs in the Professional category and other organizations (sometimes within the same duty station) place the same jobs within the General Service category, the definitions were considered all the more important if a consistent approach to the classification of jobs was to be sought. The Commission observed that in the absence of such definitions the purpose of ensuring that similar jobs were placed by all organizations in the same category could be achieved through the use of the common classification of occupational groups. The classification contained indications about the category in which each of its occupational groups belonged and the vast majority of jobs existing within the common system could be classified easily under one of the classification groups. Noting that the representatives of the organizations and of the staff had not raised objections concerning these designations the Commission therefore endorsed them for use by the common system in determining into which of the two categories a given job should fall. By thus applying the common classification of occupational groups a consistent interpretation among organizations could be ensured for the vast majority of jobs as to which of these the standards would apply. The Commission observed, however, that definitions for Professional level and General Service level work would still have to be developed in order to cover borderline jobs which could not be classified easily under one or another of the classification's occupational groups. It decided, therefore, to include this item in its future programme of work.

B. Action by the Commission under article 14 of its statute

1. Career and non-career service

201. At its ninth and tenth sessions, the Commission continued its joint consideration of the questions of the career concept, career development and recruitment adopting as the basis for its discussions a plan which listed in order all of the issues to be considered and outlined a possible time-table for the Commission's action in this highly interrelated area. The Commission noted that it was taking this action, in order to make recommendations to the organizations, inter alia, on the questions of recruitment, career development and training as foreseen under article 14 of its statute.

202. CCAQ presented a document giving the organizations' general views on the subject of career development. As to the question posed as the first step in the Commission's plan - whether a career service is required or not - the representative of CCAQ explained that most organizations believed strongly that a core career service was in the best interests of the international organizations because it ensured continuity and led to greater efficiency and effectiveness. Career civil servants were best able to discharge their duties with impartiality and objectivity, and with the interests of the international organizations alone in view. While CCAQ statistics, as at the end of 1977, indicated that, of Professional staff in Headquarters and other established offices, 54.6 per cent held permanent appointments and 45.4 per cent, fixed-term appointments and 95.1 per cent of project staff held fixed-term appointments, those statistics could not be said to reflect the real situation within any of the organizations. Considerable variations in the proportions of fixed-term and permanent staff existed among the organizations owing to their differing needs. Some programmes required a continual input of up-to-date technical skills best provided by fixed-term staff, while policy, administration and regulatory functions were best performed with the body of knowledge, information and experience acquired only by career staff. It seemed impractical therefore to lay down any immutable rules on this subject. As regards the extension advocated by FICSA of the career service concept to project personnel, the organizations believed that some attention should be given to the possibilities of bringing at least some of the project staff into the mainstream of the career service.

203. The representative of FICSA welcomed the Commission's consideration of career development, noting what, in the staff's view, was a serious absence of career development programmes within the organizations of the common system. Action by the Commission was required in laying down policies and rules to ensure the objective treatment of staff and to prevent abuses by the different organizations. The staff were pleased with the list of items to be considered and the plan of action adopted by the Commission. A detailed FICSA document on "Career development in the United Nations common system" which provided the staff's views on many of the issues under consideration was presented by the representative of the staff.

204. As regards the question of whether a career service is required or not and to what extent, FICSA was of the opinion that the majority of jobs existing within the organizations were of a continuing nature and should therefore be filled by career staff. This was true for the entire category of General Service staff and for the

Professionals staffing most of the organizations' traditional programmes both at Headquarters and in the field. Whilst it was probable that there would be a continuing reduction in requests for classical long-term projects there was little doubt that a predictable demand for field project staff would still exist. Accordingly, FICSA favoured the establishment of a core of project staff with continuing contracts: a cadre which should not be distinct from but rather integrated with staff employed on the regular budgets. Even in more highly specialized technical areas, career staff could be used. The representative of FICSA also pointed out the increased costs in recruitment, removal, orientation and training which resulted from the extensive use of fixed-term staff, as well as the disruption to the work of the organizations.

205. The Commission observed that it was clear from its statute that it was required to take decisions and make recommendations on articles 13 and 14. A unified international civil service could only be achieved through common conditions of service for the staff as regards both salary matters and non-salary matters such as career development, recruitment, etc. The request in resolution 33/119 of the General Assembly to the Commission to advance its work in this area made such action all the more urgent.

206. The Commission then considered the question whether a career service is required or not - the first step indicated in its revised plan. It was agreed that this question should be judged primarily by the criterion of the efficiency of the secretariats to perform their tasks; that is, would greater effectiveness in carrying out the organizations' programmes be attained with career staff (staff with a permanent appointment) or with non-career staff (staff with a fixed-term appointment) or with some combination of the two? All members agreed that a core career staff was required in the international civil service and that this core would vary in size from one organization to another depending upon each organization's specific needs. For example, while ITU, in whose programme regulatory functions occupy a predominant place, might conclude that it needed a larger proportion of career staff (and indeed the governing bodies of ITU had already expressed such a view), WHO and IAEA might require a larger proportion of non-career staff on the grounds that many jobs in these organizations call for extended specialized training and experience as well as the return of the incumbent, from time to time, to outside practice in order to keep adequately up to date with developments in the profession.

207. It was considered essential that the determination of the proportion of permanent and fixed-term staff be made on an organization-by-organization basis, so as to reflect not only the differing functions and needs of the organizations but also the policy decisions of their own governing bodies. The Commission considered that some of the criteria by which the needs for permanent or fixed-term staff should be determined are, inter alia: the nature of the functions to be performed, whether continuing or non-continuing; the structural pattern of the organization; and the source of funding of posts.

2. Conditions of service and career development measures for career staff and non-career staff

208. Some members of the Commission thought that there should be different conditions of service for career and non-career staff. Others thought that the establishment of different conditions of service for career and non-career staff would be a major reform of the system with far-reaching implications, for example, as to its effect on the Pension Fund, or the need to take a decision about the length of an individual's service at the time of his initial recruitment (since subsequent transfer from one set of conditions to the other would give rise to many difficulties).

209. It was therefore the conclusion of the Commission that both career and non-career staff should be provided with career development programmes, on the grounds that even within a span of four or five years' service with an organization, there is a possibility of developing the temporary staff member's capabilities, introducing him or her to responsibilities of a broader scope or at a higher level and so both obtaining the maximum benefit for the organization from his or her period of service and enhancing his or her usefulness upon returning to national service. While the importance of planned development of the capacity in which and the levels at which an individual renders service to the organization obviously increases with the length of time the individual is expected to serve, there is, none the less, no reason why the service of staff expected to remain with an international organization for a short span of years should necessarily be regarded as a purely static work experience.

3. Objectives of career development: components of a career development programme

210. The Commission observed that the organizations of the common system stood to benefit from the implementation of career development programmes, in fact, required them in order to improve current levels of efficiency and expertise. Such programmes, as pointed out in the study prepared for the Commission by UNITAR, for the most part did not exist within the common system. Furthermore, the Commission noted that prior papers and discussions on the introduction of career development had centred more upon the needs of the individual staff member and the benefits to be derived by him or her with little if any attention being given to career development as a major and essential organizational activity.

211. It seemed essential then for the Commission to make recommendations to the organizations on career development, as provided for in article 14 of its statute, as soon as possible. A clear policy covering the purpose of career development and the manner in which career development should be approached was required in order that the organizations may develop effective programmes on a common foundation. Armed with such a common policy the organizations could each develop more or less elaborate programmes, depending upon their size and the resources available, to meet their specific needs.

212. The Commission considered that career development in its proper perspective should be viewed as being beneficial for both the organization and staff member. Seen thus, career development could be described as a systematic approach

contributing to the efficient and effective utilization of human resources in which the personal (work-related) development needs of the individual and the needs of the organization to develop its personnel (work force) are identified and mutually beneficial strategies leading to the maximum possible fulfilment of these needs are designed and implemented. The interdependence of the individual staff member and the organization in career development becomes clearer when the benefits to be derived by each party are examined in greater detail.

#### Benefits derived by the individual from career development

213. Among the needs which an implemented career development programme helps to fulfil and the benefits which it provides for individual staff members are the following:

- (a) It helps the staff member to discover his/her own talents, needs and motives related to work (through performance appraisal, career counselling and planned work assignments and training);
- (b) It helps fulfil the individual's need to know what his/her position and future in the organization will be (by providing realistic information and feedback related to career expectations);
- (c) It provides a sense of affiliation with the organization and a feeling that the organization is interested in the staff member's development;
- (d) It provides greater opportunity for the individual to obtain optimal return for his/her personal investment (contribution of talents, time, energy, etc.) in the organization;
- (e) It provides the individual with a greater awareness of his/her work environment and hence both promotes more intelligent decision-making with respect to careers and avoids frustration caused by lack of career information;
- (f) It helps fulfil the individual's need to retain a sense of control over his/her personal destiny in the increasingly complex and impersonalized modern industrial society;
- (g) It provides greater opportunities for changes in the working environment that would otherwise lead to boredom;
- (h) It is conducive to job satisfaction by providing assignments most suited to the individual's needs and talents;
- (i) It leads to optimal personal development by developing abilities and aptitudes to the full.

## Benefits derived by the organization from career development

214. The organization can benefit directly from career development, as does the individual, or indirectly through the individual's benefiting. Some may argue that this added dimension provides, in the final analysis, greater or more significant gains for the organization. Some of the more striking of these benefits are:

(a) It helps increase productivity in jobs and, in turn, effectiveness in meeting the organization's objectives (through greater creativity, motivation, and contribution of staff);

(b) It helps reduce the turnover of high potential staff and absenteeism of all staff;

(c) It facilitates staff mobility both between organizations and within organizations between different duty stations by planning assignments well enough in advance to avoid some of the obstacles which arise when staff are required to move at short notice;

(d) It helps provide greater assurance of an adequate supply of qualified personnel for future openings in managerial, technical and other key positions;

(e) It promotes continuity of organizational knowledge by drawing more upon internal personnel resources;

(f) It helps reduce pressure on job classification and other personnel systems resulting from frustrated careers;

(g) It provides an added input in programme planning by offering more data on the capabilities of the work force which in turn permits a better judgement to be made of whether or in what manner proposed programme objectives can be accomplished;

(h) It prevents organizational chaos by helping to provide a more regulated, ordered and objective procedure for upward mobility of staff members;

(i) It promotes optimal utilization of human resources both at present, by preventing instances of mismatched staff members (those having suitable qualifications for jobs other than those in which they are presently placed) and in the future by permitting longer-term planning of the development of staff member's usefulness to the organization;

(j) It contributes significantly to the reduction of costs.

215. How can career development do all these things? What are some of the basic principles or understandings upon which career development plans must be based in order to achieve these objectives and what are the necessary components of any career development programme?

216. Some principles can be extracted from the foregoing analyses. First, career development must be seen as a process mutually beneficial to the organization and to

the individual staff member. Second, career development must not be restricted to the development of managers - all workers should be permitted to develop as far as feasible their careers. Third, because responsibility must be shared between the staff member and the organization, career plans should neither be too individualistic nor too paternalistic in their design. This rules out both the extreme of some traditional approaches in which the organization develops independently of the individual, a plan leading ultimately to the individual's being placed in a job he or she never desired, and the notion at the opposite extreme that the individual should be guaranteed a career of his or her own design irregardless of organization needs. Fourth, careers need not always be in a state of flux. If the individual and organizational objectives of career development have been fulfilled by the attainment of the employee's present assignment, then change is unnecessary. The fifth point is virtually a corollary of the fourth - that career development should be viewed as a voluntary programme. If an individual is not interested in developing his/her career and present performance is acceptable, he or she should not be forced by the organization into developing other career plans. In such cases, of course, neither would the organization be obliged to provide further developmental training or promotional opportunities. Sixth, a career move should not be construed only as an upward move. A lateral move or training in the present assignment often accelerates upward movement and may in fact ultimately result in greater fulfilment of career development objectives. Seventh, because career development in the long run is in the interests of both the organization and the staff member, a career move in the short run may not be in the immediate interests of one party. For example, the individual may have to sacrifice an immediate career objective (a promotion) to fulfil a crucial organizational need (lateral transfer to a different duty station). Or the organization may be forced to sacrifice an immediate objective (placing the individual in question in a crucial position vacated through the departure of another staff member) to fulfil an important personal development need of the individual (granting a year's study leave). And eighth, because of the above points, the success of career development plans ultimately will have to be measured in terms of the extent to which the needs of both the staff member and the organization are integrated.

#### Components of a career development programme

217. Although they may take on a more elaborate or simplified form depending upon the size and the resources of the organization in which they are implemented, seven basic elements should be present in any career development programme in order for that programme to be able to meet career development objectives. Since these components are consecutive they may be viewed as steps in the process of developing a career. The process is cyclical. Normally, once the seventh step has been completed a career stage (successful completion of assignment X or of Y training) has also been completed and the process begins again with step one. A cycle may be long or short depending upon the time required to lead to the career stage in question. The seven steps are listed below.



(a) Identification/reassessment of career needs and abilities

In this first step career-related information is gathered and analysed and the individual identifies his/her career needs and aspirations. Interests, skills and abilities are identified and analysed as well as career constraints (family, health or other obligations and constraints affecting career potential). The organization for its part identifies staff development needs on the basis of information gathered from long-range programme plans, projected turnover, and an assessment of the potential of its present staff. It also analyses career opportunities - the career paths existing within and between occupational groups, available training, present and projected job openings, etc.

(b) Information exchange - career counselling

Here the information gathered is exchanged and discussed between the two parties. On the one hand, the individual provides the organization with views on the availability of career opportunities, as they are perceived by him or her; and, on the other hand, the organization assesses the individual's skills, abilities, constraints, etc. which together determine career potential. Any misunderstandings that may be held by either party emerge and are resolved. (This step normally can be carried out during an annual performance appraisal.)

(c) Development of tentative career plans

Both the individual and the organization develop, on the basis of the information gathered and exchanged, tentative short and long-range career goals or plans leading to the fulfilment of the needs of each. For the individual the long and short-term plan may be: training course X; followed by lateral assignment to job Y; culminating in promotion to management job Z. For the organization, one long-range goal may be the availability of a sufficient pool of qualified managers in department Y (in which job Z exists) in time for a projected decrease in managerial personnel due to large numbers of retirements and a short-term goal leading to this may be the provision of management training courses for personnel (one of whom may be the individual in question) considered as having management potential.

(d) Integration of career plans

The plans of the organization and of the staff member at the above stage are still tentative because they have not yet been integrated. At this step the plans of each party are modified, if necessary, in order that mutually beneficial strategies leading to the maximum possible fulfilment of the needs of both parties can be designed. Global strategies or directions are identified and specific career-related action is planned for each individual. Ideally, all individual plans would be fully integrated into the organization's plans.

(e) Implementation of career plans

The organization and staff member share the responsibility for implementing a career strategy or plan. The primary responsibility may be the individual's (as in the case of a study programme) or the organization's (as in providing a training course for supervisors) or it may be shared almost equally between the two parties (as in an on-the-job training assignment in a new subject-matter area). Each party should be held accountable for its responsibility of seeing that the plan is implemented properly and within reasonable time constraints.

(f) Review and evaluation of implemented action

At this step each party evaluates the success of the action taken. The relevance and the quality of the knowledge or skills acquired during a study programme would be evaluated both by the individual and the organization. Both parties would also assess the value of the supervisor's training course - perhaps in terms of the application of the techniques learned in actual work experiences. Similarly the value of the on-the-job training assignment would be assessed by the individual (in terms of the skills learned, the exposure to the new area, etc.) and by the organization (in terms of the individual's performance in the new area).

(g) Information exchange - assessment of career action taken

In this final step the information gained at step 6 would be exchanged between the organization and the individual. Each would convey to the other its own assessment of the value of the action taken as well as reactions to the other's assessment. This step could also be completed during an annual performance appraisal or if necessary at shorter intervals depending upon the length of the period over which the action is taken. Ideally an understanding would be reached on the value of the completed stage which would be used by each party in reassessing career needs, aspiration and opportunities. Thus, the process would continue beginning again with the first step in the cycle - Reassessment of career need and abilities.

218. The steps in the career planning process may appear to be tediously time consuming. Actually, while a good amount of preparatory thinking is required by both parties, most of the steps can be carried out in a relatively short space of time. This is because the career development process is cyclical with the initial steps of the next cycle already beginning even before the previous cycle has ended. For example, gathering information and identifying or reassessing career needs (step 1 for a further career cycle) already begins to take place during the implementation of career plans (step 4 in present cycle). In fact, most of the steps in the career development cycle could normally be structured within an annual performance appraisal exercise.

#### 4. Interrelationship of career development and job classification

219. Job classification, by its very nature, automatically affects other areas of personnel management. In well-organized personnel management systems the effect will be positive as job classification will contribute to the objectives of other areas of personnel management. The effect will be negative in personnel management systems in which the purpose of job classification is misunderstood (or where job classification is lacking). Therefore the relationship of job classification to other areas of personnel policy must be properly understood if a comprehensive personnel management system, of which career development and recruitment are also parts, is to be developed.

220. Job classification determines pay on the basis of the "rank-in-the-job", that is to say, the worth of the services rendered by the individual in the job. Under job classification plans, a thorough and objective analysis is first made of the nature of the duties and responsibilities of the job followed by an evaluation of the level of the job. Personal qualifications of the incumbent are not taken into consideration except in so far as they are required by the job. If job classification is properly applied, the principle of equal pay for work of equal value or equitable remuneration is achieved, since objective criteria, rather than the sex, age or nationality of the job holder, determine the grade of the job. Job classification supports the establishment of appropriate remuneration levels by grading jobs on the basis of their worth to the organization - the value to the organization's programmes of the services rendered. It therefore helps to ensure that the most efficient and appropriate use is made of the organization's funds. Job classification and the job analysis it requires can contribute significantly to career development in the following ways.

221. First, job classification provides a structure within the organization which is conducive to career development. It establishes the skeleton or network of jobs within which career moves take place. By ensuring that a higher-graded job has higher-level duties and responsibilities it also ensures that a promotion to that job will mean a more challenging assignment and one which is more likely to further develop the incumbent's future career potential. By requiring a move to a job of higher responsibilities in order to achieve promotion, it discourages the practice of promoting individuals while retaining them in the same job. <sup>35/</sup> This practice can only lead ultimately to the individual's becoming bored, demotivated and a case of "dead-wood" and to the organization's becoming inefficient and careless with the use of its resources. Careers in which the staff member receives several promotions over a period of 15 or 20 years but remains in the same position are far less stimulating and rewarding than those in which the same promotions are received by changing jobs and thereby broadening one's exposure to, knowledge of, and potential contribution to the organization's programmes. Job classification also encourages lateral movement, which in the long run, is essential in implementing individual and organizational career plans.

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<sup>35/</sup> This practice should not be confused with that of promotion on the basis of a reclassification of the job to a higher grade due to a growth in its duties and responsibilities to a higher level. In this case, the job is not the same.

It provides an assurance that the duties and responsibilities of the job to which the individual laterally moves will not be beyond his or her capabilities (and therefore potentially hazardous to one's long-term career if a negative performance appraisal is the result) or significantly below the capabilities of the individual (therefore ineffectively utilizing the organization's personnel resources).

222. Secondly, the job analysis required by job classification is useful in determining career paths, that is, the identification of those jobs which, by the nature of their duties and responsibilities, serve as appropriate training grounds for other jobs either within the same or in other occupational groups. The determination of career paths among jobs, of course, does not imply any guaranteed movement of individuals along those paths. This is because the career paths to any given target job will be many, career paths will vary over time due to changes in jobs, changes in long-range career objectives may necessitate deviating, sometimes significantly, from previously determined career paths, the organization's career objectives may in instances take precedence over those of the individual and hence require a temporary deviation from a designated path, and finally, performance will significantly influence whether an individual moves along a career path, and if so how quickly, or whether he or she stops along the way.

223. Job analysis further contributes to career development by providing detailed information which can be used in redesigning certain jobs, not only to make them more effective, but also more interesting and stimulating for the incumbent. Not only do uninteresting jobs have a greater likelihood to be detected but ways of restructuring those jobs are more easily developed with the knowledge of the nature of the jobs and how they relate to other jobs that job analysis normally provides.

224. Fourthly, job classification provides information which is useful, indeed essential, in formulating realistic career plans and in taking meaningful career decisions. It provides information to the individual on career paths existing among the jobs of the organization, on the realistic qualification requirements for jobs, and more importantly on the very nature of the jobs themselves. 36/ With this information the individual is better equipped to design and develop his or her career. To the organization information is given which is useful in providing career counselling for the individual and which aids the organization itself in determining, among other things, jobs which can be used as useful training grounds in developing personnel for forecasted vacancies.

225. It is recognized that while its over-all effect is normally contributory or supportive, job classification can lead in particular instances to results which may impede career development. In cases such as these, where the dictates of job classification call for measures contradictory to those required by career

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36/ In this regard it is noted that inputs to career development from the recruitment process alone cannot be sufficient as these tend to concentrate virtually on the qualifications required for a given job without providing much insight into the nature of the work involved, that is, what precisely is done, how it is done and how the job "fits in", or relates to other jobs, within the organization.

development, it must be analysed in which way the larger objective of sound personnel management can be best achieved. The most desirable action may be to effect an upward revision in the grade(s) of the job(s) in order to promote career development. In this case the objective of equal pay for work of equal value is abandoned in favour of the objective of achieving maximum possible fulfilment of career development needs. On the other hand, it may be deemed more feasible to block career development within a particular career path in order to retain over-all grade relativities thus opting for the objectives of job classification rather than those of career development. In any case the decision should be made taking into account the subsidiary and long-range effects which may potentially be caused.

226. Any decision to modify grade relativities in order to promote career development might be guided by the following considerations:

(a) Any reclassifications made should be justified on the basis of job structure rather than on individual considerations. Hence, a job may be reclassified in order to produce an organizational structure, for example, in career paths within certain occupational groups, which is more conducive to career development for all individuals within that structure; but an individual should not be reclassified merely to promote his or her individual career if the resulting organizational structure is not justified from either a career development or job classification point of view;

(b) Reclassification without a concurrent modification in the level of duties and responsibilities should be avoided because, for the reasons pointed out in paragraph 221 above, they normally are not in the long-range developmental interests of either the individual or the organization. Furthermore, they may, in the case of upgradings, lead to similar claims from other staff members which may be justified in terms of equality of treatment, but which are not required for either career development or job classification reasons. Finally, such upgradings, will lead to grade inflation both immediately and over time for when the incumbent vacates the position, it becomes difficult to re-establish the grade at its proper level for all future incumbents;

(c) When reclassifying jobs under justified career development conditions, efforts should be made to redesign those jobs, either by increasing or decreasing responsibilities, in order that the grades of the reclassified jobs are justified by being consistent with internal grade relativities. In fact, the redesign of such jobs would also be necessary in terms of career development considerations as is explained in paragraph 221 above;

(d) Changes in grade relativities should be considered only as a last resort after efforts to develop careers within established grade structures have been tried without success. They should be viewed therefore as purely exceptional measures to be taken only in special situations.

227. One final point should be made on the interrelationship of job classification to career development. While a comprehensive personnel management system with effective job classification and career development subsystems normally would not allow the use of "personal promotions" (i.e., promoting an individual without moving him or her to a higher level of duties and

responsibilities) neither would it permit retaining an individual at a grade lower than the grade of the position, the duties and responsibilities of which he or she is satisfactorily carrying out. It does not follow from this that the reclassification of a job to a higher grade level should automatically result in the promotion of the incumbent to the higher grade since the incumbent may not be fully or satisfactorily carrying out the duties and responsibilities of the job at the higher level. However, it does imply that when the incumbent has satisfactorily carried out the duties and responsibilities at the higher level for a given period of time he or she should be promoted to the higher grade. If this is not done, the global objective of equal pay for work of equal value is placed in jeopardy and a lack of confidence in both the job classification and career development systems results.

#### 5. Performance appraisal

228. The Commission considered and approved a plan outlining a study on performance appraisal techniques, which will be considered by the Commission, in the context of its programme of work in the area of career development and recruitment at the eleventh session.

A. The common system

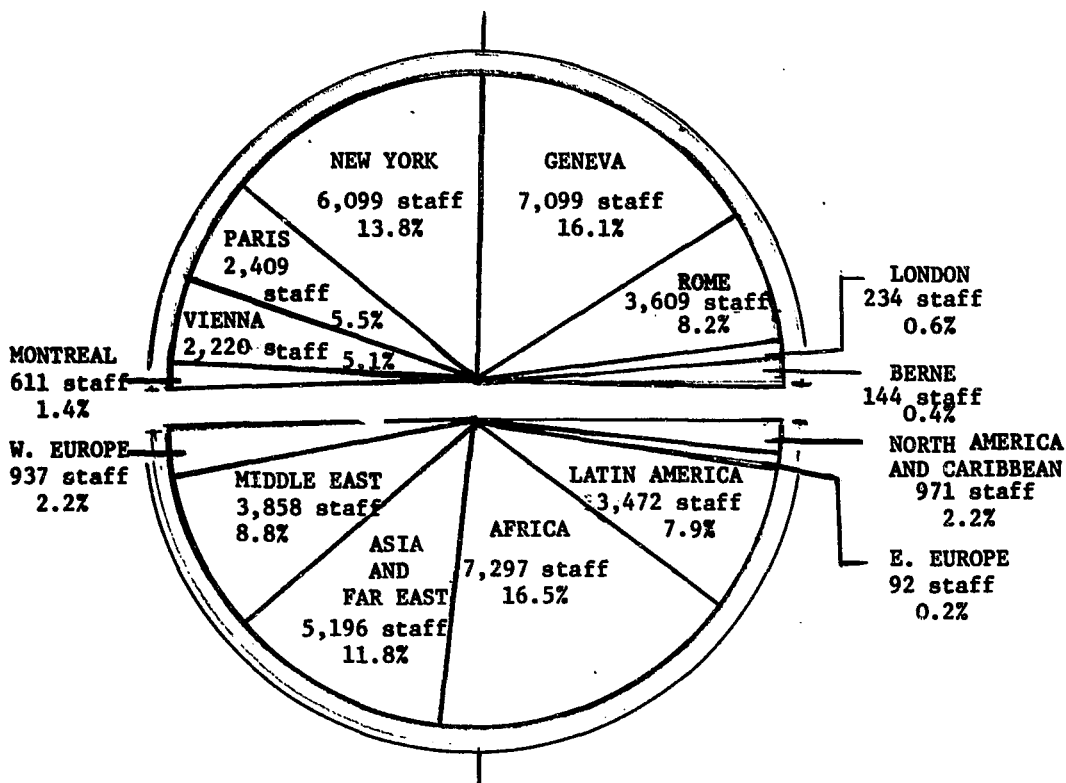
ANNEX I

Statistical information about the staff of the common system a/

1. Distribution of staff by organizational locations b/

Headquarters cities c/

22,425 staff = 50.7%



Other duty stations d/

21,823 staff = 49.3%

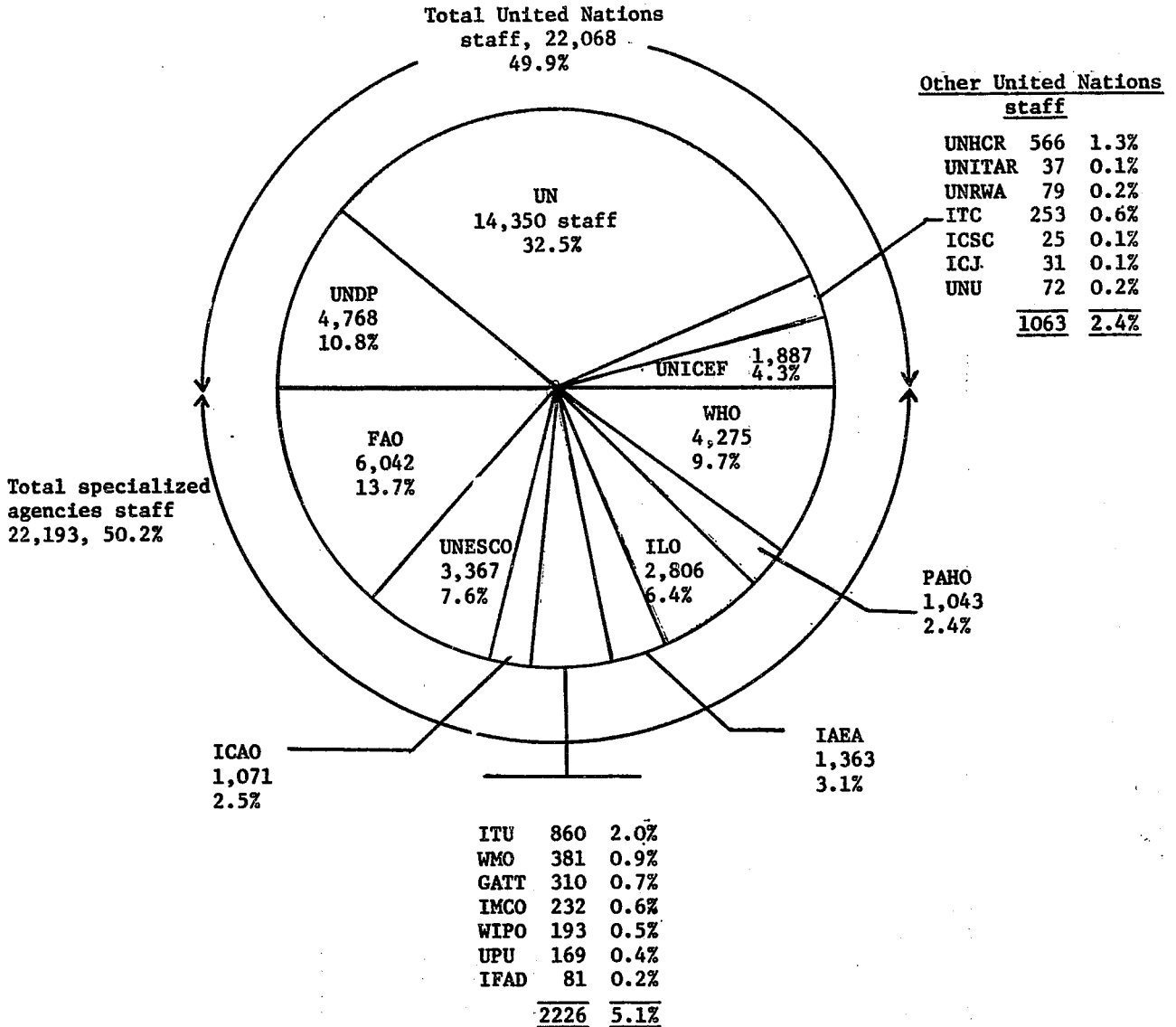
a/ Source: Personnel statistics at 31 December 1978 compiled by the Consultative Committee on Administrative Questions; corresponding statistics for 1975 were given in annex III of the Commission's second annual report (A/31/30).

b/ Professional and General Service categories combined.

c/ Includes staff stationed in headquarters cities although not at headquarters of their own organization (for example, staff of liaison offices of other organizations in New York).

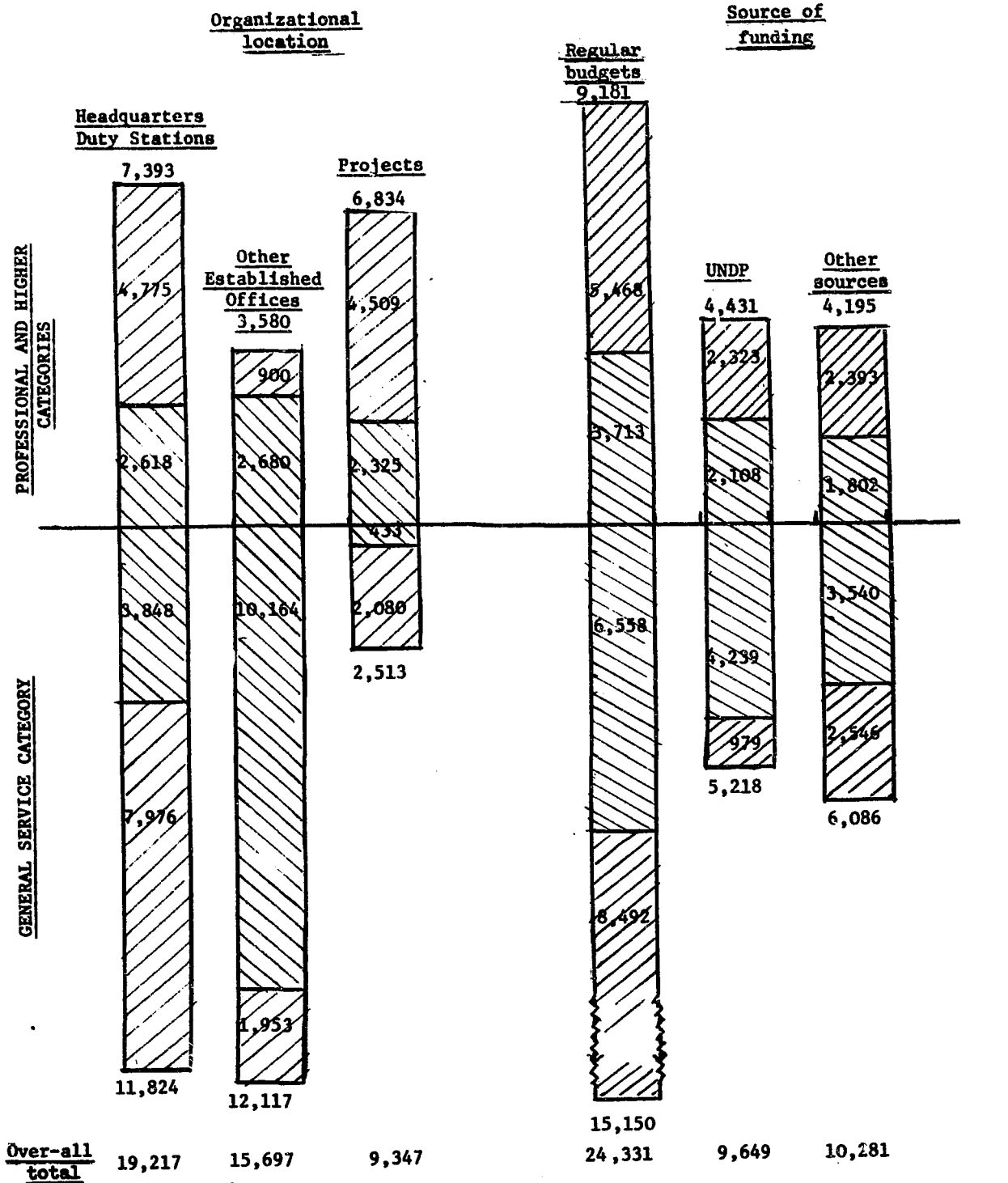
d/ Includes both staff in established offices (except in headquarters cities) and project staff.


2. Distribution of staff by organization






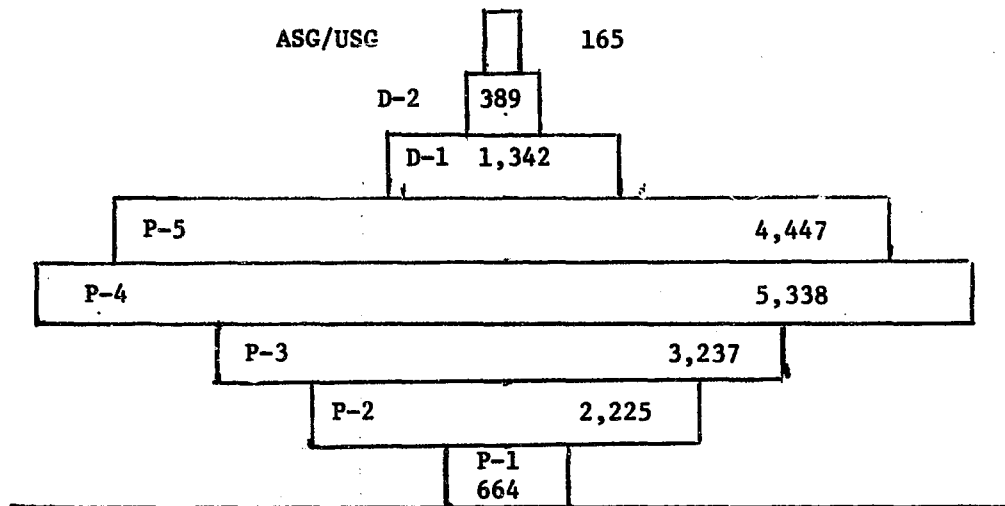
3. Distribution of staff  
by



**KEY:**  United Nations staff  
(i.e., UN, UNDP, UNICEF etc.  
as shown in diagram B)

 Specialized agencies

4. Distribution of staff of Professional and higher categories by grade e/



e/ Staff in headquarters offices, other established offices and projects, combined.

5. Staff of Professional and higher categories  
by type of appointment

(WTL = Without time-limit, i.e., permanent, career  
FT = Fixed-term)

Organization	Headquarters and other established offices			Project staff			All staff		
	Number of staff		% WTL	Number of staff		% WTL	Number of staff		% WTL
	WTL	FT		WTL	FT		WTL	FT	
UN	2,400	1,371	63.7	6	1,841	0.4	2,406	3,212	42.8
UNDP	449	267	62.7	0	265	-	449	532	45.8
UNHCR	86	135	39.0	0	2	-	86	137	38.6
UNICEF	226	153	59.7	2	130	1.6	228	283	44.6
UNITAR	2	9	18.2	0	1	-	2	10	16.7
UNRWA	44	27	62.0	0	0	-	44	27	62.0
ITC	32	43	42.7	2	76	2.7	34	119	22.2
ICSC	5	5	50.0	0	0	-	5	5	50.0
ICJ	14	1	93.3	0	0	-	14	1	93.3
UNU	5	24	17.3	0	0	-	5	24	17.3
Sub-total, UN	3,263	2,035	61.6	10	2,315	0.4	3,273	4,350	42.9
ILO	473	302	61.0	1	661	0.2	474	963	33.0
FAO	1,036	387	72.8	108	1,524	7.0	1,144	1,911	37.5
UNESCO	259	803	24.4	3	409	0.7	263	1,212	17.8
WHO	242	724	25.0	102	1,063	9.6	344	1,787	16.2
ICAO	155	120	56.4	0	267	-	155	387	28.6
UPU	56	11	83.6	0	25	-	56	36	60.9
ITU	154	51	75.1	0	260	-	154	311	33.1
WMO	46	76	37.7	0	67	-	46	122	27.4
IMCO	34	45	43.0	0	18	-	34	63	35.0
WIPO	44	22	66.7	0	1	-	44	23	65.7
IFAD	0	36	0	0	0	-	0	36	-
IAEA	60	410	12.8	0	0	-	60	410	12.8
GATT	83	46	64.4	0	0	-	83	46	64.4
Sub-total, specialized agencies	2,642	3,033	46.6	214	4,295	4.7	2,856	7,328	28.0
TOTAL	5,905	5,068	53.8	224	6,610	3.3	6,129	11,678	34.4

B. Pensionable remuneration and pension entitlements as elements of total remuneration

ANNEX II

Extracts from report a/ on the work of the ninth session of the International Civil Service Commission (New York, 20 February-16 March 1979): views presented to the Commission

Report of Working Group of the United Nations Joint Staff Pension Board

47. The Co-Chairman of the Working Group established by UNJSPB, Mr. M. Majoli, introduced the report of the Working Group (ICSC/R.150). While accepting that the WAPA mechanism would have to be replaced for making adjustments in pensionable remuneration, the Working Group cautioned that, in determining what constitutes an appropriate level of pensionable remuneration (whether it is to be a universal amount or to vary according to duty station and/or place of retirement), any attempt to overhaul fundamentally the system by basing it on principles to be drawn from the salary system of one of the categories of staff might lead to anomalies and inequities, perhaps more serious than those now existing, with respect to the other category of staff. It suggested therefore that, rather than trying to achieve a greater measure of equity in the pensions of the Professional category by introducing the concept of equalizing the purchasing power of pensions at all places of retirement, the current levels of pensions being paid at different locations be analysed with a view to determining their adequacy. Where the pension was deemed to be inadequate, a measure of protection might be introduced, in the form of a "floor" to ensure that the pension would not fall below a predetermined relationship with the net remuneration being received by staff members of corresponding grade serving in that location.

48. The Working Group believed that it would be premature to examine the costs of different proposals at this stage; speaking as one of the members of the UNJSPB appointed by the General Assembly, however, Mr. Majoli emphasized the proviso reaffirmed by the Assembly in its resolution 33/120, that "no change in the pension adjustment system should entail an increase in the present or future liabilities of Member States".

Views of members of the Federation of International Civil Service Associations

49. The President of FICSA, in introducing the document (ICSC/R.151) submitted by the Federation, indicated that FICSA was unanimous in considering that the pension question was of utmost importance to its members and that a solution must without fail be submitted to the next session of the General Assembly. FICSA had not yet reached a unanimous position on what that solution should be. Various views

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a/ ICSC/R.168.

including tentative proposals and reservations had been expressed and were reproduced in FICSA's document. FICSA would finalize its position after the preliminary conclusions reached by the Commission at its current session were known.

50. FICSA was unanimous on the following points:

(a) In so far as possible, the system of pensions devised should apply equally to staff in the Professional category and above and to General Service staff;

(b) Retirees should be guaranteed a pension which should bear a defined relationship with the level of income enjoyed at the end of service;

(c) The main features of the pension scheme should be defined in terms of an international standard and not exclusively in accordance with the characteristics of the comparator civil service under the Noblemaire principle. In other words, regarding the Professional category and above, the Noblemaire principle should be applied separately to salaries and pensions;

(d) Retirees should be free to choose their country of residence;

(e) Acquired rights should be fully protected;

(f) A solution would have to be found to the problem of inequities resulting from varying national practices in the taxation of United Nations pension benefits.

51. Finally, the members of FICSA expressed concern lest the unsatisfactory situation existing in certain areas should spread in the wake of inflation and currency instability, and advocated long-term solutions.

#### Note by the International Telecommunication Union

52. The representative of ITU, in introducing the note (ICSC/9/CRP.3) submitted by his organization, recalled that the method of determining pensionable remuneration had originally aimed to ensure equitable treatment of all staff members in that both contributions and benefits were based on an amount - essentially, gross salary - which had an approximately equal value everywhere. The influence of post adjustment on effective remuneration was at that time negligible. As in a national system, all staff, serving or retired, were treated in more or less the same way. The examples given in the documents showed to what extent that was no longer true. The staff member's contribution, which still represented 7 per cent of his pensionable remuneration, could now represent anything between 5 per cent and 14 per cent of his effective remuneration; and the benefits received after 30 years' service, notionally 60 per cent of pensionable remuneration, varied from 39 per cent to 107 per cent of remuneration. Various partial correctives had been introduced into the pension system over the years, but the time had come to attack the heart of the problem.

53. For serving staff the corresponding problem had been met reasonably satisfactorily through the post adjustment system. Could a system be devised which would ensure for pensioners the same degree of equality of purchasing power as was provided for serving staff? ITU had endeavoured to do so, by applying to the pension system the tested elements of the remuneration system. At the base of the system, in New York, pensionable remuneration would be fixed at the level which would provide a net pension, after 30 years' service, equivalent to 60 per cent of

the net remuneration received by a staff member of the same grade in New York. The New York level of pensionable remuneration would be expressed as gross base salary plus a proportion of the post adjustment applicable in New York. The same proportion would then be applied to obtain the amount of pensionable remuneration for all other duty stations. Contributions based on that level of pensionable remuneration would represent a uniform percentage of the effective remuneration of staff everywhere. The initial level of pension benefits would similarly be based on the pensionable remuneration applicable in the country of retirement, so ensuring an equal value in proportion to the remuneration of staff serving in that country, which remuneration is itself equalized world-wide by the post-adjustment system. The system of adjustment of pensions in payment approved by the General Assembly in 1978 would continue to apply.

54. Further equalization could be attained by taking into account differences between the levels of national income taxes on pensions and the uniform staff assessment rates by which pensionable remuneration had been arrived at. Complete equality was politically unrealizable but it should be possible to make some allowance for those different rates. Finally, the general principles proposed for the Professional category could be applied to determine the pensionable remuneration for the General Service category in each duty station, with the possibility of adjusting benefits to the level of the place of retirement for non-local General Service staff.

#### Study by the International Labour Office

55. The representative of the ILO introduced a study (ICSC.9/CRP.4) which the Director-General of the Office had instructed its Social Security Department to prepare, believing that the views and suggestions of experts in pension and social security matters might usefully complement the documentation available to the Commission. Looking at the United Nations pension scheme in the broader perspective of national and international schemes, the study concluded that its primary objective was income maintenance; the degree of income to be maintained should take into account the level of pre-retirement income so that living standards might, to some extent, be proportionately maintained. The retirement benefit (but not necessarily other benefits) was a reward for service and so increased with length of service. The Fund's benefits should not be seen as deferred wages or compulsory savings or as related to individual risks; and they were not designed to guarantee automatically equality of purchasing power at all places of retirement.

56. The General Assembly having established a reasonably satisfactory system for adjusting pensions on payment, based on selectivity according to the pensioner's country of residence, attention should be focused on how to award fair initial pensions in times of inflation and currency depreciation. Equality of purchasing power was a misleading concept; differences in the cost of health care and other social services and in the level of national income taxes in any case rendered it unrealizable. A single world-wide figure of pensionable remuneration had proved to be unrealistic and the method of adjusting it by WAPA unduly costly. A uniform rate of contributions should continue to apply to all participants but the level of pensionable remuneration must vary between duty stations. On the benefit side pensionable remuneration should normally be such as to meet the participants' expectations of income maintenance, account being taken of the conditions prevailing in the country where the pensioner chose to live; as protection against the effects of currency fluctuations, inflation and related factors, there should be a "safety net" provision.

57. The broad lines of the proposals made by the ILO study for revising pensionable remuneration were as follows:

(a) For contribution purposes, pensionable remuneration should be the gross equivalent of base salary plus that part of remuneration which at each duty station was due to cost-of-living differentials; that part should be adjusted by the movement of the national CPI from a base year and the existing level of pensionable remuneration; thus both base salary and the continuing cost-of-living supplement would be pensionable. It should be assumed that the General Assembly would adjust base salary whenever necessary so as not to perpetuate a situation in which base salary lagged far behind total remuneration. When the local currency had depreciated against the dollar, the CPI would be deflated by the extent of the depreciation;

(b) For benefit purposes, the proposed level of pensionable remuneration should normally yield adequate pensions under the existing Pension Fund regulations. However, where, for example, there was a sizable post adjustment element which was not pensionable, the "safety net" would consist of substituting for the normally calculated Final Average Remuneration (FAR) of the retiree, the FAR of an official of same grade and step in the country of the retiree's residence.

Statement by the representative of the General Agreement on Tariffs and Trade

58. The representative of the Director-General of GATT informed the Commission of a decision taken by the Council on 22 December 1978. The Council, having regard to the anomalous consequences of the decline of the dollar for the pensionable remuneration and pension entitlements of Professional staff of the GATT had unanimously decided that savings resulting from the lower cost in Swiss francs of contributions paid in dollars to the Pension Fund in 1978 and 1979 would be frozen. Those savings would, in principle, revert to GATT's budget in 1980 but the situation would be reviewed if the General Assembly did not adopt remedial measures at its thirty-fourth session. In taking that decision, the Council had reaffirmed GATT's wish to continue to support the common system and had urged all Contracting Parties to use their best efforts to ensure that due action was taken in time by the competent bodies.

...

Statement by the representative of the Committee on Contributions and Administrative Questions

61. At the outset of the Commission's consideration of the outline proposed by its working group, the Chairman of CCAQ stated that the organizations welcomed the broad scope of the study suggested in the outline. They shared the underlying assumption that, if it was to lead to the desired results, it must provide answers to questions of both principle and method, redefine policy objectives and their practical application, and be capable of satisfying all concerned that the proposals ultimately made, after a wide-ranging and thorough examination, were best designed to meet the interests of Member States, administrations and staff. The organizations would thus give their views on the questions posed, which all merited reflection and study notwithstanding the seemingly academic character of some of them. They would amplify their views on the last two questions at a later stage by putting forward specific proposals.

...

Statement by the observer of the Federation of Associations of Former International Civil Servants

70. The representative of FAFICS, invited by the Commission under rule 38 of its rules of procedure, stated that his Federation had no position regarding pensionable remuneration, which concerned staff members in service. Its members were, however, very much concerned with pensions. They hoped that the Commission would not overlook the fact that, while the problem of adjustment of the initial level of pensions from place to place had been partly resolved by the measures adopted by the General Assembly, there remained a serious problem of equality of pensions from time to time; any solution recommended by the Commission should take account of that aspect.



## ANNEX III

### Pension system of the United States Civil Service

#### A. Description of United States Civil Service Retirement System

1. The United States Civil Service Retirement System is one of 38 separate pension systems which exist for employees for the United States Federal Government (others cover e.g., military, Foreign Service, judges, Central Intelligence Agency, etc.). It is the largest of these, covering some 2.7 million employees; benefits paid out in Fiscal Year 1977 to 1.5 million retirees and survivors amounted to 49.3 billion. a/ It was established in 1920 and "was born out of a pressing management need to remove from employment permanently tenured personnel who could no longer perform efficiently because of age or infirmities".
2. Participation is compulsory. The employee's contribution is 7 per cent of pensionable remuneration (= gross base pay). The employer matches the employee's contribution. The combined contribution of 14 per cent is said to cover the system's "static normal cost" (i.e., the value of accrued benefit rights not taking into account future general pay increases or future annuity cost-of-living adjustment; the former have increased by 77 per cent, the latter by 100 per cent since 1979): but it covers only about half the true "dynamic" cost (i.e., taking these future increases into account) which is estimated to be 27.4 per cent of pay. The system is thus not fully funded, the annual shortfall (1976) being of the order of \$5.4 billion; the unfunded liability i.e., to meet the current cost of benefits, is made up from the Treasury.

#### Retirement benefits

3. There is no mandatory retirement age. Retirement benefit may be taken at full rate (without actuarial reduction) at:

- Age 62 with 5 years' service
- Age 60 with 20 years' service
- Age 55 with 30 years' service.

Benefit is average of annual salary earned during the three consecutive highest-paid years ("high-3") multiplied by

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a/ Information about the United States Civil Service pension scheme in this section is drawn from a report by the Controller General of the United States, "Need for over-all policy and co-ordinated management of Federal retirement systems" (ref. FPCD-78-49, United States General Accounting Office), from which source all quotations are also drawn.

1.5 per cent times the first 5 years' service

1.75 per cent times the next 5 years' service

2 per cent times all years of service over 10 up to a maximum of 80 per cent of high-3 average salary.

4. Unused sick leave entitlements may be accumulated throughout the employee's service without limit and added on to actual service to count as creditable service for pension. The 80 per cent maximum does not take into account credit for unused sick leave, i.e., an employee having 41.875 years' service (= 80 per cent) plus 12 months unused sick leave would receive a pension of 82 per cent of "high-3" average salary.

5. Early retirement is possible from age 50 with 20 years' service or at any age with 25 years' service in case of involuntary separation. Benefits are reduced by 6 per cent for each year the employee is under age 55. The same provision applies under the Civil Service Reform Act of 1978 to employees removed from the Senior Executive Service for less than satisfactory performance. Otherwise the employee may opt for deferred benefit at age 62 or for refund of his own contributions with interest.

6. The Foreign Service Retirement System differs in that optional retirement is possible with unreduced benefit at age 50 with 20 years' service and that the rate of accumulation is a uniform 2 per cent for each year of service; maximum is 70 per cent of high-3 salary plus any credit for unused sick leave.

#### Disability benefit

7. "Employees who have completed 5 years of creditable service ... are eligible for a retirement annuity at any age if they cannot because of disease or injury perform usefully and efficiently in the grade or class of position last occupied. An employee unable to do one essential function of his job is considered to be fully disabled; the system does not provide for partial disability."

8. The guaranteed minimum annuity is equal to the lesser of (a) 40 per cent of high-3 average salary or (b) the annuity which would have been due at age 60 but with actual high-3 average salary. If the annuity the employee would have been entitled to under the normal formula at time of separation is higher, he receives that. Retirees determined to be permanently disabled do not have to undergo periodic medical examinations; those considered temporarily disabled do so up to age 60. Disability annuity ceases if earnings for two consecutive years exceed 80 per cent of current rate of pay for job previously occupied.

9. In a typical year (1976), 39 per cent of all those who began to draw civil service pensions did so on grounds of disability (for further reference on this point, see foot-note 1 on page 186 of the GAO report). The corresponding proportion of other workers claiming disability benefits under Social Security (where the definition of disability is different) was 16 per cent.

## Survivors' benefits

10. Survivors of employees who die in service are eligible for benefits only after the employee has completed 18 months' service. The spouse's benefit is 55 per cent of the deceased employee's earned annuity, subject to a guaranteed minimum as for disability benefit. Children's benefit: if there is a surviving spouse each child receives the smallest of 60 per cent of high-3 average salary divided by the number of children or \$5,443 divided by number of children or \$1,814; if no surviving spouse, 75 per cent, \$6,532 or \$2,177 as above.

11. Survivors of former employees who die after leaving the service (deceased annuitants): the spouse receives a benefit only if the employee has opted at retirement for a reduced annuity (the reduction being 2.5 per cent of the amount up to \$3,600 and 10 per cent of the amount above \$3,600 which the annuitant specified as the basis for the survivor benefit); in that case the spouse's benefit is 55 per cent of the base specified by the annuitant. Children's benefits are the same as for children of an employee who dies in service.

12. The following example of the effect of opting or not opting for a spouse's benefit is based on the report of Hewitt Associates (ICSC/R.102, p. 45):

Employee 60 years of age, 30 years' service, high-3 average salary \$39,600

Annuity if no spouse benefit opted for: \$22,275 (=50.5 per cent of final gross remuneration, 58.4 of final net remuneration)

Reduction of annuity if spouse benefited opted for \$22,275 - (3,600 x 2.5%) - (18,675 x 10%) = 20,318 (=8.8 per cent reduction) (Resulting annuity = 46.1 per cent of final gross remuneration, 54 per cent of final net)

Spouse annuity would be 55 per cent of \$22,275 = \$12,251.

## Adjustment of benefits

13. All benefits in payment are adjusted twice annually on the basis of the movement of the United States Consumer Price Index.

## Social security

14. The Civil Service Retirement System is entirely independent from the Federal Social Security System; unlike many other employer-sponsored retirement programmes, it is not conceived as a supplement to basic social security coverage. Civil servants are not eligible for social security coverage.

15. However, many Federal civilian workers become entitled to social security benefits through "secondary employment". The Civil Service Commission reported that, in 1972, 58.3 per cent of Federal retirees, age 65 and over, were receiving social security benefits in addition to their civil service annuity. Those benefits, although usually low, represent a very high return on the worker's contributions paid over only a few years. "The cost of such 'windfall' benefits must be borne by all covered workers and their employers."

16. Since Federal civil servants are not entitled to social security, their health insurance after retirement is covered by the same insurance programme to which they belong during service, i.e., for 85 per cent of them, the Federal Employees Health Benefits (FEHB) programme. This allows for continued participation during retirement with the same benefits and at the same cost as an active participant, in case of disability or superannuation after 5 years' service and subject to five years enrolment in FEHB. The Government contributes on average 60 per cent (max. 75 per cent) of the premium cost.

B. Summary comparison of United States Civil Service Retirement System and the United Nations Joint Staff Pension Fund

17. The principal features of the two systems can be compared as follows:

	<u>United States</u>	<u>United Nations</u>
Employee's contribution	7% of gross base pay = approx. 9% of net remuneration.	7% of pensionable remuneration = between 5 and 14% of net remun.
Retirement benefits (full)	age 62 with 5 years' serv. age 60 with 20 years' serv. age 55 with 30 years' serv.	age 60 with 5 years' serv.
Earlier retirement	age 50 with 20 years' serv. or any age with 25 years' service, in case of involuntary separation: actuarial reduction 6% per year below 55.	age 55: actuarial reduction, below 60 2% per year with 25 years' service, 6% per year otherwise.
Base of benefit	average of highest three consecutive years gross base pay ("high-3").	average of best 36 months out of last 60 months pensionable remuneration.
Rate of accumulation (see Appendix I)	1.5 per cent for first 5 years 1.75 per cent for next 5 years 2 per cent thereafter.	2 per cent per year.

18. Some of the advantages and disadvantages of the two systems are:

(a) United Nations retirement benefits are proportionately better up to 32 years' service (because average entry age is high and mandatory retirement age low), United States benefits are better from 32 years' service;

(b) the United States system allows greater flexibility: retirement without actuarial reduction from age 55 with 30 years' service versus United Nations age 60 without reduction or age 55 with 10 per cent reduction (if 25 years' service); and continued service without limit of age and up to maximum accumulation of

80 per cent (plus extra for unused sick leave) versus United Nations obligatory retirement at age 60 and maximum accumulation 62 per cent;

(c) the United Nations benefit for a surviving spouse is better than the United States' because it is obtained without reduction of prime benefit (United States reduction to obtain spouse benefit is about 8 per cent of prime benefit);

(d) the United States disability benefit is much more liberal (full disability benefit if unable to perform one essential function of job in grade or class previously occupied; versus United Nations "incapacitated for further service ... reasonably compatible with his abilities"); according to Hewitt, 25 per cent of civil service pensioners draw disability benefits, according to GAO, 39 per cent of all new pensioners in 1976 received disability benefit; versus about 5 per cent in the Pension Fund.

#### APPENDIX 1

##### Comparison of rates of accumulation under United States Civil Service pension scheme and the United Nations Joint System Pension Fund

<u>Years of contributory Service</u>	<u>Aggregate accumulation</u>	
	<u>United States Civil Service a/</u>	<u>United Nations Joint System Pension Fund b/</u>
5	7.5	10
10	16.25	20
15	26.25	30
20	36.25	40
25	46.25	50
30	56.25	60
32	60.25	62 (max)
33 (break even point)	62.25	62
35	66.25	62
40	76.25	62
42	80 (max) c/	62

a/ 1.5 per cent for first 5 years, 1.75 per cent for next 5 years, 2 per cent above 10 years.

b/ 2 per cent per year.

c/ Except that credit for unused sick leave accumulated throughout career is given above normal maximum of 80 per cent.

APPENDIX 2

United States Civil Service pension scheme

income replacement rates

at matching grades

US grades	Gross pension after ... years of contributory service			Net remun. a/	Weights used for US/UN grades	Weighted gross pension after ... years of contributory service			Weighted net remun.	Income replacement rates of pension after ... years of contributory service			Corresponding UN grades
	25	30	35			25	30	35		25	30	35	
GS 9/1	\$ 7363	\$ 8955	\$ 10547	\$ 13477	100	\$ 7363	\$ 8955	\$ 10547	\$ 13477	% 54.63	% 66.45	% 78.26	P-1/1
GS 11/1 GS 12/1	8909 10678	10835 12986	12762 15295	15954 18659	62 38	9581	11652	13725	16982	56.41	68.61	80.82	P-2/1
GS 12/1 GS 13/1	10678 12697	12986 15442	15295 18188	18659 21660	45 55	11788	14337	16886	20310	58.04	70.59	83.14	P-3/1
GS 13/1 GS 14/1	12697 15004	15442 18249	18188 21493	21660 24938	33 67	14242	17323	20402	23856	62.24	72.62	85.52	P-4/1
GS 15/1	17649	21465	25281	28534	100	17649	21465	25281	28534	61.85	75.22	88.60	P-5/1
GS 16/1	20700	21575	29651	32485	100	20700	21575	29651	32485	63.72	77.49	91.28	D-1/1

a/ Salary scales effective 1 October 1978.

United States Civil Service pension scheme  
income replacement rates by income levels

(1) Gross Income	(2) Corresponding Net incomes <sup>a/</sup>	(3) Pension after 30 yrs. <sup>b/</sup>	(4) Income replacement <sup>c/</sup>	(5) Scale of coefficients	
				(i) Net income	(ii) Coefficients <sup>d/</sup>
15,000	12,765	8,438	66.10	13,000	66.25
20,000	16,421	11,250	68.51	15,000	67.58
25,000	19,961	14,063	70.45	20,000	70.47
30,000	23,344	16,875	72.29	25,000	73.21
35,000	26,575	19,688	74.08	30,000	76.05
40,000	29,663	22,500	75.85	35,000	79.20
45,000	32,624	25,313	77.59	40,000	82.46
50,000	35,390	28,125	79.47	45,000	85.49
55,000	38,090	30,938	81.22		
60,000	40,701	33,750	82.92		
65,000	43,307	36,563	84.43		
70,000	45,792	39,375	85.99		

<sup>a/</sup> by application of United States income tax (federal plus average of taxes for Washington, D.C., Maryland and Virginia).

<sup>b/</sup> corresponding to column (1) x 56.25 per cent.

<sup>c/</sup> corresponding to (3)/(2).

<sup>d/</sup> derived from columns (2) and (4) by linear interpolation.

Net income

APPENDIX 4

United States Civil Service pension scheme

Income replacement rates of pension after  
30 years' contributory service

By income levels

US \$

40000

35000

30000

25000

20000

15000

10000

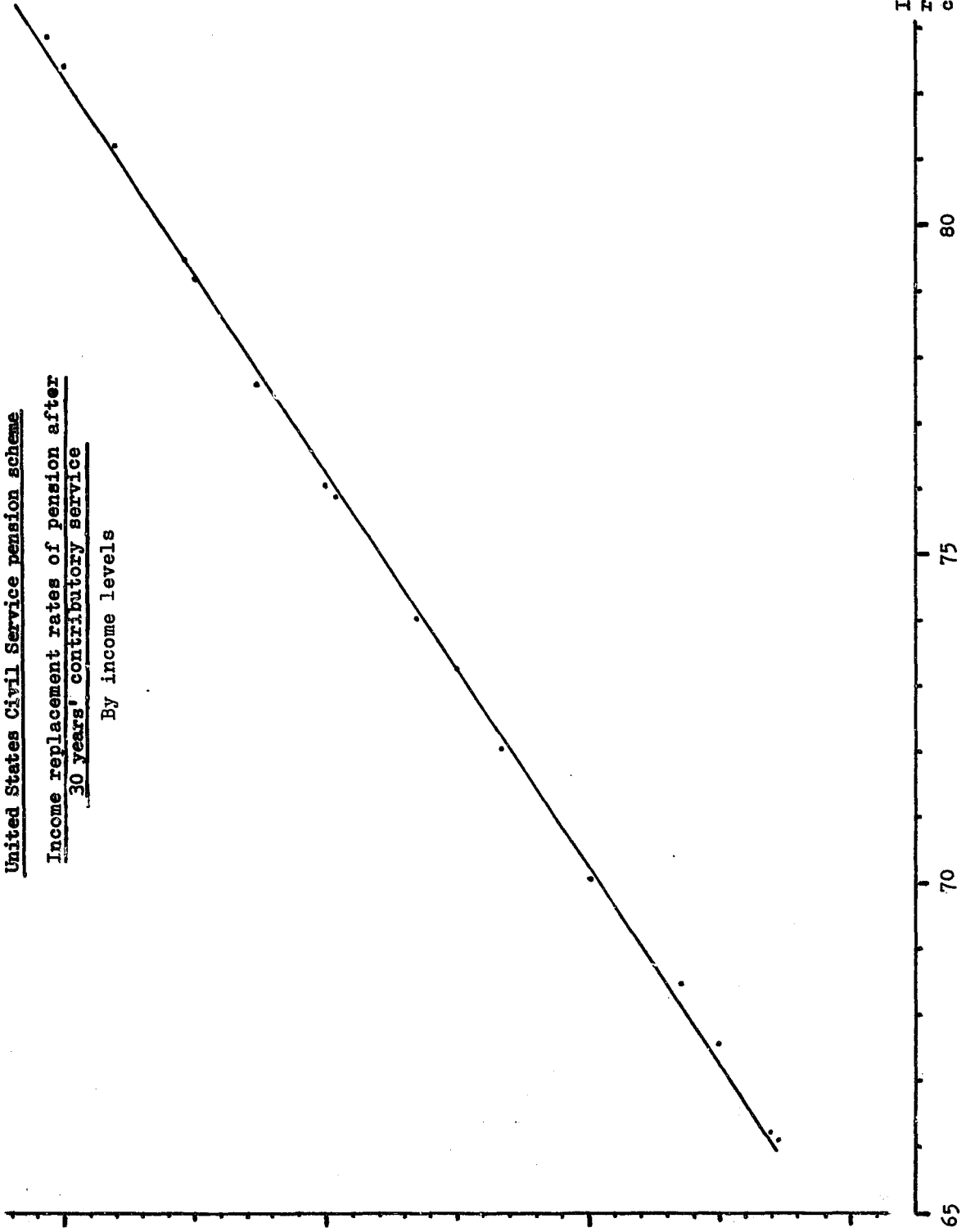
Income  
repla-  
cement

80

75

70

65





ANNEX IV

UNITED NATIONS JOINT STAFF PENSION FUND:  
THE EXISTING SYSTEM

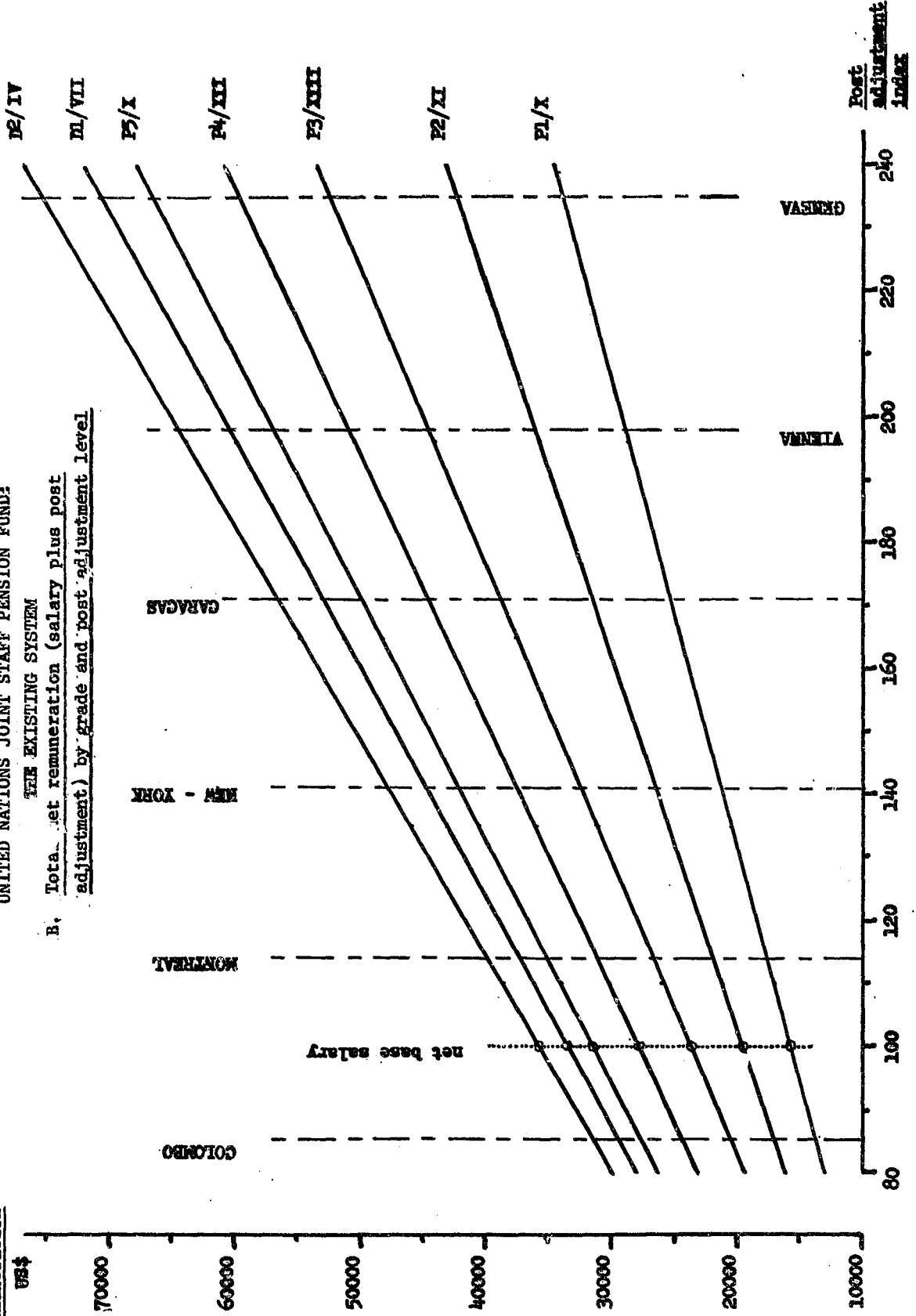
A. Levels of pensionable remuneration by grade and post adjustment level

US \$	P2/IV	P3/VII	P4/X	P5/XII	P6/XIII	P7/XI	P8/X	Post Adjustment Index
70000								
60000								
50000								
40000								
30000								
20000								
10000								
								COLOMBO
								MONTREAL
								NEW - YORK
								CARACAS
								VIENTIANA
								GENEVA

Total net remuneration  
US\$

ANNEX IV  
UNITED NATIONS JOINT STAFF PENSION FUND:  
THE EXISTING SYSTEM

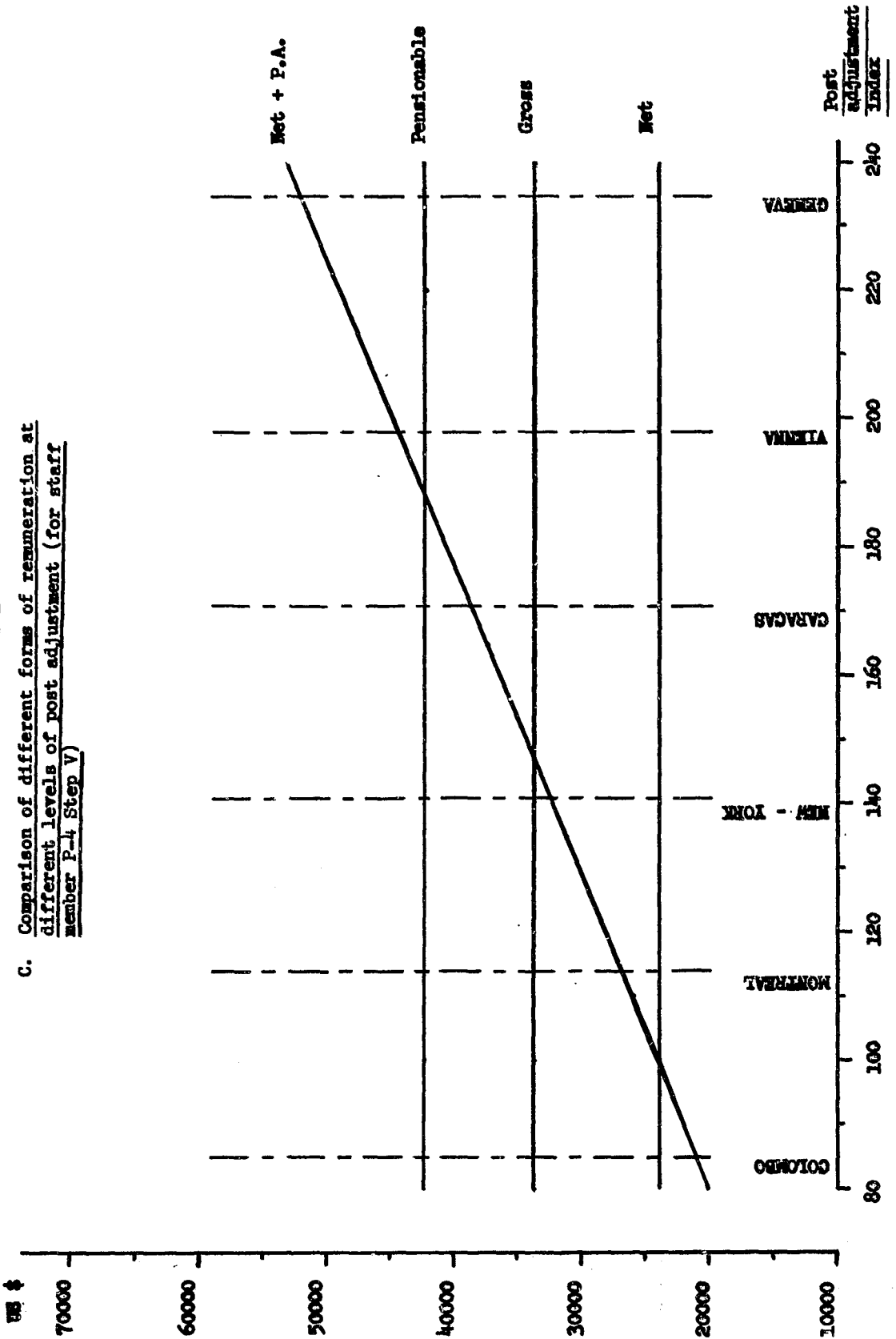
B. Total net remuneration (salary plus post adjustment) by grade and post adjustment level



ANNEX IV

UNITED NATIONS JOINT STAFF PENSION FUND:  
THE EXISTING SYSTEM

C. Comparison of different forms of remuneration at different levels of post adjustment (for staff member P-4 Step V)

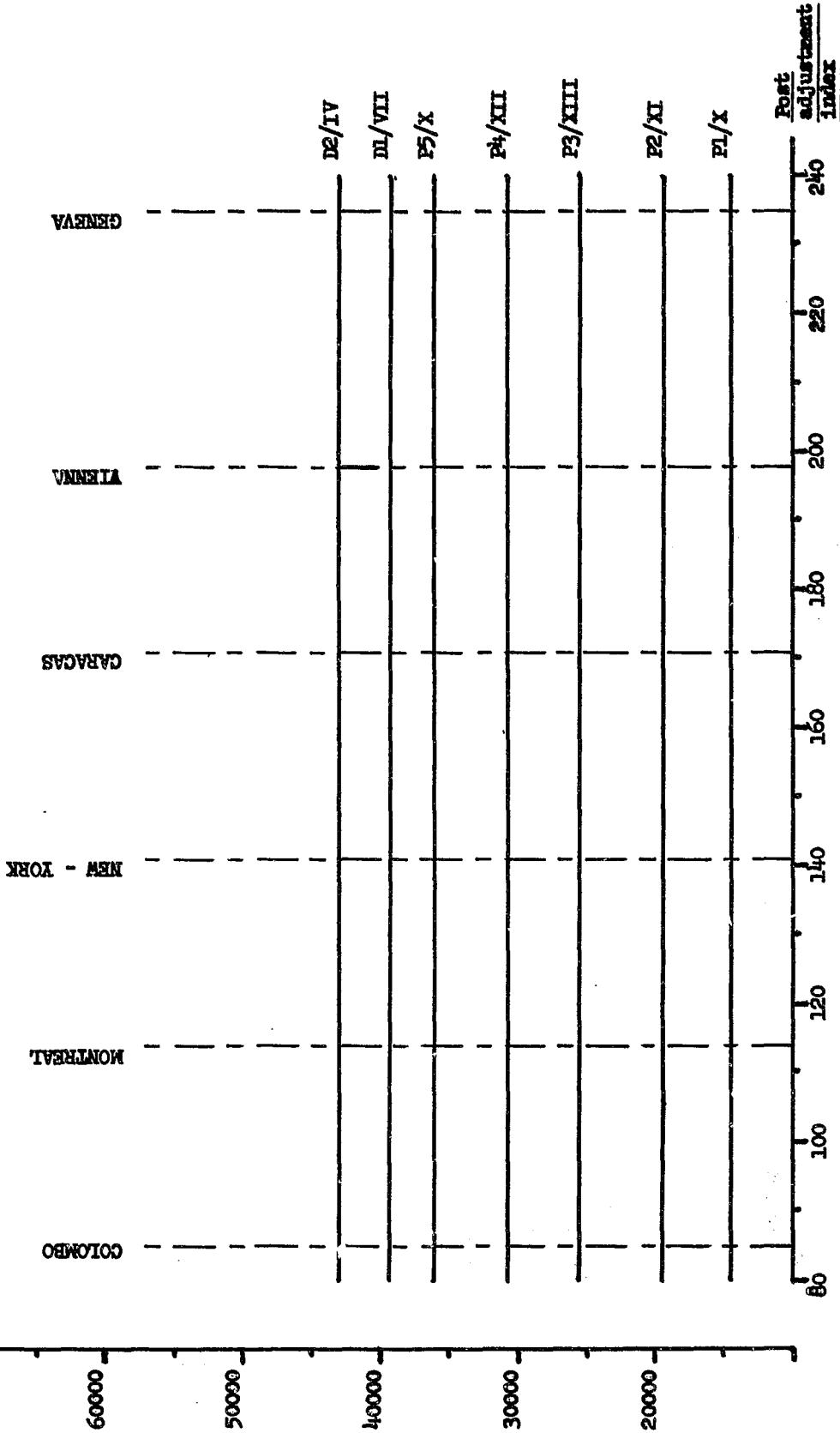


Basic pension

US\$

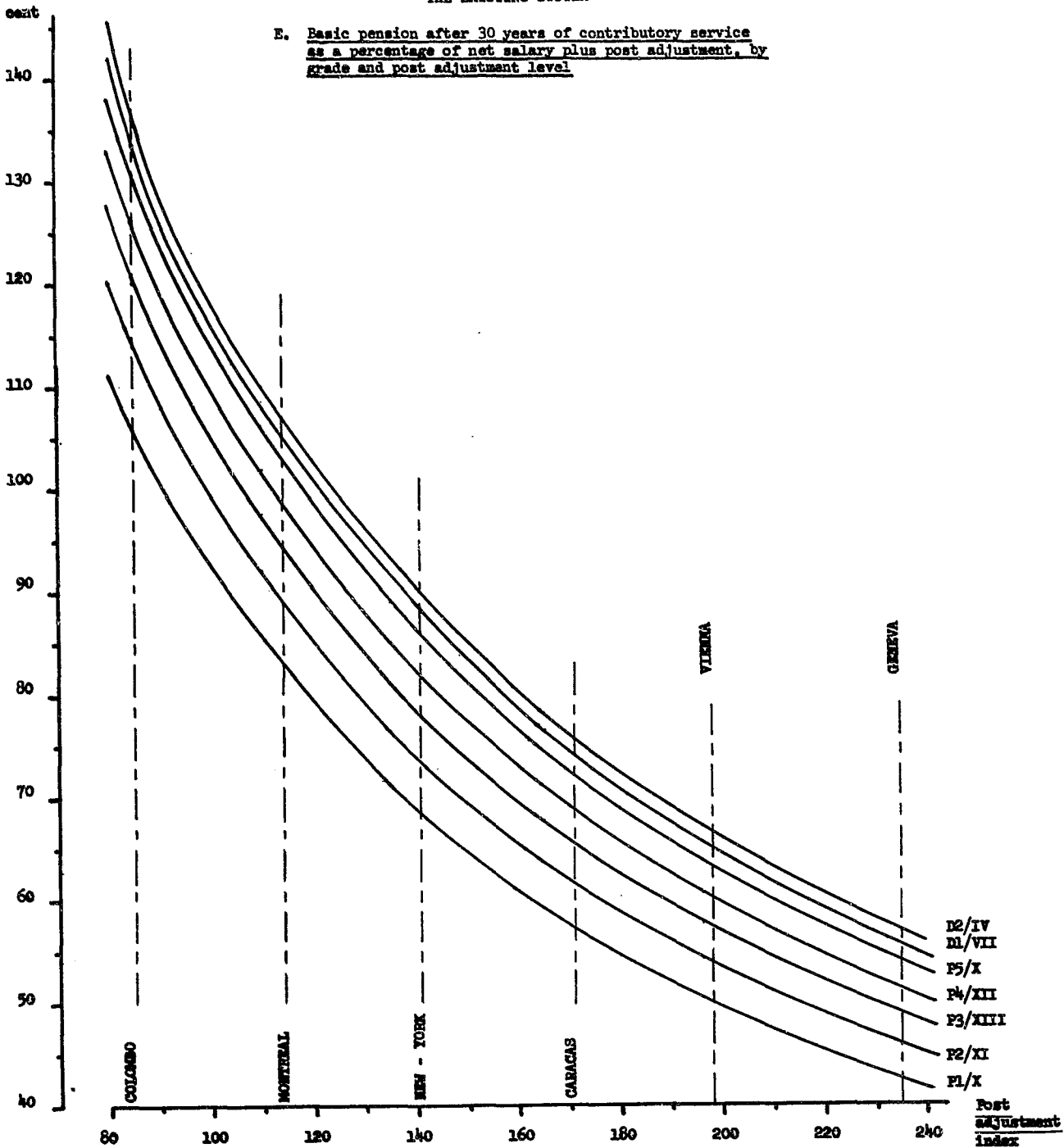
ANNEX IV  
UNITED NATIONS JOINT STAFF PENSION FUND:  
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D. Basic pension after 30 years of contributory service  
(in United States dollars) by grade and post adjustment  
level



ANNEX IV  
UNITED NATIONS JOINT STAFF PENSION FUND:  
THE EXISTING SYSTEM

E. Basic pension after 30 years of contributory service as a percentage of net salary plus post adjustment, by grade and post adjustment level



## ANNEX IV

United Nations Joint Staff Pension Fund:  
the existing system

F. Relationship of staff member's contribution  
to total net remuneration

Under the present system, the staff member's contribution to the Pension Fund is 7 per cent of the uniform world-wide amount of pensionable remuneration. For example, at P-4 step V the uniform figure of pensionable remuneration is \$42,325 and the staff member's contribution, 7 per cent of this, is \$2,963. This table shows the relationship of this standard contribution of \$2,963 to net remuneration at different post adjustment levels.

<u>Post Adjustment</u> <u>Index</u>	<u>Net remuneration</u> <u>\$</u>	<u>Contribution as a</u> <u>percentage of net</u> <u>remuneration</u>
85	21,087	14.05
114	26,056	11.37
141	31,286	9.47
171	38,817	7.63
188	44,047	6.73
235	52,206	5.67

ANNEX IV

UNITED NATIONS JOINT STAFF PENSION FUND: THE EXISTING SYSTEM  
 G. Effect of the current pension adjustment provisions on pension  
 of a staff member 1-4 SEP 74 WITH 30 YEARS SERVICE

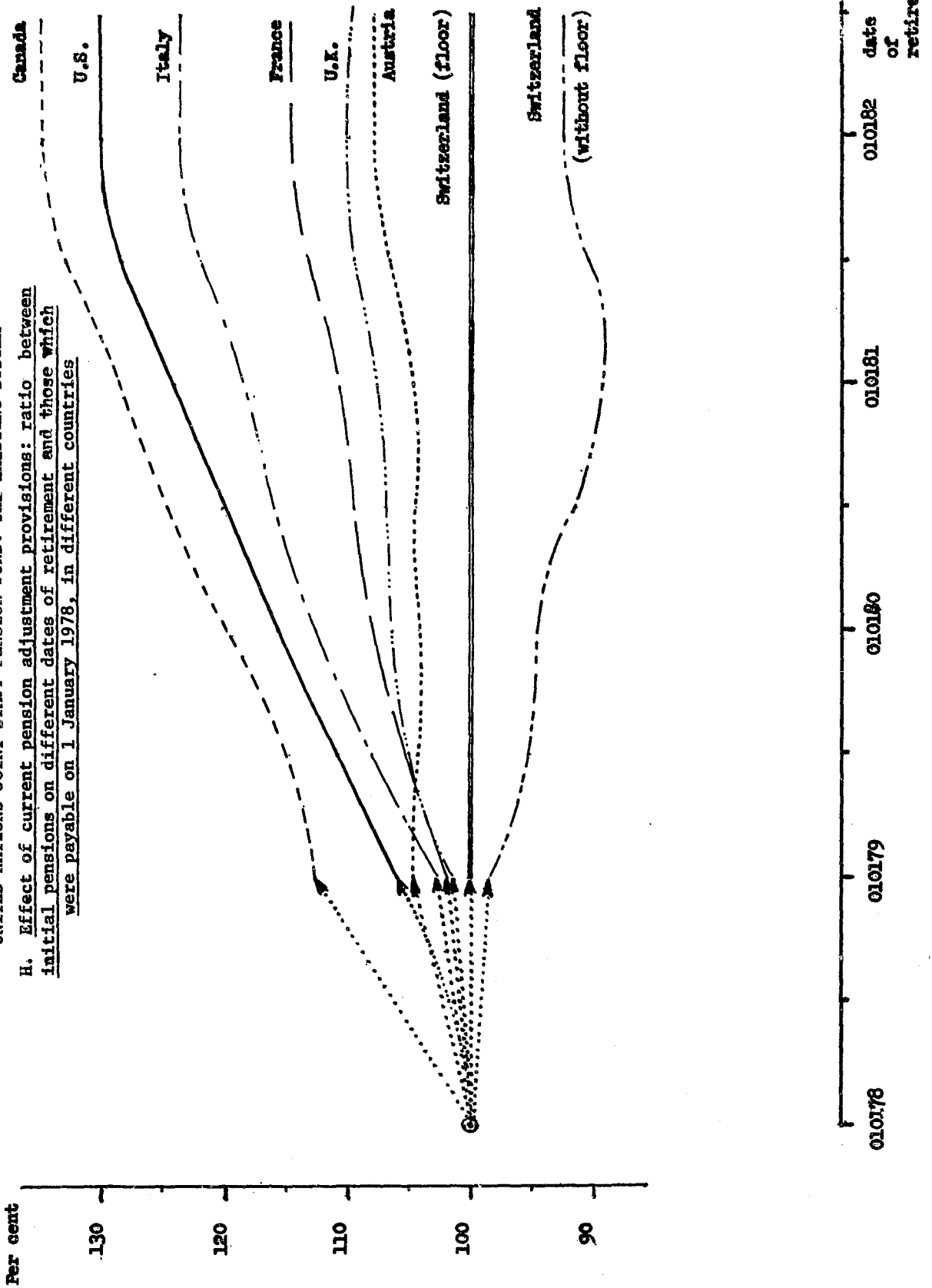
Country of retirement	Date of retirement	Pension amounts													
		01.01.76	01.07.76	01.01.77	01.07.77	01.01.78	01.07.78	01.01.79	01.07.79	01.01.80	01.07.80	01.01.81	01.07.81	01.01.82	01.07.82
United States	FAR in \$	32533	33443	34472	36067	37661	39277	40934	42761	44661	46634	48681	50804	53004	55281
	Initial pension in US \$ Ratio over 01.01.76	19920 100	20666 102.8	20888 106.0	21640 110.9	22596 115.8	23476 120.3	24336 124.2	25056 128.4	25956 130.1	26944 134.8	28044 139.1	29396 145.0	30976 153.0	32804 163.0
Austria	Rate of exchange	16.62	16.42	16.22	15.62	14.97	14.45	14.03	13.84	13.80	13.80	13.80	13.80	13.80	13.80
	Initial pension in Aust. Sch. Ratio over 01.01.76	32422 100	339670 104.7	338047 104.2	338047 104.2	338372 104.3	339345 104.6	339924 104.8	346807 106.9	350376 108.0	350376 108.0	350376 108.0	350376 108.0	350376 108.0	350376 108.0
Canada	Rate of exchange	1.10	1.17	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	
	Initial pension in Can. \$ Ratio over 01.01.76	21472 100	24199 112.7	24671 114.9	24671 114.9	25766 120.0	26776 124.7	27634 128.7	28579 133.1	28944 134.8	28944 134.8	28944 134.8	28944 134.8	28944 134.8	
France	Rate of exchange	4.93	4.74	4.69	4.69	4.60	4.49	4.40	4.35	4.35	4.35	4.35	4.35	4.35	
	Initial pension in F. F. Ratio over 01.01.76	96234 100	98062 101.9	101227 105.5	101227 105.5	109933 108.0	119372 124.0	126627 130.6	133033 136.3	139777 144.8	146877 152.8	154477 160.8	162577 169.8	171277 178.8	
Italy	Rate of exchange	893	875	860	860	859	882	844	840	840	840	840	840	840	
	Initial pension in It. Lira Ratio over 01.01.76	17236 100	17684 102.6	18615 108.0	18615 108.0	19425 112.7	20011 116.1	20459 118.7	21045 122.1	21338 123.8	21338 123.8	21338 123.8	21338 123.8	21338 123.8	
Switzerland	Rate of exchange	2.42	2.25	2.10	2.10	1.98	1.84	1.74	1.72	1.72	1.72	1.72	1.72	1.72	
	Initial pension in SFR* Ratio over 01.01.76	47238 100	46529* 98.5*	45443* 96.2*	45443* 96.2*	44734* 94.7*	43223* 91.5*	42184* 89.3*	41213* 86.8*	40395* 85.5*	39695* 84.2*	39125* 83.0*	38695* 82.5*	38395* 82.5*	
United Kingdom	Rate of exchange	576	551	546	546	529	513	500	492	487	486	486	486		
	Initial pension in £ Ratio over 01.01.76	11244 100	11401 101.4	11817 105.1	11817 105.1	11964 106.4	12042 107.1	12121 107.8	12335 109.7	12368 109.8	12368 109.8	12368 109.8	12368 109.8	12368 109.8	

\* These amounts would be protected by floor provision, at level of 1 January 1978.

ANNEX IV

UNITED NATIONS JOINT STAFF PENSION FUND: THE EXISTING SYSTEM

H. Effect of current pension adjustment provisions: ratio between initial pensions on different dates of retirement and those which were payable on 1 January 1978, in different countries





ANNEX V

Pensionable remuneration: alternative solutions  
considered by the International Civil Service  
Commission

(as presented to the Commission in the report  
of its Working Group, document ICSC/R.175) a/

"...

30. In the following section the working group analyses four of the very much greater number of alternative solutions which it has considered. The first of these was proposed in the report presented to the Commission at its ninth session by the working group of the UNJSPB; the second is a variant of the first along lines suggested by one of the members of the UNJSPB working group during the Vienna meetings. These two would maintain (essentially) a uniform universal level of pensionable remuneration. The third and fourth alternatives are developments of the other approach proposed to the Commission at its ninth session, whereby pensionable remuneration would be differentiated according to the level of post adjustment in force in each country. It is these four alternatives which the working group has retained for further consideration; other variants could no doubt be worked out, but the principles at stake and the effects of the different approaches are clearly illustrated by these four.

Alternative I - Uniform pensionable remuneration plus floor

31. This possible solution was outlined in the report of the working group of the UNJSPB, further developed by the representative of the Secretary-General of the United Nations in that working group and endorsed in the name of the UNJSPB working group by its chairman. The Commission requested the UNJSPB working group to provide further details of its scheme so that a comparative analysis could be made of it; these not having been forthcoming, it has perforce been analysed on the basis of the indications given by one member of the Working group.

32. This solution would maintain a single world-wide level of pensionable remuneration, which it is suggested might be the existing level of 125 per cent of gross salary, or United States pensionable remuneration plus a margin to be defined, or the result of grossing up United Nations net base salary plus a certain proportion of post adjustment. It would subsequently be adjusted once a year by the movement of either the gross salaries of the United States Civil Service or the United States Consumer Price Index. Initial pensions would be calculated as at present on the basis of final average remuneration. However, where the resulting pensions were deemed to be inadequate, they would be protected by a "floor" to prevent them falling below a minimum "tolerance level". This level is calculated in terms of the value of the pension compared to total net remuneration of a serving staff member in the country of retirement. It was suggested that, if it is considered that the system worked well through the period of lower WAPA movements (1965-1971), one could use as the floor the lowest proportional relationship

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a/ One member of the Working Group expressed reservations about this report.

between pension and net remuneration /which existed during that period/. Thus the "floor" could be set for a pension after 30 years' service, at 55 per cent for P-1 through P-3, at 60 per cent for P-4 to P-5 and at 65 per cent for D-1 and above. For years of service below 30, the relationship could be defined proportionately. It was further suggested that additional testing of the floor concept in actual operation under varying assumptions might be pursued to show the results in real terms rather than in percentage terms, i.e., in local currency amounts.

33. The effect of this measure is shown in the two figures of /appendix 1 of this annex/ A in dollar terms, B in percentage income replacement terms (to be compared with the existing system in annex III, D and E) b//. It will be seen that the "floor" intervenes for staff members at P-1 only in countries with a post adjustment index above 180, and for the other grades around 200, at levels which are irregular due to the grouping of several grades at a single percentage. c/ That is to say that at the same duty station some staff members would be affected by the floor while others would not, depending on the grade and /step/ level.

34. The way in which the floor is defined makes it possible to compare the levels of income replacement (55, 60 and 65 per cent) assured by the floor of this solution with those which would continue to exist, as under the existing arrangements, in countries with lower post adjustment levels, as shown by the following table:

P.A. index / Grade	85	114	141	171	198	235
	Colombo	Montreal	New York	Caracas	Vienna	Geneva
	Income replacement level (%)					
P-1/X	105.9	85.6	71.2	57	55 (floor)	55 (floor)
P-2/XI	113.9	92.1	76.6	61.5	55 (floor)	55 (floor)
P-3/XIII	120.6	97.6	81.3	65.5	57.8	55 (floor)
P-4/XII	125.9	102	85.2	68.5	60.7	60 (floor)
P-5/X	130.8	106.2	89	72	63.8	60 (floor)
D-1/VII	133.6	108.6	91.2	74	65.5	65 (floor)
D-2/IV	136.6	110	93.3	76	67.1	65 (floor)

/b/ The effects of the four alternatives are shown comparatively in appendix 6.7

c/ The countries in which pensions would be affected by these floors would be, for each grade (at the maximum of the grade), those with post adjustment index levels as follows:

Grade	Post adjustment index
P1/X	179 and above
P2/XI	193 " "
P3/XIII	204 " "
P4/XII	198 " "
P5/X	209 " "
D1/VII	198 " "
D2/IV	202 " "

35. The main argument in favour of this alternative is that it calls for no fundamental change in the system; pensionable remuneration would continue to be defined as a uniform world-wide dollar figure and pension to be calculated on a uniform final average remuneration. The "floor" provision could be put into effect relatively easily.

36. Arguments against the alternative are that it is an ad hoc palliative, dealing with some of the effects of the problem but not attacking its causes. The income replacement level (in the sense in which the term is used by the ICSC working group) which would be produced by the floor is unrelated to corresponding levels in either the comparator country or other national pension schemes. The number of cases to which relief is provided is limited. The degree of disparity persisting between those at the floor level and others, shown in the table in the preceding paragraph (e.g., at P-3/XIII, between 55 per cent and 120 per cent), is still extremely inequitable; the same pension would still be worth twice as much in some countries as in others. The proposal does nothing to correct the anomalously high income replacement values of pensions paid in countries near the bottom of the post adjustment index scale.

37. No precise indication is given as to whether any change would be made as regards the level of contributions; the question whether varied pensionable remuneration levels would be required for contribution purposes (and, if so, to what extent) would be examined later in the context of an estimation of the cost implications of eliminating the WAPA adjustments and introducing a floor for pensions. Since it is stated that pensionable remuneration would continue to be a uniform world-wide figure, it must be presumed that contributions would remain as at present. Nothing would in that case have been done to correct the existing anomaly of the varying burden that the uniform dollar amount contribution represents for different staff members in relation to their remuneration.

38. As regards cost, if the above interpretation is correct there would be no change in the budgetary cost of the organizations' contributions. The cost of benefits, however, would increase immediately by the difference between the present level of benefits and the protected level, i.e., the cost corresponding to the triangular area between the "present" line and the "floor" line at the bottom right-hand corner of Figures A and B of appendix 6. This extra cost would not be offset by any increase in contributions or saving on other benefits. It could grow if the post adjustments of some countries continued to rise.

Alternative II - Uniform pensionable remuneration (for benefits)  
but with floor and ceiling

39. This alternative is a variant of the first. It retains a uniform universal level of pensionable remuneration (for the determination of benefits); this would be established as the amount of total net remuneration (salary plus post adjustment) in New York, reduced by the proportion of the margin of United Nations remuneration over that of the United States Civil Service, as determined by ICSC (e.g., for 1978-1979, 12.8 per cent) and then grossed up by the scale of staff assessment. The floor or floors to protect minimum income replacement rates would be calculated in a manner similar to that suggested for Alternative I; but ceilings to limit the income replacement rates to maxima would also be established, at 90 per cent

for grades P-1 to P-3, 95 per cent for grades P-4 and P-5 and 100 per cent for grades D-1 and above. d/ The countries where pensions would be affected by these ceilings would be, for each grade (at the maximum of the grade) those with the following levels of post adjustment index:

<u>Grade</u>	<u>Post adjustment index</u>
P-1/X	104.0 and below
P-2/XI	112.0 " "
P-3/XII	120.0 " "
P-4/XII	119.0 " "
P-5/X	126.0 " "
D-1/VII	122.0 " "
D-2/IV	124.0 " "

39a. To avoid the possibility of a declining minimum pension in local currency terms, the initial pension "floor" in local currency terms would instead become a moveable "floor"; it would not be less than the minimum local currency pension existing on the first of January of the year preceding the year in which retirement occurs, i.e., a retiree in 1981 would not receive an initial local currency pension less than that existing for a retiree on 1 January 1980.

40. While pensionable remuneration would be notionally uniform and universal for the calculation of benefits (in any case within the span of the band between ceiling and floor), pensionable remuneration for contribution purposes would be modulated so as to alleviate the extreme differences in the burden which the contributor at present represents in relation to net remuneration.

41. This alternative is illustrated in Annex V, appendix 2, figures A and B.

42. It meets several of the criticisms addressed to Alternative I; thus it would correct unduly high income replacement rates in extremely low-cost countries as well as unduly low income replacement rates in extremely high-cost countries. The uniform level of pensionable remuneration being based on total net remuneration in New York, would be self-adjusting and would ensure that pensionable remuneration bore the same relation to United States Civil Service pensionable remuneration as net remuneration does. By the differentiation (albeit to a limited extent) of pensionable remuneration for contribution purposes, the burden of contributions would be somewhat more equitably distributed, although not wholly so. On the other hand, as in any system utilizing floors and ceilings, there would be discrepancies between the situations of staff members of different grades serving at the same duty station or retiring in the same country.

43. From the point of view of costs, the effect on the budgetary cost of contributions would depend on the extent to which pensionable remuneration was modulated for contribution purposes; it could be adjusted to be equal to present costs. The extra cost on benefits resulting, as in Alternative I, from the protection of some pensions by the floor, would in this case be offset by the corresponding saving on those pensions which would be limited by the ceiling, the

d/ The representative of the United Nations administration subsequently indicated that the floors and ceilings could be defined at different percentage levels for each grade or in the interest of consistency and to facilitate demonstration as one percentage for the floor, i.e., 60 per cent and one percentage for the ceiling, i.e., 90 per cent, which would be applied for all grades.

over-all result being estimated at a saving of 1.1 per cent compared to the existing situation [(see paras. 67-71 below)].

#### Alternatives III and IV - differentiated pensionable remuneration

44. The remaining two alternatives reflect a different approach, that of replacing the uniform world-wide amount of pensionable remuneration by differentiated amounts taking into account the cost of living (expressed in dollar terms) in each country and so obtaining equity in the amount which the contributions of participants everywhere represent in relation to their income and also in the value which the pension has in relation to living costs in each country.

#### Solutions using the same approach considered earlier by the ICSC

45. This approach was the basis of a proposal made to the Commission at its ninth session by the International Telecommunications Union (ITU) (and had also been suggested in a study by the International Labour Office). The ITU proposal would have defined pensionable remuneration as the sum of gross salary as at present defined and a supplement which would vary with each country in order to raise the total to a level which would take into account differences between countries in the same way as they are taken into consideration for serving staff members. The supplement would be equal to the gross remuneration multiplied by a percentage of the post adjustment index; negative supplements would be disregarded. The resulting pensionable remuneration would be used both for the calculation of contributions payable by and for staff members serving in the country and for the calculation of the initial pension for pensioners taking up residence after retirement in the country. The scheme would thus extend to pensioners, as far as possible, the methodology used for the determination of remuneration in the common system.

46. A solution having the same approach, of differentiated pensionable remuneration but using a different methodology, was proposed to the Commission as a basis for discussion by Ambassador Frochaux. It would have established pensionable remuneration by:

(a) Establishing a relationship between the income (net salary plus post adjustment) of a serving staff member and his income as a pensioner (gross pre-tax pension), in other words, the income replacement rate;

(b) Fixing the level of this relationship by reference to that existing in the comparator civil service, at present that of the United States;

(c) Applying this relationship uniformly throughout the world to relate pension to net remuneration;

(d) Disregarding for this purpose negative post adjustments, so establishing a minimum pensionable remuneration.

47. The calculation of pensionable remuneration would be made by establishing the income replacement rate of the United States Civil Service pension scheme at a matching grade and step of the United Nations system; establishing United Nations net remuneration (salary plus post adjustment) at that matching grade and step in New York; reducing that remuneration by the proportion of the margin of United Nations over United States remuneration; adjusting by a factor which would bring the resulting income replacement rate to the desired level (75 per cent in the

example used); grossing up the resulting net figure by United Nations staff assessment scales (which correspond approximately to United States taxes) to obtain pensionable remuneration. That pensionable remuneration would then be the basis for calculations of contributions and, through the existing procedure of final average remuneration, of initial pensions.

48. This method would result in complete mathematical equity of pensionable remuneration at all levels of post adjustment (except in minus classes which would be protected at the zero level); in a graph like those in the "B" series, showing the relationship of pension to net remuneration (i.e., income replacement rate), it would result in completely flat, horizontal lines from post adjustment index level 100 onwards. A further variant was also considered, using the same methodology but taking only part of the value of positive post adjustment (e.g., 80 per cent) into account. Consequently the rate of income replacement would decline slightly as the class of post adjustment increases and, conversely, the proportion of the pension contribution to net remuneration would rise slightly. The lines in a graph of the "B" series would slope down slightly from left to right. This compromise solution would go some way to meeting the position of those who question the use of the full amount of post adjustment in the calculation of pensionable remuneration.

#### Alternatives III and IV

49. As a result of its consideration of those and a number of other possible solutions having the same general approach but different methods of calculation, the Commission's working group has finally selected two as being representative of the approach and as using the simplest method of calculation.

50. The basic premise of these alternatives is that the pension of a retired staff member should bear a defined relationship to the level of income which he had attained in the last years of his service, account being taken of the relative cost of living in the country in which he resides after retirement. In accordance with the Noblemaire principle, applied to total compensation, the income replacement value for United Nations staff at each income level should correspond to that enjoyed by United States civil servants at the same income level.

51. The first step is therefore to determine the scale of income replacement, coefficients produced by United States Civil Service pensions (as a proportion of gross pension to net remuneration, for the reasons given in paragraph 10 above, and with the retirement pension after 30 years' contributory service being taken as the benchmark). This is shown in the table and graph at annex III, appendices 3 and 4; from this, the precise income replacement coefficient (IRC) corresponding to any level of net income can be determined.

52. The objective is to establish pensionable remuneration (PR), from which pension can be determined by application of the standard formulae of UNJSPF (FAR, 2 per cent per annum, etc.). Pension, however, must bear a certain relationship to net income. Thus the objective will be met if one can find a factor by which pensionable remuneration can be derived from net income; this factor can be called the "Pensionable Remuneration Multiplier" (PRM). Once the IRC for a given income level has been ascertained the PRM (and hence the PR) for that income level can be derived from it simply by dividing the IRC by 60 (being the accumulation rate

in the UNJSPF for a 30-year pension):  $PRM = IRC/60$ . This equation is derived as follows:

If: NR = Net remuneration (known)  
 PR = Pensionable remuneration (unknown)  
 P = Gross pension in the United Nations after 30 years' service (60% of PR)  
 PRM = Pensionable remuneration multiplier (unknown)  
 IRC = Income replacement coefficient (after 30 years' service) at the relevant income level in the United States Civil Service (known on the basis of the IRC scale),

the factors in the equation are:

$$\frac{P}{NR} = \frac{IRC}{100} \quad P = PR \times \frac{60}{100} \quad PRM = \frac{PR}{NR}$$

$$\therefore P = \frac{IRC}{100} \times NR \quad \therefore \frac{IRC \times NR}{100} = \frac{PR \times 60}{100} \quad \therefore PR = \frac{IRC \times NR \times 100}{100 \times 60}$$

$$\therefore PR = \frac{IRC \times NR}{60} \quad \therefore PRM = \frac{IRC \times NR}{60 \times NR}$$

$\therefore PRM = \frac{IRC}{60}$
-----------------------------------

53. The United Nations total net remuneration (salary plus post adjustment) for each grade and step and at each level of post adjustment being known, it is then possible, by applying the PRM to each, to arrive at a complete scale of pensionable remuneration by grade, step and post adjustment class which takes into account the relative costs of living.

54. In applying this formula to both Alternatives III and IV, the relevant rate of United States Income Replacement Coefficient has been taken to be that applicable at the United States salary level corresponding to the United Nations level - which is, by definition, the United Nations net level in New York less the margin (i.e. United Nations income divided by 1.128). Thus the first step is to convert United Nations income into United States income by withdrawal of the margin and then to find the corresponding IRC for each United Nations grade and step (see columns (c) and (d) of table in appendix 5/). These IRCs are then converted into PRMs by the formula in the above paragraph and the PRM applied to the United Nations net income for that grade and step (column b of the same table), since this is the income corresponding to that reached by the staff member at the time of retirement and on which his expectation of income replacement is based.

55. In Alternative IV the procedure is different only in that the PRM is applied to only 80 per cent of the difference (positive or negative) between each post adjustment level and that corresponding to New York, thus producing sloping lines like those described in paragraph 48 above, instead of the horizontal lines produced by Alternative III.

56. For the purpose of calculating the IRCs and PRMs, the post adjustment multiplier for New York is taken as the average multiplier over a period of 12 months; for the current period (October 1978 to September 1979), the average multiplier is 38, even though the actual multiplier for New York is presently 41.

57. The plots of income replacement values in figure B of the appendices (3 and 4) illustrating Alternatives III and IV are shown as straight lines which indicate the trend of each of these alternatives. In fact, they correspond to the top of each step on a ladder since for any duty station the scale of pensionable remuneration would remain unchanged until that duty station moved from one full class of post adjustment to the next full class. If the highest post adjustment class at a given time is class 20, this would require the establishment of 20 scales of PR. It is conceivable to widen the size of each step on the ladder by establishing a wider gap between each scale of PR. For example, each scale of PR could cover two classes of post adjustment (in which case there would be 10 scales) or, say, three classes of post adjustment (in which case 7 scales). In such cases, the movement of a country from one scale to the next higher scale of pensionable remuneration would occur less frequently. It is evident, however, that the greater the number of classes covered by each scale of pensionable remuneration the less precise would be the equalization of the income replacement values of pensions in countries falling within the same scale.

General advantages and disadvantages of the approach used in  
Alternatives III and IV

58. These alternatives are based on the recognition that a single uniform dollar amount of pensionable remuneration, established and adjusted by averaging, is no longer satisfactory when the span between cost of living and local currency values of the dollar is as great as it is shown to be today by the post adjustment index. Any system based on averaging inevitably results, in such circumstances, in severe under-compensation in some places, over-compensation at others. The average uniform pensionable remuneration must therefore be replaced by a differentiated pensionable remuneration which at each level of post adjustment will produce equitable levels of contributions and benefits. The contributions are an equitable burden for all staff members because they represent practically a uniform percentage of income. The benefits are equitable because they tend towards providing a uniform percentage of the amount required to maintain a comparable standard of living whatever the local cost of living and the currency exchange rate. Income replacement is thus made a reality in relation to the income which each pensioner actually needs in order to maintain in the place of his retirement a standard of living proportionate to that which he had attained in his last years of service. Since pensionable remuneration is determined for each country (or group of countries) taking into account the level of post adjustment, the system is self-regulating. There is no need for any world-wide adjustments of pensionable remuneration like the present WAPA system or that proposed in Alternative I on the basis of United States CPI or United States Civil Service salaries; pensionable remuneration in the comparator country will be adjusted by the movement of post adjustment and so will be subject to the control which the ICSC exercises over post adjustment and the evolution of the margin. There could be no possibility of United Nations pensions diverging from those of the United States, as they have at the present time, unless the margin of net remuneration had been allowed to vary.

59. The main argument advanced against this approach is that, by relating the level of both contributions and benefits to total net remuneration (salary plus post adjustment), it introduces post adjustment into the pension system where it had



previously played no part except through the WAPA adjustments of pensionable remuneration. This is criticized because the post adjustment index measures the cost of living of serving staff members, in the main expatriates, which are different from those pensioners, living in the place of their choice; the elements of cost of living taken into account in calculating post adjustment do not apply in the same way to pensioners. e/ For example, housing costs for staff members usually relate to rented accommodation near the place of work, whereas pensioners are more likely to be home-owners and have more freedom to choose where to live; out-of-area expenditures are greatly reduced for the pensioner, access to duty-free privileges inexistent. But to suggest that the post adjustment index should be modified to take account of these differences, for example, by eliminating certain elements from it to make it more appropriate to pensioners, is not a satisfactory answer; it could produce the reverse effect of that desired. To replace those elements by data based on the actual expenditure patterns and levels of pensioners is not feasible. In fact, however, one may wonder whether the post adjustment index is indeed invalidated for these reasons for the purpose for which it is proposed to use it, that is, as a measure of the comparative costs of living of pensioners from country to country - not an absolute measure of their living costs or a comparison of their costs with those of active staff members. Is it not likely that the incidence of those elements which admittedly do not reflect properly the situation of pensioners falls approximately equally in all countries: that the difference between the cost of living in a rented apartment or house at the duty station (often the capital city) and that in an owned house in a place of the pensioner's choice in one country is likely to be roughly proportionate, to the same difference in any other country. One might then find that the index difference which reflects the relativities between costs of living of staff members in different countries may also reflect sufficiently accurately the relativities between the (quite different) costs for pensioners. It has certainly not been demonstrated that this is not so; neither has any other tool to measure relative living costs of pensioners been advanced. Moreover it will be noted that both Alternatives I and II find it necessary and appropriate to use total remuneration, including post adjustment, to determine when a pension can or cannot be "deemed adequate", in other words, precisely the same method of calculating income replacement as in Alternatives III and IV; so that the objection, if it be one, is applicable to all four alternatives and, indeed, to the existing system which, as has been seen in recent months, is heavily influenced by the working of the weighted average of post adjustments.

60. A second objection to this approach is that the dollar value of the pension a staff member receives may not be related to the amount of his contributions: a staff member having served most of his career in a high-cost area and having paid contributions at a uniform percentage value but a higher nominal dollar value may retire in a low-cost area and receive a pension, again at a uniform percentage value, but at a low nominal dollar value; and, vice-versa, a staff member who has

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e/ This technical criticism deserves serious consideration; on the other hand, the argument sometimes advanced that the post adjustment system is so unreliable that it is not fit to be used in connexion with pensions does not merit attention; those who profess to find fault with the post adjustment system in this connexion do not suggest abolishing it as a means of equalizing net remuneration and have no alternative to propose in its stead.

served in low-cost areas and retires to, say Austria or Japan, will receive a pension high in nominal dollar value. This is indeed true; it is in fact already true that the cost in dollars of a given pension is higher in some countries than in others. But it has already been shown that the value of the pension a staff member receives has never been governed by the amount of his contributions. A pension based on the contributions history of the individual participant would certainly not be found adequate in present-day circumstances of inflation. The question is what constitutes equality: on the one hand, equality of the share of his available income which the staff member must set aside as pension contributions, and equality of the pension he receives in relation to the amount required to maintain a certain uniform standard of living; on the other hand, equality in terms of an identical number of dollars. It is surely unnecessary, after 10 years of currency fluctuations and the decline of the United States dollar against other currencies, to produce evidence to refute the claim that one dollar has an absolute value which can be obtained uniformly anywhere in the world. Even in the United States the dollar is only worth what it buys; but if the pensioner residing in the United States is protected against the effects of inflation in the determination of the initial amount of his pension (as well as in its subsequent adjustment) what grounds can there be for not similarly protecting the pensioner elsewhere against the effects of the declining exchange value of the dollar - which is what is measured by the post adjustment system?

61. It is objected also that this approach would imply a "redistribution of the resources of the Pension Fund". For those who use this expression it seems to carry a somewhat emotive and pejorative connotation; but those who for some years have seen their pensions losing in value while others have gained may nevertheless well feel that some redistribution of resources is in order. Unless additional funds were available - which is out of the question - it is on the face of it unlikely that anything could be done to correct the existing defects and anomalies without some changes in the existing arrangements. The situation was deemed sufficiently serious, first by ACC and then by the General Assembly, that they asked the ICSC to look into it as a matter of urgency. The Commission certainly could not fulfil its mandate if it ruled out, on principle, any solution which involved some change in the system but which would be opposed by those who favour maintaining the status quo. The conception implicit in the expression "redistribution of resources" which would see the Pension Fund as no more than an agglomeration of individual holdings each of which is the "property" of a staff member is surely incompatible with the regulations of the Fund which provide, for example, for the payment of disability or survivors pensions irrespective of the "holdings" of the individual staff member or which accept as a matter of course that two pensioners of whom one dies in the first year of his retirement and the other draws his pension for twenty years will take very different amounts out of the "resources" of the Fund. The attitude that the Fund must return to each participant no less than he has put in and therefore cannot afford to return to any participant more than he has put in is incompatible with the principle of mutuality which is the essence of any insurance or pension fund.

62. A further objection is that, if pensioners are assured a pension of equivalent purchasing power in any country to which they choose to retire, it is to be feared that many of them will choose to go to high-cost countries and so will upset the financial balance of the Fund. To this it might be replied that if the standard of living to be provided by the pension will be equal everywhere, there is no advantage for staff members to choose high-cost countries rather than low-cost ones (the more so as the rate of income replacement in Alternative IV gets lower

as the cost of living rises). On the contrary, any staff member will be able to afford to retire in his own country, which is not now the case. In any case, when analysed in concrete terms the risk appears limited. Firstly, it would appear that the vast majority of staff members on retirement go back to (or remain in) their own country; others go to a country with which they have been associated during their expatriate service; relatively few choose a place of retirement at random because of its climatic or fiscal advantages. f/ Secondly, if one examines the list of countries which might, according to this argument, be considered potential targets for United Nations pensioners, there are perhaps only two to which more staff might be tempted to go if the level of pensions there was improved: Switzerland and Austria. As regards Switzerland, the legal restriction on settlement of foreigners is such that in practice only those staff members who would in any case meet the criterion of having spent a number of years in the country during their service would be eligible to retire there; others, however attractive they might find the prospect, would not be admitted by the Swiss authorities. As regards Austria, without underrating its cultural, social, scenic, gastronomic and other attractions, its main attraction is that United Nations pensions are exempted from personal income tax - which is already the case and which is independent of any possible change in the United Nations pension scheme.

63. However, to meet this objection, the working group suggests that the Commission might consider imposing some limitations on the freedom of choice of the staff member, not as to where he will live after retirement, which it is his indisputable right to choose for himself, but as to the country on the basis of whose cost of living his pension will be paid. In addition to the country of the staff member's nationality (or home country or country of home leave), the country of nationality of the spouse could be included, as might also possibly any country in which the staff member has spent at least 10 years in expatriate service; the UNJSPB could be authorized to approve exceptions in other compelling circumstances. Such restrictions would interfere little with the practical freedom of staff members but would guard against any possible abuse of the resources of the Fund.

64. A last objection addressed generally to the approach of differentiating pensionable remuneration country by country is that the aim of ensuring a pension which would represent a uniform purchasing power is meaningless unless allowance is also made for the varying impact of national income tax paid by pensioners in different countries. It must be noted that the goal of this approach is to provide equity of income for pensioners everywhere; what the pensioner spends his income on is beyond the competence of the salary system, for example, not only how much he pays in direct taxes but also how much he may pay in indirect taxes according to the type of goods he purchases. The objection can be addressed with equal force to the existing system or to Alternatives I and II, which seek to ensure equity in the form of a pension of equal dollar value; even this, very theoretical, form of equity is vitiated by the varying impact of national income taxes. The question of insulation of the pension from varying rates of tax is thus really

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f/ Unfortunately, the Pension Fund does not have statistics on the place of retirement of pensioners in relation to their nationality which would enable these statements to be verified; they are however confirmed by general experience and by other data available to ICSC, such as those on use of repatriation travel entitlements.

independent of the question of how the pension is calculated. It has often been explored without success, desirable as it may be found by some that United Nations pensioners should be exonerated from the payment of national income tax or should be compensated for the amount of such tax as they pay, for others there are powerful reasons of principle why a former international civil servant who, on retirement, has reverted to the status of an ordinary citizen should bear the normal obligations of citizenship in his own country or the country of his choice; and, above all, there is seemingly no practical likelihood that Member States would accept the additional burden which they would inevitably have to bear, one way or another, if United Nations pensioners did not pay taxes or were reimbursed the amount of the taxes they had paid. Furthermore any such protection, if it could be introduced, would still not take into account varying proportions of the fiscal burden which in different countries may take the form of direct or of indirect taxation. In the meantime, it does not appear logical to object to a scheme which would produce a very much greater degree of equity of treatment of staff members than the present scheme, on the grounds that it does not do something, i.e., produce total equity of purchasing power, which it does not set out to do.

#### Relative advantages and disadvantages of Alternatives III and IV

65. As has been said, Alternative III produces mathematical equity of both contributions and pensions in relation to net remuneration at all levels of post adjustment (except in minus post adjustment classes which are protected at the level of Class 0). It is the alternative which corresponds the most closely to pure logic. It might nevertheless be criticized by some, who would argue that it gives too much weight to post adjustment by reflecting its full value in the calculation of pension.

66. Alternative IV seeks to meet this objection by taking into account only a part of post adjustment, so producing income replacement rates which decline as the cost of living grows higher. It is difficult in logic to justify to those staff members who are nationals of countries with high costs of living why the pension they receive should have a lower value than that of their colleagues from other countries. Nevertheless, this alternative may serve as an illustration of what could be offered, while preserving the essential principle of equitable treatment of staff members, by way of compromise to those who seek to maintain the status quo.

#### V. COMPARATIVE EVALUATION OF ALTERNATIVES I TO IV

67. The effects of the four alternatives are compared with the present system and with each other in appendix 6. The tables show at three grade levels (P-1/X, P-4/V and D-1/VII) and at intervals in the post adjustment scale, firstly, the dollar amount of the pensionable remuneration used as the basis for contributions and (as one component of the final average remuneration) for the calculation of the initial value of the pension; and, secondly, the corresponding income replacement value of the pension due after 30 years of contributory service. The two graphs show the same pensions, but at P-4/V only, A in dollar terms, B in terms of income replacement.

68. From these tables and graphs, the effect which any of the alternatives would have, in relation to the present system, on the pensions of staff members retiring in the future in countries at different post adjustment levels, can be seen. The

present distribution of countries by post adjustment level is reproduced for reference in appendix 7.

69. The cost of the different alternatives can be measured in two ways: firstly, the effect on contributions, which concerns both the staff member, who pays one third of the contributions, and the organizations which must provide the other two thirds from their budgets; and, secondly, the effect on the resources of the Fund of changes in the dollar cost of benefits to be paid out in future years. The costing of contributions is straightforward; in appendix 8 the present distribution of staff members is shown, by duty station grouped by blocks of 10 points of the post adjustment index. The level, higher or lower than the present level of contributions at each post adjustment level, is then multiplied by the number of staff members concerned. This calculation has been made on two bases: one (figure A), at 1 September 1978, the date when the WAPA reached the level which justified the present level of pensionable remuneration, and the second (figure B) at the latest possible date, taking the level of WAPA in April 1979 as 129.83.

70. The evaluation of the cost of benefits is an actuarial calculation calling for predictions as to the future composition of the population of participants in the UNJSPF, evolution of inflation and exchange rates, etc. The Consulting Actuary of UNJSPF has been asked to prepare an illustrative evaluation of the costs of the approach adopted in Alternatives III and IV; and, if necessary, the Fund's Committee of Actuaries can be asked to review it. In the meantime, a simplified estimate has been made, for the purposes of which it is assumed, in the absence of any other evidence, that each staff member will return on retirement to the country of which he is a national. The margin of error in this assumption is not likely to be significant over the whole population of staff. The distribution of staff by nationalities, also shown in appendix 8 is used and the mass of benefits weighted again by country and post adjustment class.

71. The resulting estimates revised on the basis of more recent data, as communicated to the Commission at its tenth session, are as follows:

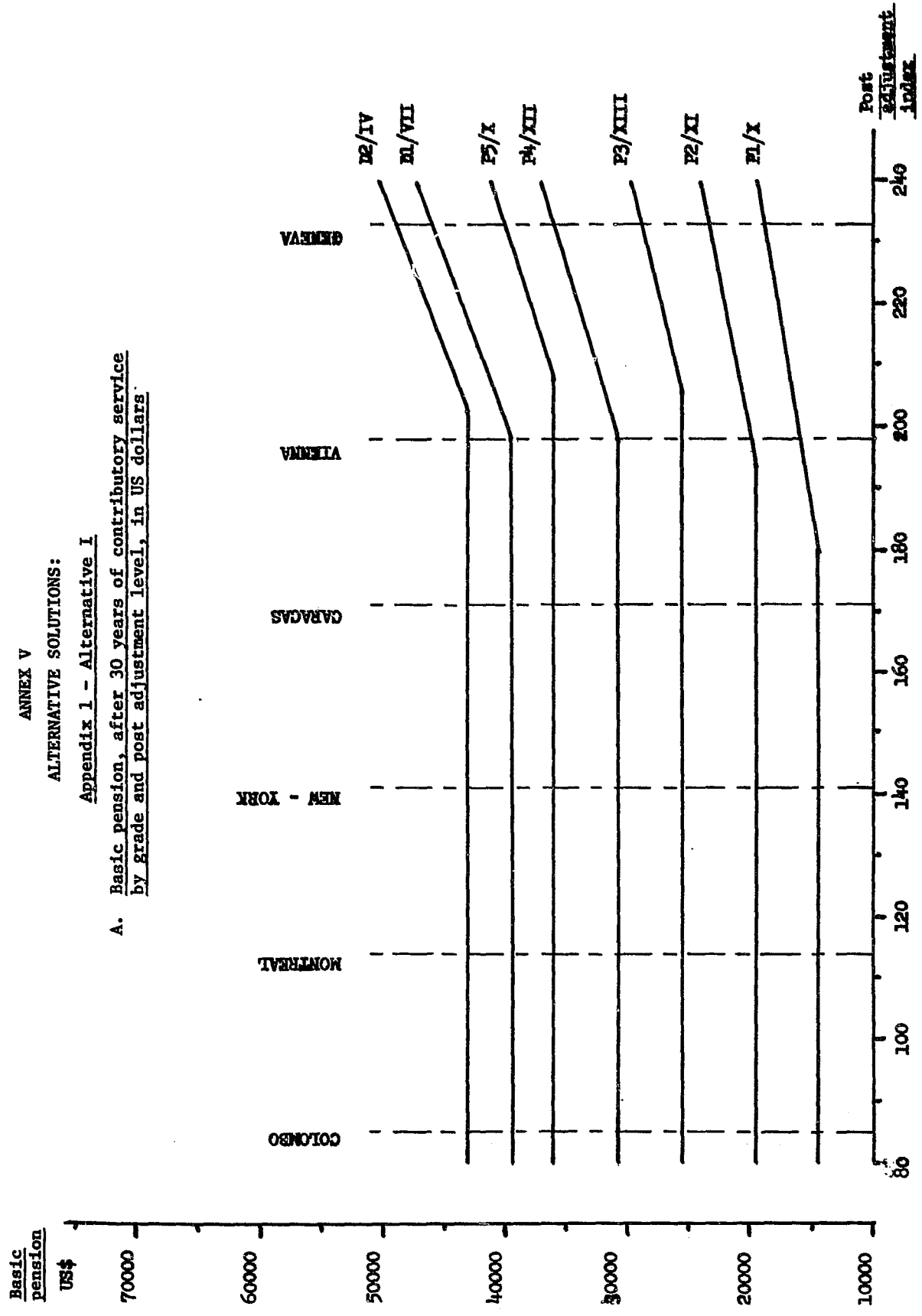
	<u>Contributions</u>	<u>Benefits</u>
Existing System	100	100
Alternative I	100	101.9
" II	102	98.9
" III	103.8	101.4
" IV	100.9	98.2 <u>7</u>

ANNEX V

ALTERNATIVE SOLUTIONS:

Appendix 1 - Alternative I

A. Basic pension, after 30 years of contributory service by grade and post adjustment level, in US dollars.



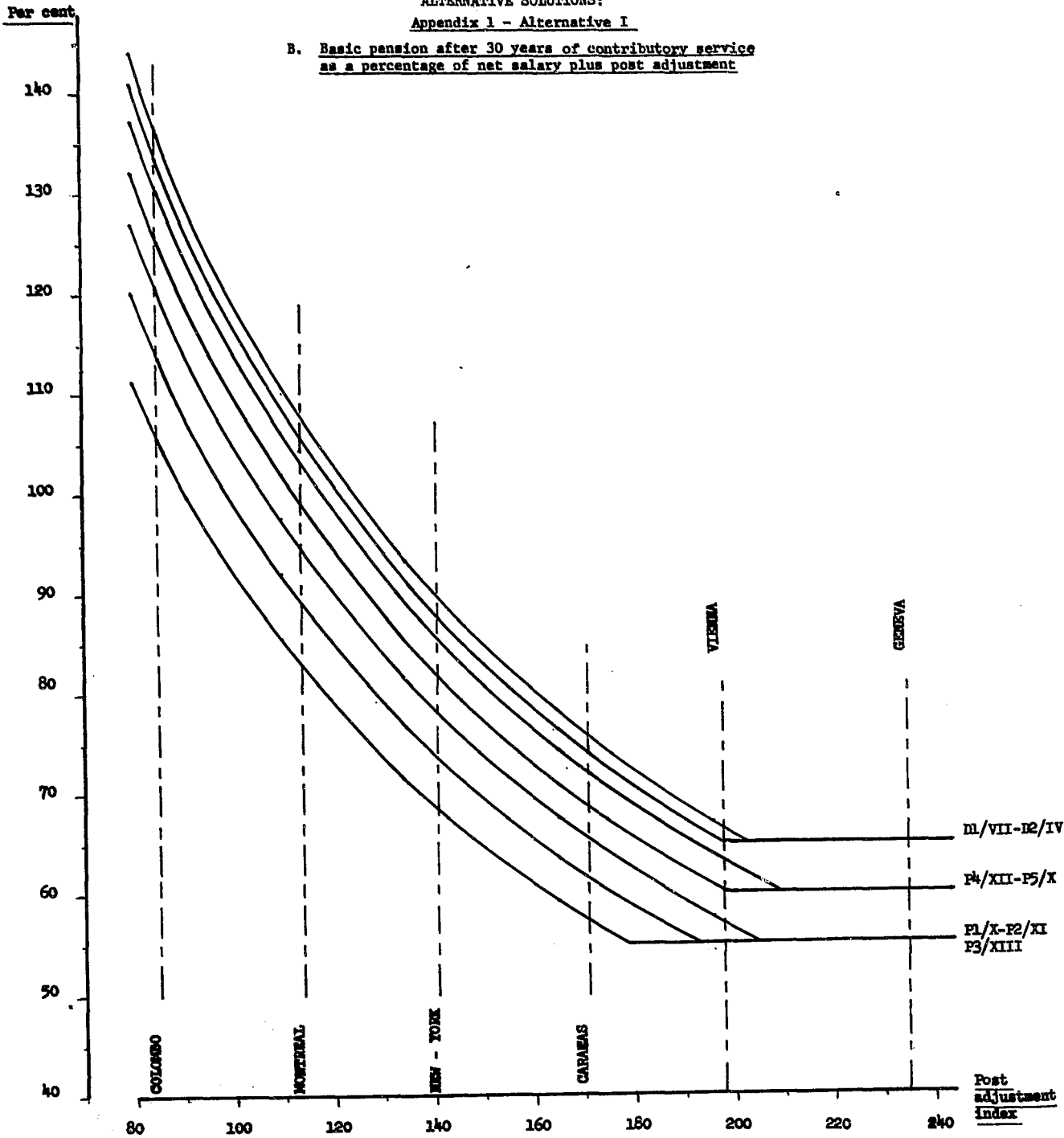
Income replacement

ANNEX V

ALTERNATIVE SOLUTIONS:

Appendix 1 - Alternative I

B. Basic pension after 30 years of contributory service as a percentage of net salary plus post adjustment

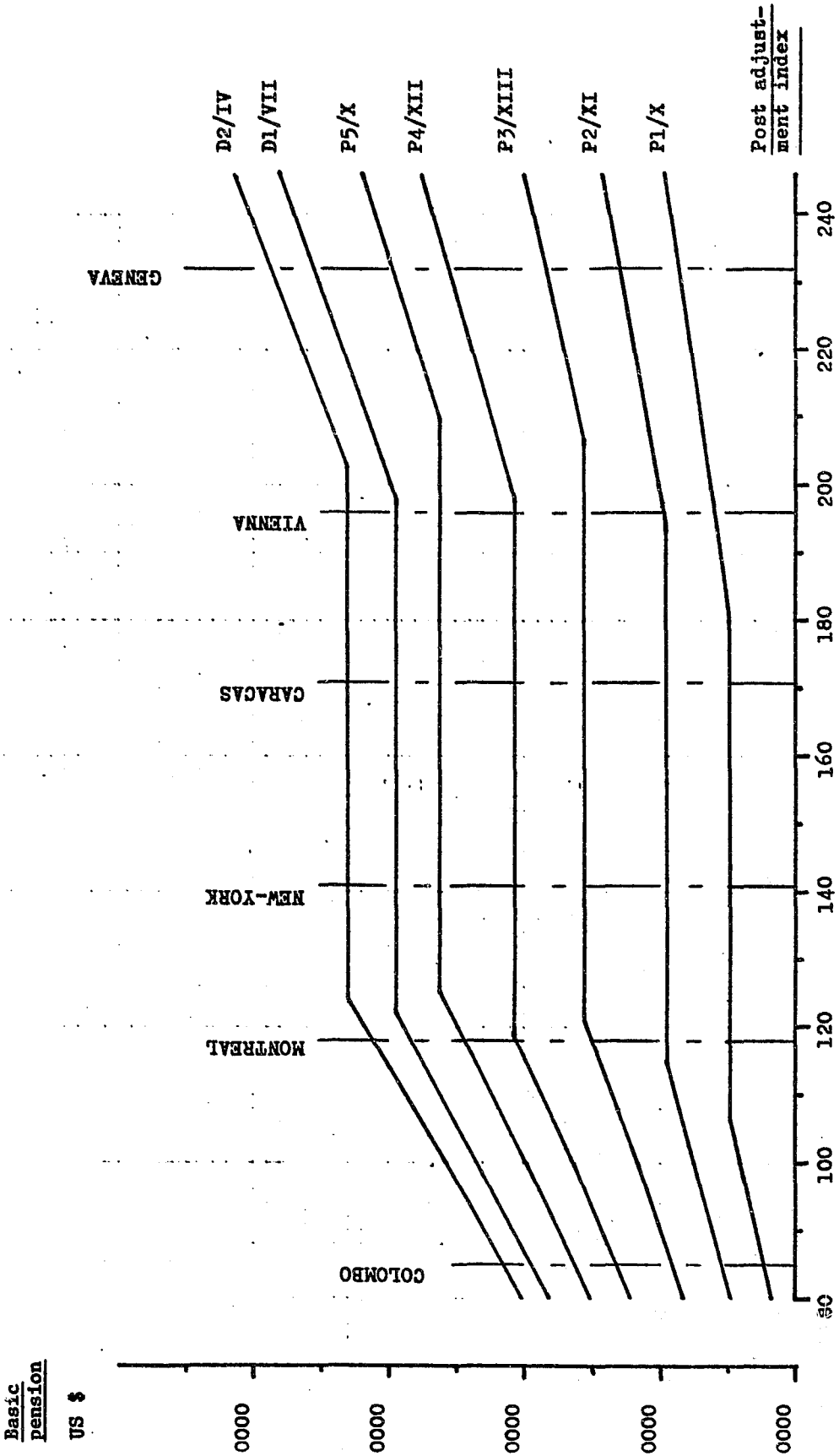


ANNEX V

ALTERNATIVE SOLUTIONS

Appendix 2 - Alternative II

A. Basic pension after 30 years of contributory service, by grade and post adjustment level, in US dollars





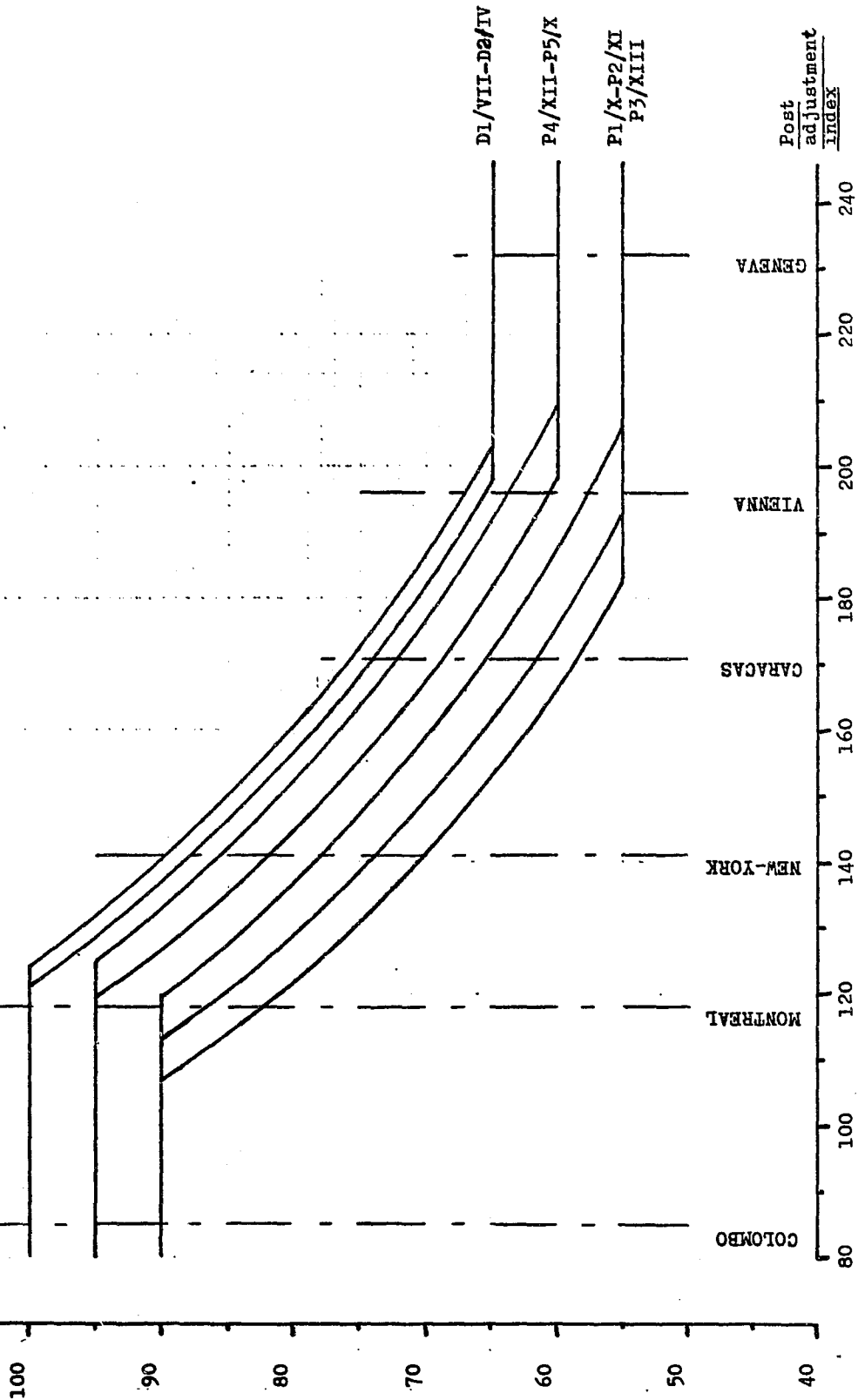
Income replacement per cent

ANNEX V

ALTERNATIVE SOLUTIONS:

Appendix 2 - Alternative II

B. Basic pension after 30 years of contributory service as a percentage of net salary plus post adjustment



ANNEX V

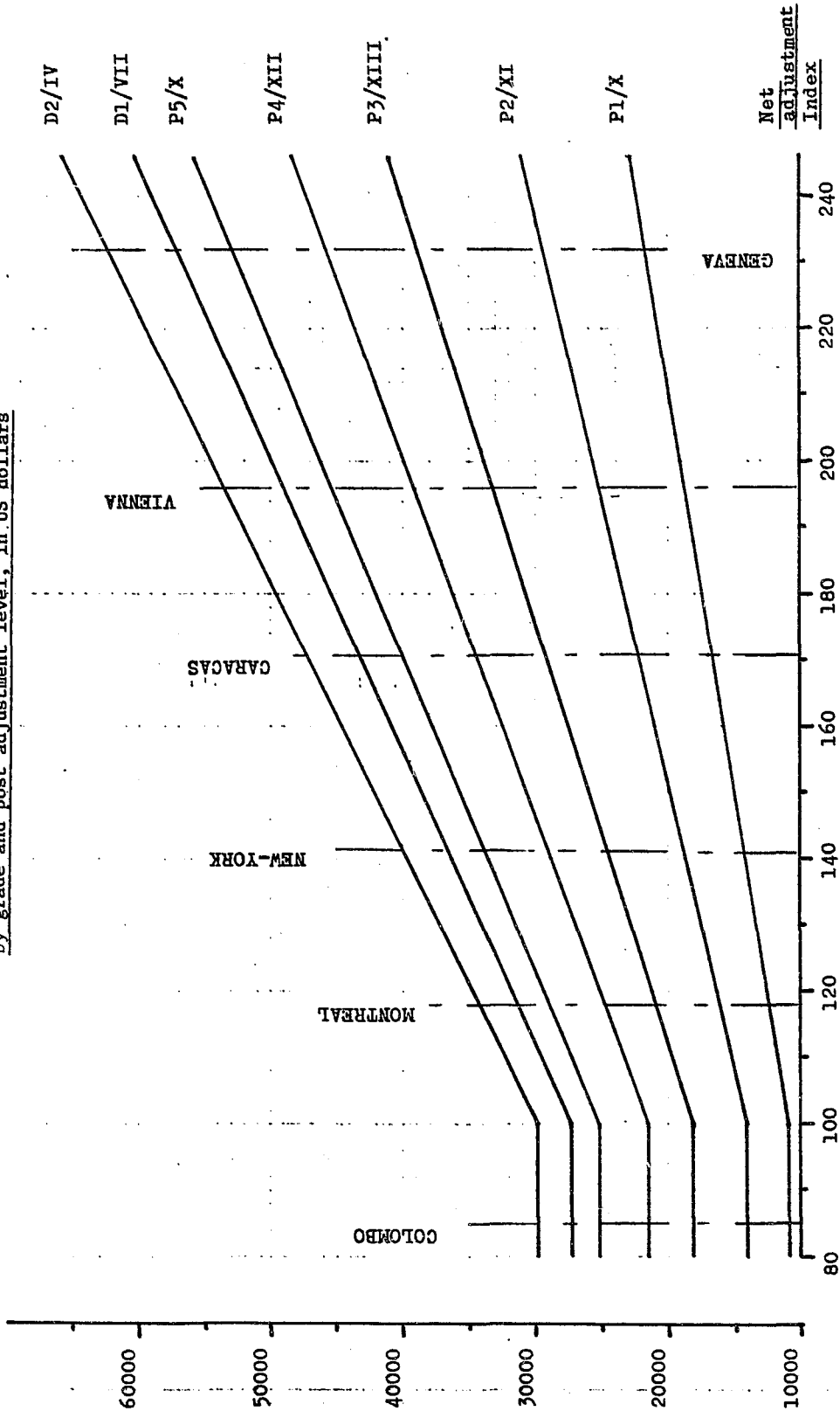
ALTERNATIVE SOLUTIONS

Appendix 3 - Alternative III

A. Basic pension, after 30 years of contributory service by grade and post adjustment level, in US dollars

Basic pension

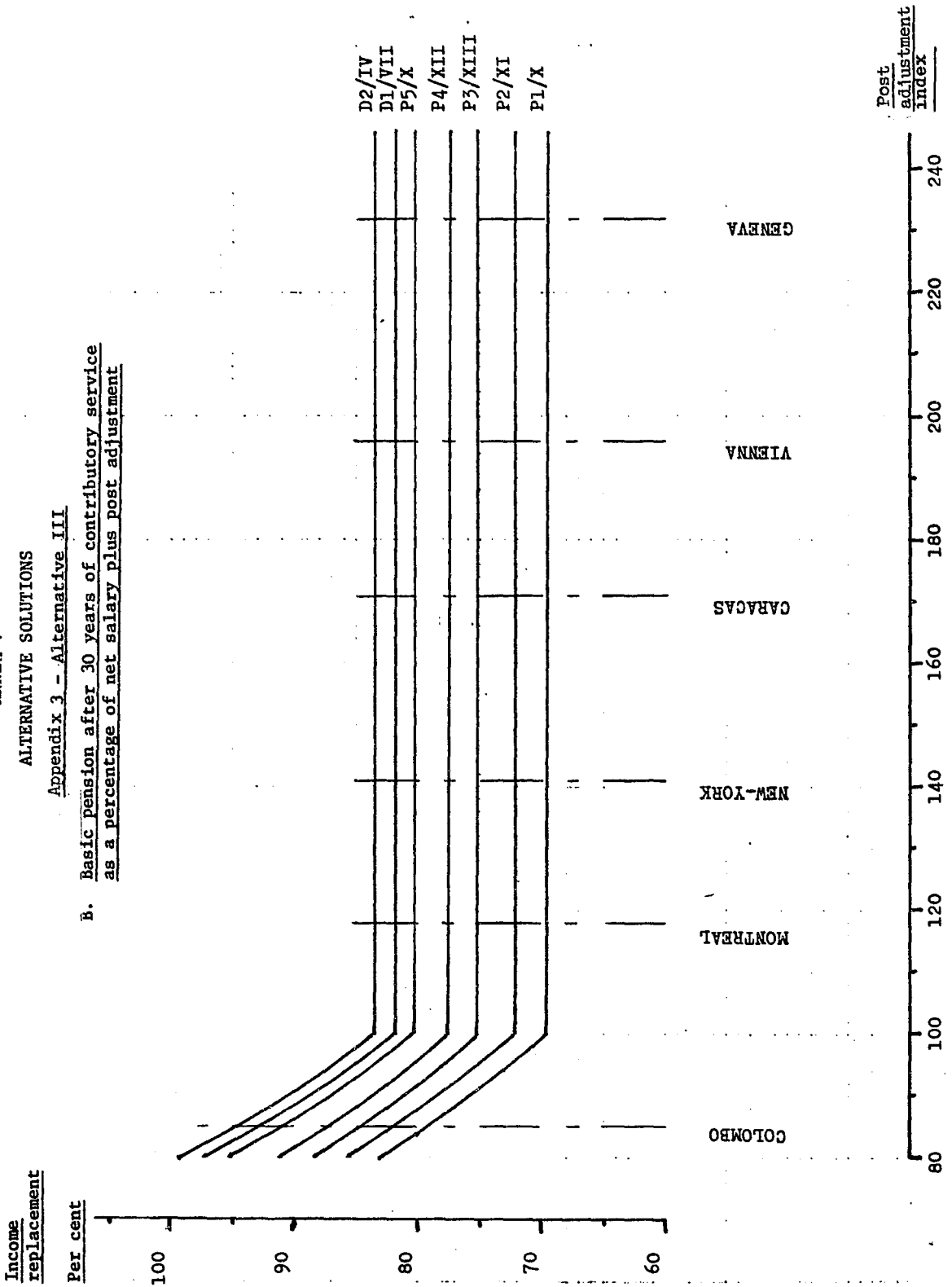
US \$



ANNEX V  
ALTERNATIVE SOLUTIONS

Appendix 3 - Alternative III

B. Basic pension after 30 years of contributory service as a percentage of net salary plus post adjustment

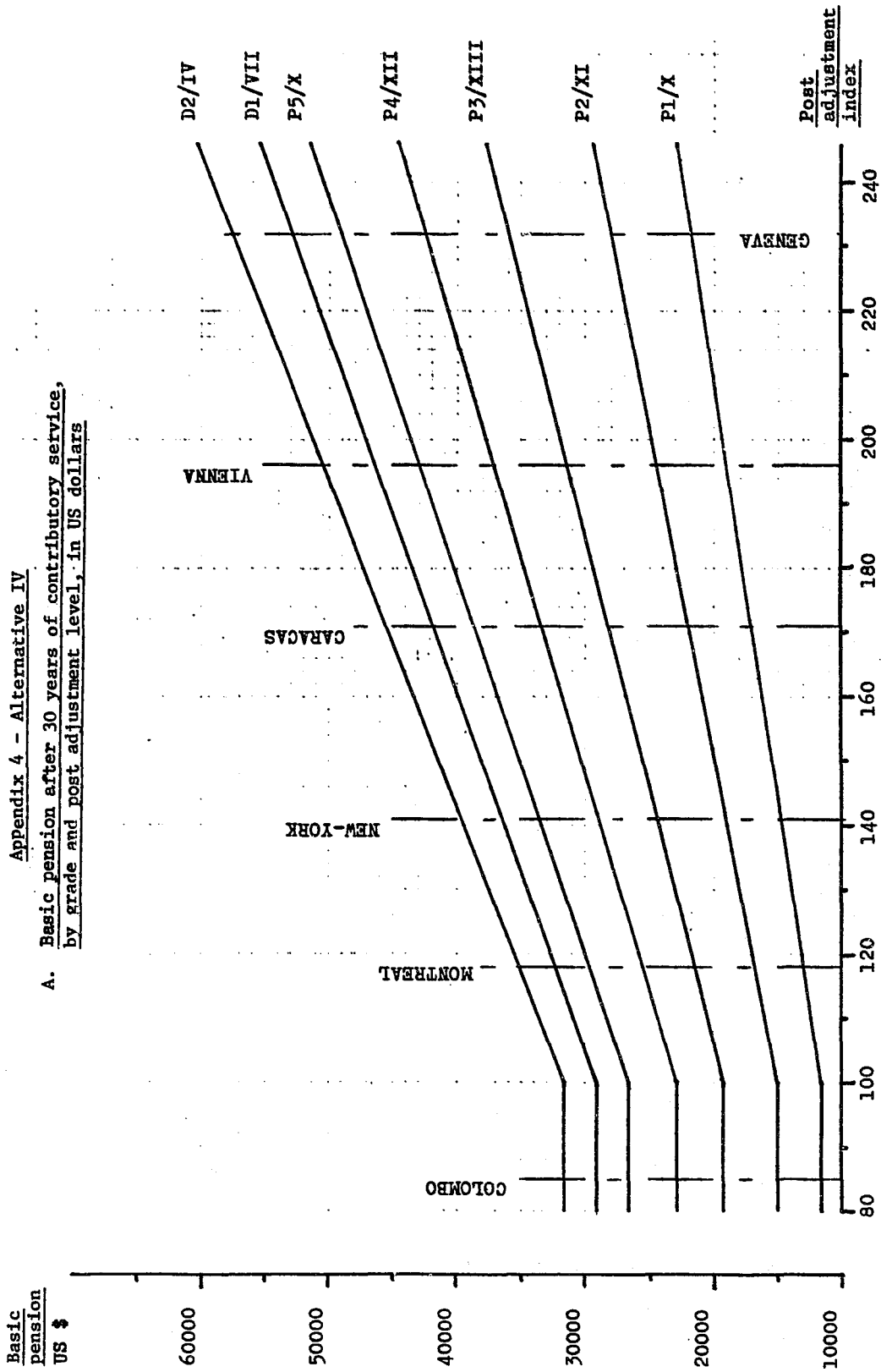


ANNEX V

ALTERNATIVE SOLUTIONS

Appendix 4 - Alternative IV

A. Basic pension after 30 years of contributory service, by grade and post adjustment level, in US dollars

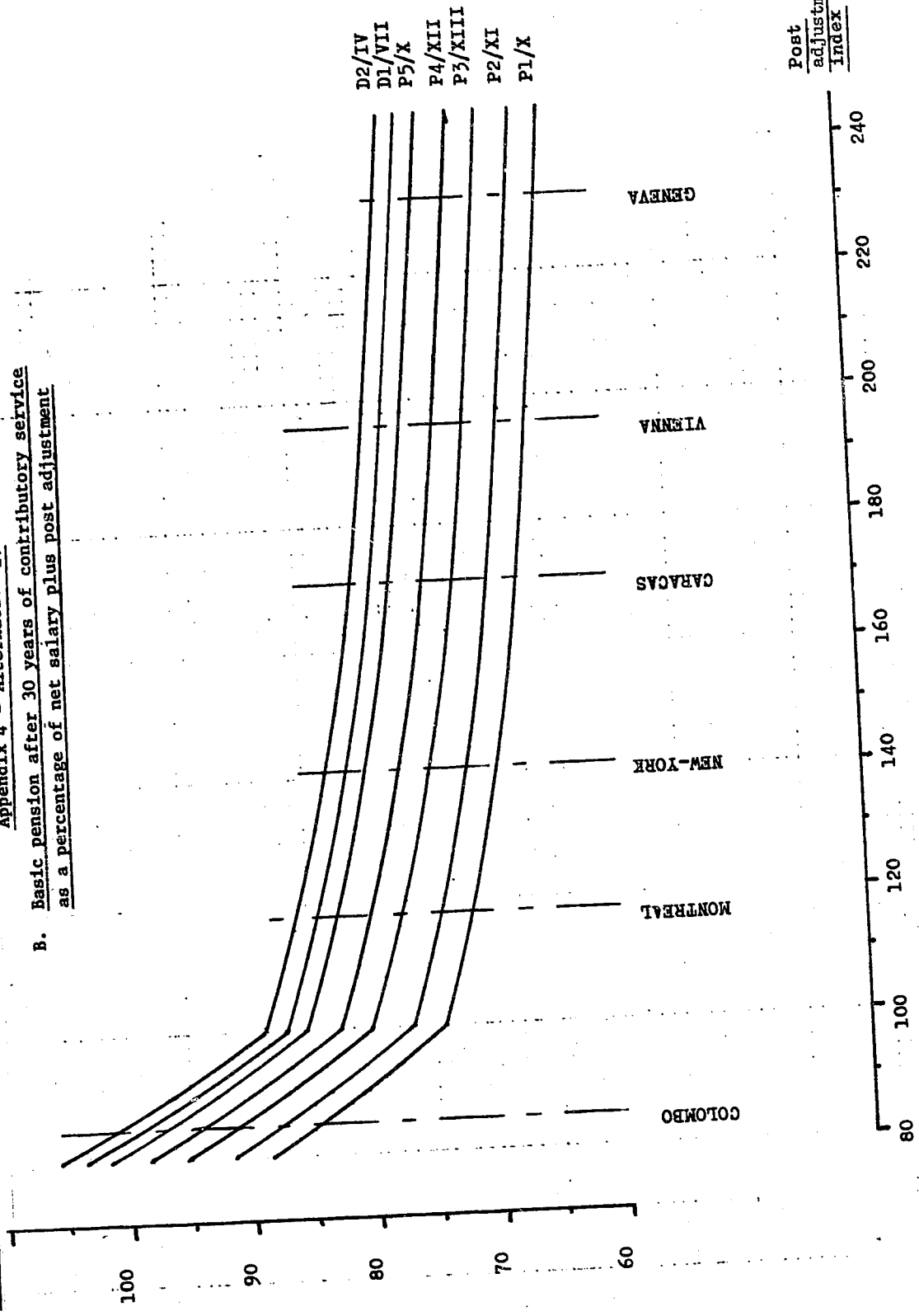


ANNEX V  
ALTERNATIVE SOLUTIONS

Appendix 4 - Alternative IV.

B. Basic pension after 30 years of contributory service as a percentage of net salary plus post adjustment

Income replacement per cent.



## ANNEX V

## ALTERNATIVE SOLUTIONS

Appendix 5Determination of pensionable remuneration multipliers  
(PRM) to be applied under Alternatives III and IV

(a) Grade/ Step	(b) Net income <sup>1/</sup> in New York	(c) (b)-margin ((b)/1.128)	(d) IRC <sup>2/</sup> at (c) income levels	(e) PRM <sup>3/</sup>
P-1/Min	15,953	14,143	67.01	1.1168
P-1/Max.	20,882	18,512	69.66	1.1610
P-2/Min.	20,165	17,877	69.31	1.1552
P-2/Max.	25,930	22,988	72.10	1.2017
P-3/Min.	24,296	21,539	71.31	1.1885
P-3/Max.	32,063	28,425	75.14	1.2523
P-4/Min.	29,029	25,735	73.61	1.2268
P-4/Step V	31,914	28,293	75.06	1.2510
P-4/Max.	36,809	32,632	77.59	1.2932
P-5/Min.	34,993	31,022	76.65	1.2775
P-5/Max	41,326	36,637	80.28	1.3380
D-1/Min.	38,737	34,341	78.76	1.3126
D-1/Max.	43,974	38,984	81.80	1.3634

<sup>1/</sup> Dependency rates of base salary plus post adjustment at multiplier 38 (which is the average multiplier for the period October 1978 to September 1979).

<sup>2/</sup> Derived by interpolation from the scale of IRC in Annex III, Appendix 3.

<sup>3/</sup> Under alternative III, the PRM is applied to base salary plus full post adjustment.

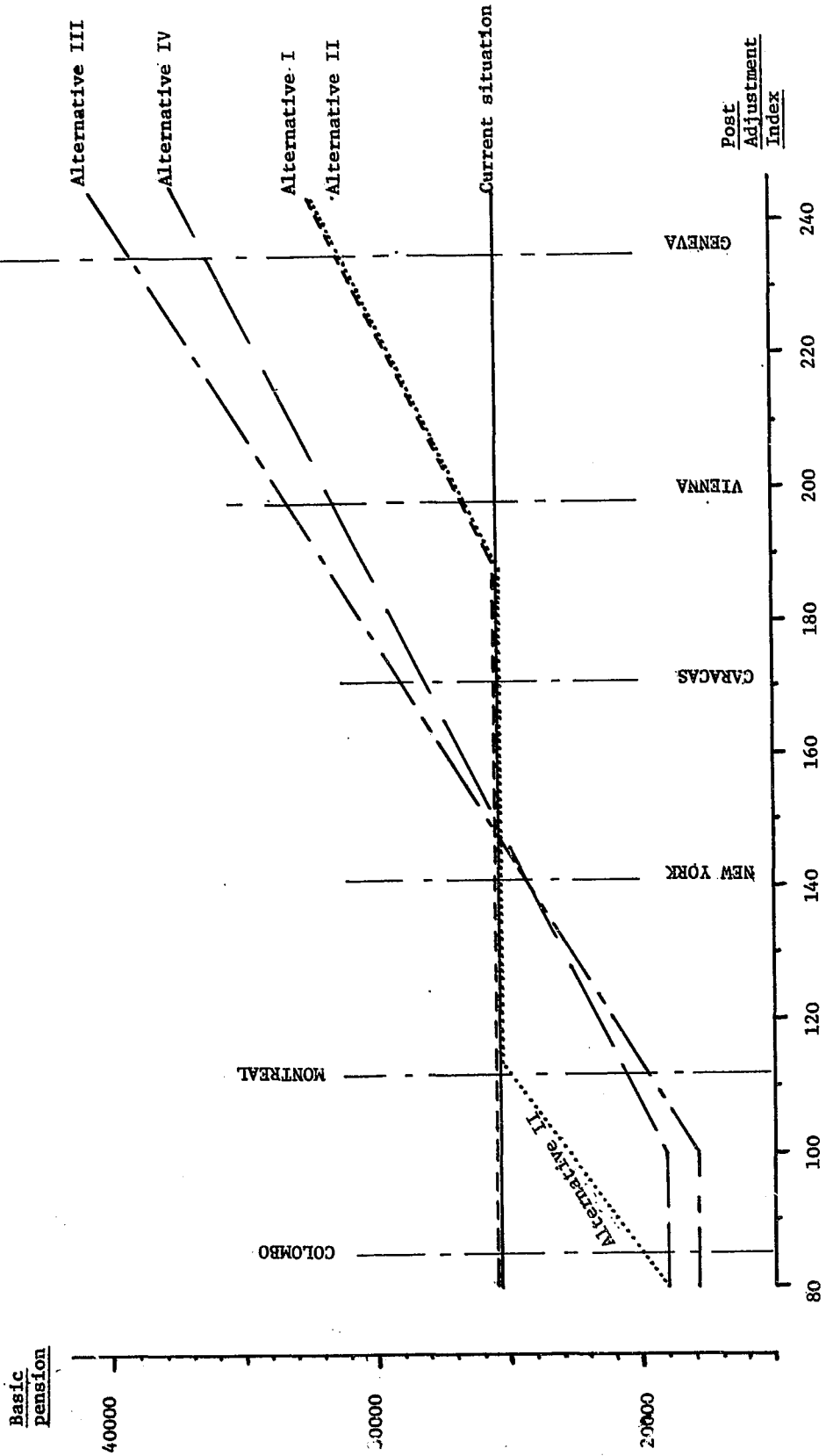
Under alternative IV, it is applied to salary plus 80 per cent of post adjustment above or below the base city New York.

ANNEX V

ALTERNATIVE SOLUTIONS

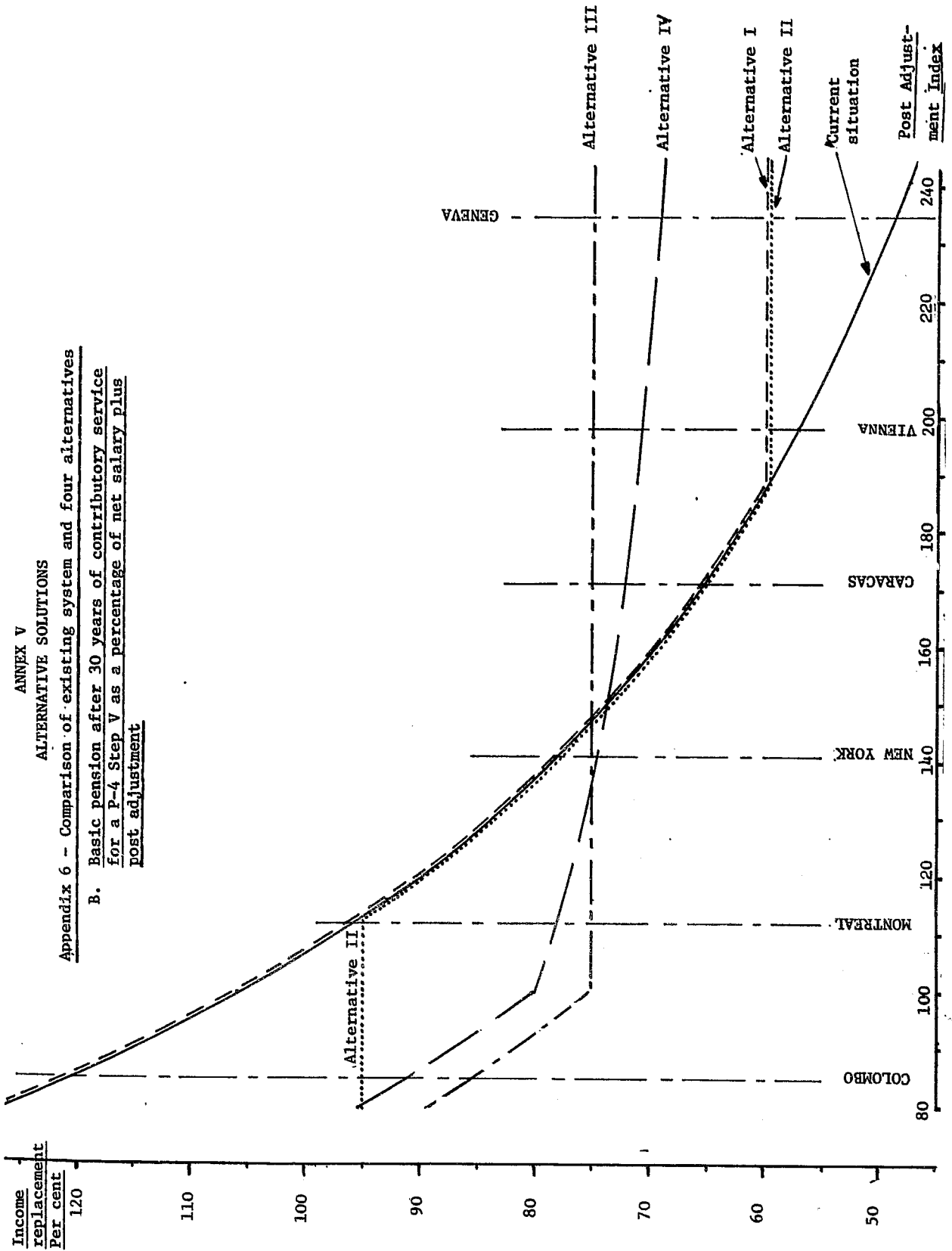
Appendix 6 - Comparison of existing system and four alternatives

A. Basic pension after 30 years of contributory service, at P-4 Step V, by post adjustment level, in US dollars



ANNEX V  
ALTERNATIVE SOLUTIONS

Appendix 6 - Comparison of existing system and four alternatives  
B. Basic pension after 30 years of contributory service for a P-4 Step V as a percentage of net salary plus post adjustment





ANNEX V

ALTERNATIVE SOLUTIONS

Appendix 6 - Comparison of existing system and four alternatives

C. Pensionable remuneration and income replacement at P-4 step V

Post Adjust. Class and Multiplier	At base, New York Mult. 38 a/	Class D Mult. 20	Class 0	Class 3 Mult. 16	Class 7 Mult. 41	Class 10 Mult. 63	Class 14 Mult. 98	Class 18 Mult. 241
Current situation	42,325	42,325	42,325	42,325	42,325	42,325	42,325	42,325
Alternative I b/	42,325	42,325	42,325	42,325	42,325	42,325	42,325	42,325
Alternative II b/	42,325	31,869	37,943	42,325	42,325	42,325	44,466	53,461
Alternative III	39,924	29,979	29,979	34,166	40,709	46,467	55,627	66,880
Alternative IV	39,924	31,968	31,968	35,318	40,553	45,159	52,486	61,489

PENSIONABLE REMUNERATION (in US dollars per annum)

INCOME REPLACEMENT (Gross pension after 30 years' service as % of net remuneration)

Current situation	79.57	126.17	105.97	92.98	78.04	68.37	57.11	47.50
Alternative I	79.57	126.17	105.97	92.98	78.04	68.37	60.00	60.00
Alternative II	79.57	95.00	95.00	92.98	78.04	68.37	60.00	60.00
Alternative III	75.06	89.40	75.06	75.06	75.06	75.06	75.06	75.06
Alternative IV	75.06	95.29	80.04	77.59	74.77	72.95	70.80	69.01

a/ Multiplier 38 is the average multiplier at the base New York for period October 1978 to September 1979.

b/ Under Alternatives I and II, it was suggested that the universal pensionable remuneration might be determined by the formula: (Net Salary plus New York PA divided by margin) grossed up by Staff Assessment. The result at P-4/V would be \$42,025.

## ANNEX V

## ALTERNATIVE SOLUTIONS

Appendix 7 - Distribution of duty stations by  
post adjustment classes at 1 June 1979

Classes*	D to A	0	1	2	3	4	5
Multipliers	-20 to -1	0 to 4	5 to 9	10 to 15	16 to 21	22 to 27	28 to 33
	Belize Sri Lanka USSR	Poland	Br. Virgin Is. Brunei Czechoslovakia Gilbert Is. Maldives Malta St. Vincent Tuvalu	Bhutan Burma Cyprus Dominica India Jamaica Lao, PDR Lesotho Niue Peru St. Kitts-N-A Swaziland Thailand	Antigua Botswana Canada Colombia Cook Is. Ecuador Grenada Guinea-Bissau Mexico Nepal New Caledonia Pakistan Portugal Solomon Is.	Afghanistan Bangladesh Costa Rica Dominican Rep. Fiji Gaza Israel Mozambique New Zealand Romania Samoa St. Lucia Tanzania Togo	Cape Verde Dem. Yemen Guyana Honduras Lebanon Malawi Mongolia Montserrat New Hebrides Nicaragua Panama Paraguay Suriname Turks-Caicos

\* Fractional classes are disregarded for the purpose of this table. The countries appearing under a given column are classified at or above the class shown but below the next higher class. For example, the countries appearing under the column for class 2 are at or above class 2 but below class 3.

N.B. The breakeven point at P<sub>4</sub>/V under alternative III would be at class 8 (multiplier 48).

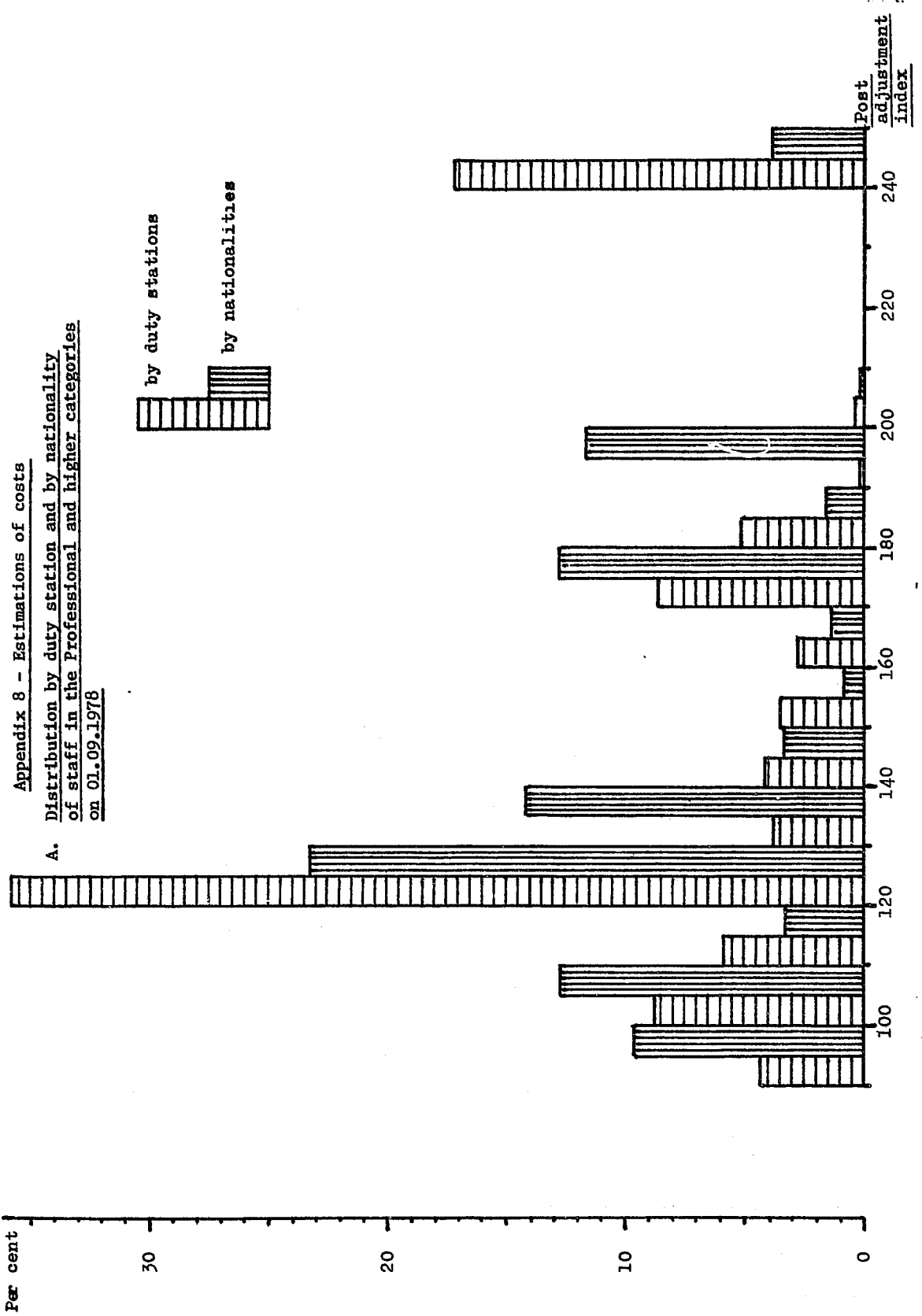
Classes	6	7	8	9	10	11	12
Multipliers.	34 to 40	41 to 47	48 to 54	55 to 62	63 to 70	71 to 79	80 to 88
	Angola Barbados Bolivia Cayman Is. Cuba Egypt El Salvador Ethiopia Haiti Hungary Iraq Italy Malaysia Mauritius Met. Antilles Philippines Trinidad- Tobago Trust Terr. Turkey USA - Wash- Uruguay Zambia	Australia Bulgaria Eq. Guinea Guatemala Indonesia Kenya Madagascar Seychelles Singapore Togo United States of America - New York Yugoslavia	Bahamas Benin Brazil Cameroon Chile Greece Ireland Papua N. Guinea Sierra Leone Somalia Sudan	Gambia Ghana Hong Kong Iceland Liberia Nigeria Tanzania United Kingdom	Bermuda Congo Korea, Rep. of Mauritania Morocco Spain	Burundi Comoros Jordan Kuwait Qatar Sao Tomé and Principe Saudi Arabia	Algeria Chad Djibouti Iran Ivory Coast Niger Senegal Tunisia Upper Volta Venezuela

Classes	13	14	15	16	17	18	19 and above
Multipliers.	89 to 97	98 to 107	108 to 117	118 to 128	129 to 140	141 to 152	153 and above
	Austria France Caban Mali Syria United Arab Emirates	Argentina Denmark Libya Netherlands Oman	Belgium Cent. African Empire Germany, F.R. Yemen Arab R.	Bahrain Uganda Zaire	Guinea Switzerland		Japan (19)

ANNEX V  
ALTERNATIVE SOLUTIONS

Appendix 8 - Estimations of costs

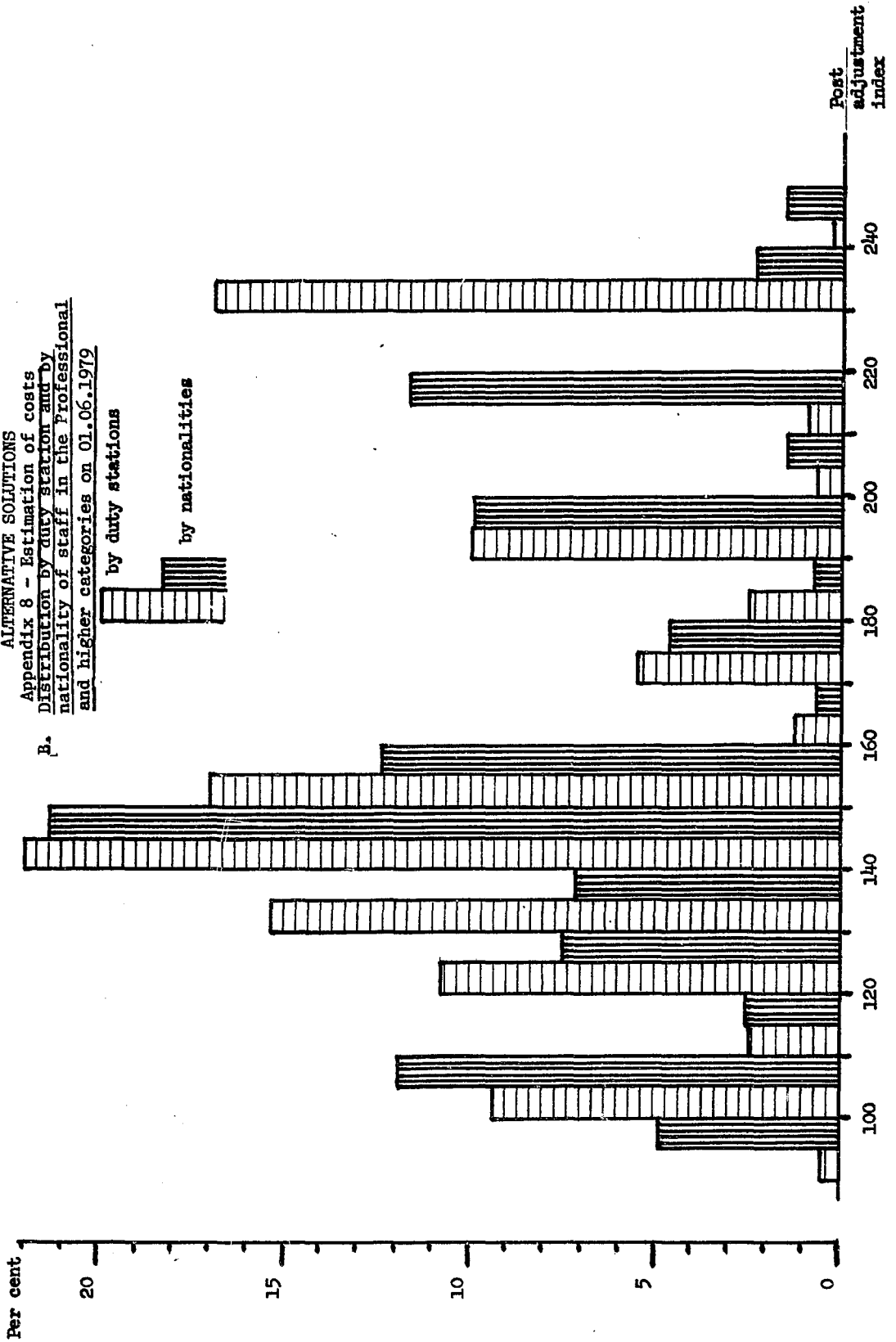
A. Distribution by duty station and by nationality of staff in the Professional and higher categories on 01.09.1978



ANNEX V

ALTERNATIVE SOLUTIONS

B. Appendix 8 - Estimation of costs  
Distribution by duty station and by  
nationality of staff in the Professional  
and higher categories on 01.06.1979



C. Conditions of service of the Professional and higher categories

ANNEX VI

Study of equivalencies of grades between the United Nations  
common system and the Federal Civil Service of the  
United States of America

Report of the consultants Charles Fizez and Robert L. Smith

(previously issued as document ICSC/R.173)

1. The consultants reappointed to continue the study of grade equivalencies between the United Nations common system and the comparator national civil service met from 17 May to 3 July 1979. The Chief of the Job Classification Section of the ICSC secretariat, along with the Job Classification Analyst on his staff, were designated to assist the consultants in their work.
2. The purpose of the current study was to determine the proper equivalent grades in the United States Federal Civil Service for grades D-2, Assistant Secretary-General and Under-Secretary-General of the United Nations common system. The consultants were informed at the outset of their study that the United States was in the process of implementing a new scheme for remuneration of incumbents of managerial positions, to be known as the Senior Executive Service (SES). This service would apply primarily to certain personnel presently graded GS-16, GS-17, GS-18, E-V and E-IV but their positions would no longer be identified by a grade level - the emphasis in determining remuneration being on the individual's performance. There would be six salary (base-pay) rates ranging from ES-1 \$44,765 to ES-6 \$52,800. Merit awards and bonus payments would be made in addition, on an individual basis.
3. It was understood that while the SES system would in principle be implemented on 13 July 1979, present payable rates would in most cases remain in effect until at least 1 October 1979. Moreover, payments of supplemental amounts in the form of bonuses, contrary to earlier information provided by the United States Office of Personnel Management, would not be payable until some time after 13 July 1980. Thus, it was not practical at the time of the consultants' study to take account of the effects on remuneration of the establishment of the SES, as was suggested in paragraphs 34 and 35 of document ICSC/R.168.
4. The most suitable and most useful alternative appeared to be, therefore, to carry out the equivalency study on the basis of the grades assigned to the United States jobs at the time of the study, under the existing grading system. Grades GS-16 to GS-18 and Executive levels V to I were, in any event, being retained by the United States for positions not covered by the SES scheme. Accordingly, the consultants decided to proceed on that basis, bearing in mind that the ICSC secretariat could eventually obtain the necessary information, for United States/United Nations salary comparison purposes, on the total remuneration of those jobs covered in the survey which subsequently became part of SES and were remunerated at different levels.

## Data collection and evaluation - United Nations common system jobs

5. The secretariat of ICSC made the necessary arrangements with the organizations of the United Nations common system for provision of completed job descriptions covering D-2, ASG and USG positions. A total of 112 usable job descriptions spanning these three grades were received. In addition, 25 descriptions of D-2 positions which had been used in the 1978 grade equivalency study were included, making a total of 137 drawn from 10 organizations (see appendix 1).

6. These job descriptions covered a cross-section of work performed at D-2, ASG and USG levels in the organizations of the common system. Due to the time limitation set for the completion of the study and to budgetary considerations, no desk audits were undertaken as had been done in the previous study. However, the information provided in the job descriptions was considered to be sufficiently clear and complete for the purpose of evaluation.

7. An initial evaluation was carried out according to the same points rating system and the same procedures as had been applied during the 1978 study. The two consultants and one member of the secretariat separately evaluated each position. They then compared their evaluations, factor by factor, and resolved any differences in their ratings.

## Revision of factors and re-evaluation of common system jobs

8. The consultants analysed the initial evaluation results to determine whether the factors of the points rating system fully covered the important aspects of positions at D-2, ASG and USG levels and were sufficiently precise to differentiate between these levels. The conclusion was reached that while the points rating system adequately applied to positions in grades P-1 to D-2 for which it had been designed, an attempt should be made to revise certain elements of the factors in order to cover more fully the higher-level positions.

9. Inasmuch as the present study was to be conducted as a continuation of the 1978 grade equivalency study, it was important to ensure consistency in the results for the two studies. Care had to be exercised, therefore, in identifying and determining those additional elements of differentiation to be incorporated into the existing points rating system so that the evaluations of P-1 to D-1 positions undertaken in the 1978 study would not be disrupted.

10. For this purpose the consultants examined and compared the initial ratings of each individual factor for D-2, ASG and USG positions, concentrating on those aspects which would allow for the clearest differentiation between these three levels. From this examination it became evident that the importance of personal contacts at these levels was not fully taken into consideration. In particular, it was considered that Factor IV did not fully reflect the significance of work relationships involved in the higher-level positions in United Nations organizations. Adequate recognition could not be given to the role of many ASG and USG positions in providing policy advice to the executive head and in representing the executive head in negotiations and in other relationships with national governments, constituent members, and other organizations. Accordingly it was decided to amend the points range of this factor to add one horizontal rating level with a total value of 50 additional points (25 points each for inside and outside contacts).

11. In addition, both to assist in differentiating between D-2, ASG and USG level positions and also to clarify understanding and application of the factors, some modifications were introduced to the definitions of the highest horizontal levels of Factor II - Difficulty of Work, Factor III - Independence of Work and Factor VI - Impact of Work. These modifications did not effect any change in the previous evaluations of P-1 to D-1 positions made in the 1978 grade equivalency study. The revised factors adopted by the consultants for the present study are shown in appendix 2.

12. All United Nations common system jobs were re-evaluated on the basis of these revised factors and a final points score was established for each.

Establishment of the points ranges for common system grades

13. The final points score for each job was plotted on a graph in order to determine the points ranges for each grade. It will be recalled that in carrying out the 1978 study the consultants had been satisfied with the points range established for the D-1 grade, which also provided the minimum points for the D-2 grade, but had been uncertain as to the upper limit of the points range for grade D-2. a/ By the inclusion of ASG positions in the present study it became possible to establish a definitive upper limit for the D-2 range. The points range of each grade was then determined in such a manner that the highest number of job gradings would be confirmed, thereby assuring that the evaluation system reflected as nearly as possible the present practices of the organizations in the common system. The points ranges established for the three higher grades were as follows:

- D-2 - 2940-3339
- ASG - 3340-3679
- USG - 3680-3799

14. Application of these points ranges provided the following results:

Grade	No. of jobs evaluated	Jobs falling in points range of their grade	Jobs above points range of their grade	Jobs below points range of their grade
USG	15	9 (60.0%)	1 ( 6.7%)	5 (33.3%)
ASG	48	34 (70.8%)	10 (20.8%)	4 ( 8.4%)
D-2	74	55 (74.3%)	4 ( 5.4%)	15 (20.3%)
TOTAL	137	98 (71.5%)	15 (11.0%)	24 (17.5%)

Data collection and evaluation - United States Civil Service jobs

15. The secretariat of ICSC established contacts with the Associate Director,

a/ Official Record of the General Assembly, Thirty-third Session, Supplement No. 30 (A/33/30), para. 82.



Executive Personnel and Management Division of the Office of Personnel Management (OPM) to obtain the co-operation of the United States Government Departments and Agencies in carrying out the study. Through personal meetings with representatives of OPM, who acted in a liaison and co-ordination capacity, and with representatives of the United States Government Departments and Agencies, the secretariat arranged for the preparation of representative job descriptions for grades GS-17, GS-18, E-V, E-IV, E-III and E-II.

16. Given that no formalized system of job descriptions existed for the majority of Executive Level positions, information on these positions was presented by Departments and Agencies on the ICSC job description form. For GS-17 and GS-18 jobs the consultants were provided with copies of existing job descriptions. Additional information on all jobs was collected by the consultants in order to cover adequately all the evaluation factors in the points rating system used in the study. This additional information was obtained in Washington from representatives of Departments and Agencies concerned between 4 June 1979 and 15 June 1979. The consultants wish to record their appreciation for the full co-operation provided by the representatives of the United States Office of Personnel Management and the Departments and Agencies concerned in supplying complete and detailed information on United States Government positions.

17. A number of job descriptions received from the United States Department of State and the United States International Communication Agency had been graded according to the Foreign Service grading system. Some positions from the Department of Health, Education and Welfare were graded under the Commissioned Officer system, and others from the Department of Energy were graded under that department's Energy Research grading system. In those cases, the consultants determined the United States Government General Schedule (GS) or Executive Level (E) grade equivalents on the basis of information provided by the representatives of the departments concerned. It should be noted in this regard that the number of such positions was proportionally greater in this study than in the 1978 study.

18. A total of 129 usable job descriptions as shown in appendix 3, were made available by the Departments and Agencies. This number was comparable to the number of usable job descriptions obtained from the common systems organizations for D-2, ASG and USG jobs.

19. The process of rating United States Government positions utilizing the same revised points factor system and procedures that had been used in evaluating the United Nations common system positions was carried out at ICSC headquarters by the two consultants and a member of the ICSC secretariat.

#### Difficulties encountered

20. The Commission had called attention to the various difficulties involved in determining comparisons for jobs at the ASG and USG and equivalent levels; b/ inter alia, that jobs at these levels are unique in character, they are influenced by political considerations as well as by the stature of the individual, they are not part of the normal career structure and that differences in functions between international civil service and national civil service become more marked at the top

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b/ Ibid., para. 90.

levels. Even though it had been decided that the study should be based mainly on job content, which remained the most measurable of the elements affecting grading, it was difficult in practice to draw a line between the importance of job content alone and the effect of non-job-content aspects on the grade of the job. Some additional non-job-content factors to which the consultants' attention had been drawn during data collection in Washington were:

(a) "Representativeness" i.e.: incumbent represents key or special interest groups;

(b) Incumbent is supporter of policies of Administration and has confidence of President and Cabinet in carrying out those policies;

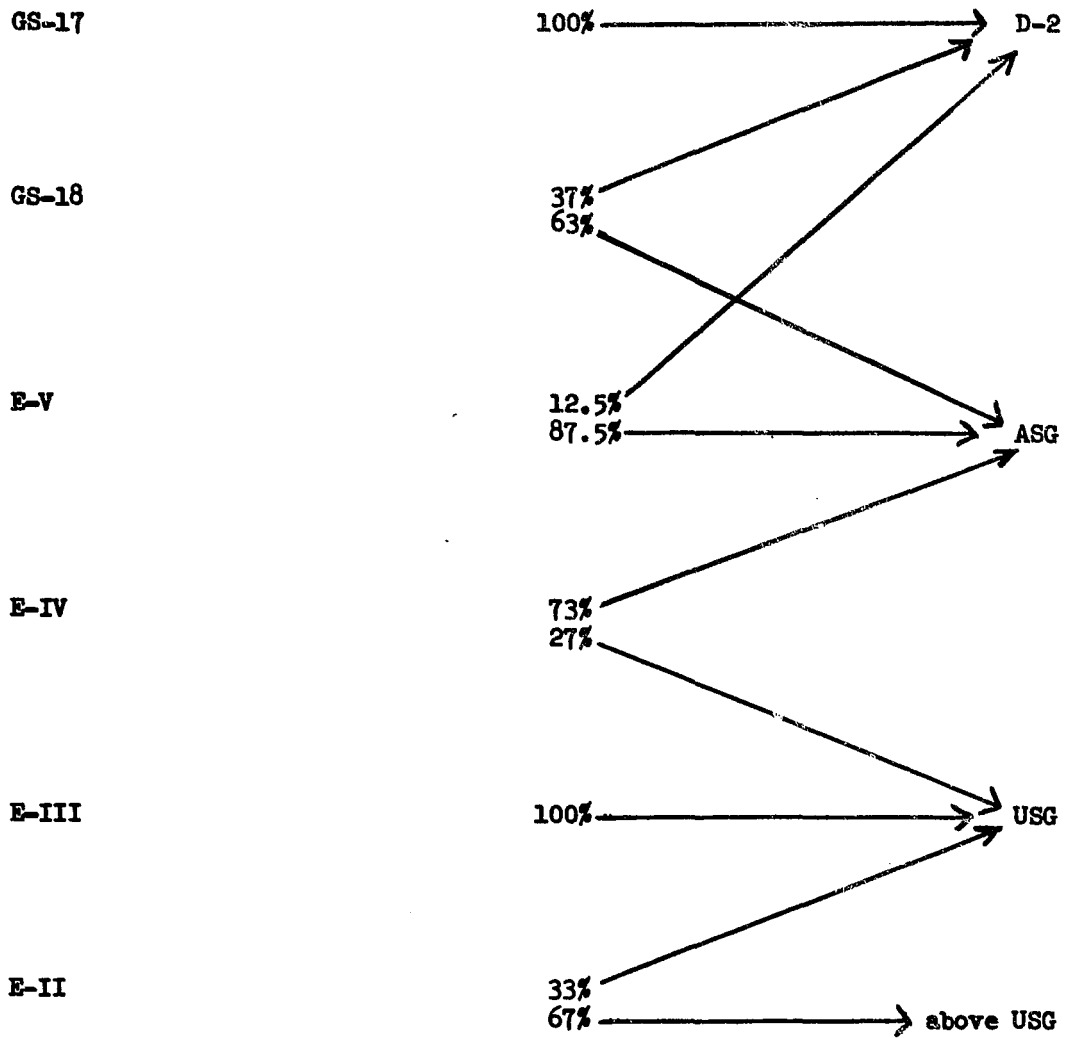
(c) Incumbent is nationally or internationally renowned in scientific, academic or other field;

(d) Need to import officials with high-level managerial skills rather than with specialized technical skills.

21. One of the difficulties encountered by the consultants was translating into the normal units of evaluation of Factor I the special qualifications required of incumbents of these positions. It was also difficult to properly cover and assess certain other aspects of the functions of the incumbents of these higher-level jobs, who are frequently required to act as mediators or negotiators in sensitive matters (political and diplomatic) or to act as advisers or as co-ordinators of activities which do not directly fall under their jurisdiction.

#### Establishment of equivalencies

22. Whereas it had been possible to determine point ranges for the three United Nations common system grades (D-2, ASG and USG), the consultants did not find it possible to determine separate and distinct point ranges for the six levels of United States Government jobs (GS-17, GS-18, E-V, E-IV, E-III and E-II) as had been done in the 1978 study, due to the considerable overlap in the span of points ratings for the jobs in those grades. They therefore identified the common system ranges in which the points rating of each of the United States Government jobs fell. The percentage distribution of the United States jobs was as follows:



## Conclusions

23. The equivalencies resulting from the study carried out by the consultants are given below. (Some minor roundings have been made in the figures shown in the table in the above paragraph in arriving at these results.)

<u>Common System Grade</u>		<u>United States Civil Service Grade</u>	
D-2	-	GS-17	weight of 67
		GS-18/E-V	weight of 33
ASG	-	GS-18/E-V	weight of 67
		E-IV	weight of 33
USG	-	E-IV	weight of 17
		E-III	weight of 63
		E-II	weight of 20

24. Grades GS-18 and E-V have been combined in the above equivalencies since the two levels have the same base salary rate and since the span of the points ratings for grade E-V jobs was virtually the same as that of grade GS-18 jobs.

25. The consultants consider that the degree of validity of the equivalency now determined for grade D-2, based on a larger sampling of jobs, is comparable to that determined in the 1978 grade equivalency study for grades P-1 to D-1. However they consider that the equivalencies for the ASG grade, and to a greater degree for the USG grade, should be regarded as approximations. This is due, in part, to the difficulty of the points factor system in fully covering those special non-job-content aspects (outlined in paragraphs 20 and 21 above) involved in these higher-level positions. Moreover, even though an attempt had been made to revise the points factor system in order to make it more applicable to ASG and USG grades, the system did not produce distinctions in jobs at these levels in which the consultants had the same confidence as for grades D-2 and below. Furthermore, jobs at these top levels are not strictly graded according to job content, either within the common system or the United States Civil Service and therefore tend to reflect a lesser degree of consistency across department, agency and organization lines.

## APPENDIX 1

Numbers of United Nations common system job descriptions  
evaluated by grade and by organization

ORGANIZATION	USG	ASG	D2	D2s RETAINED FROM 1978 STUDY	TOTAL
UN	11	8	6	9	34
FAO	1	11	4	5	21
UNDP	1	5	14	-	20
WHO	-	11	2	7	20
UNESCO	-	5	9	-	14
IAEA	-	6	6	-	12
ILO	2	2	6	-	10
ICAO	-	-	-	3	3
UNICEF	-	-	2	-	2
IMCO	-	-	-	1	1
TOTAL	15	48	49	25	137

## APPENDIX 2

### Job classification point-rating system

(Adopted for use in the 1979 Study of Equivalencies of Grades  
between the United Nations Common System and the Federal  
Civil Service of the United States of America)

The six factors on the following pages are designed to measure the relative importance of jobs - not individuals - with an organization. Jobs are analysed in terms of several common elements and point values are assigned for these. The total point rating for a particular job falls within a point range which indicates the appropriate grade for the job. The point ranges for grade levels P-1 through USG are as follows:

<u>Point ranges</u>	<u>Grade level</u>
800 - 969	P-1
970 - 1349	P-2
1350 - 1639	P-3
1640 - 2039	P-4
2040 - 2479	P-5
2480 - 2939	D-1
2940 - 3339	D-2
3340 - 3679	ASG
3680 - 3799	USG

The following factors require further explanation:

Factor I: This is the only three dimensional factor. In applying this factor, the appropriate level of theoretical knowledge required by the job, (i.e. the horizontal element) is identified first. Then the requirements of the job in terms of the level of practical experience of having applied that theoretical knowledge, (i.e., the vertical element) are determined. The appropriate box that corresponds to the two elements identified is found. Finally, depending upon the language knowledge requirements of the job (i.e. the third dimension) the appropriate point value is chosen from among the three values indicated in that box. If proficiency in one working language is required then the lowest score is allocated. The middle score is given for the requirement of proficiency in two working languages and the highest score for the requirement of proficiency in a third language (working or not) as well as in two working languages.

Factor IV: This factor also is scored differently from the others. First the skill and importance of the inside contacts required by the job are evaluated and a point value is allocated. Then the same is done for the outside contacts - if any are required. Finally, the two point scores are added together to obtain the total point value for the factor.

**FACTOR I**

**PROFESSIONAL KNOWLEDGE REQUIRED**

This factor measures the theoretical knowledge and practical experience of applying that knowledge that is required by the job.

Practical experience required	Theoretical knowledge required	1. Knowledge at first university degree level or its equivalent in training and self-study.	2. Knowledge at advanced university degree level or its equivalent in training and self-study.	3. Knowledge at highest university degree level or its equivalent in training and self-study.
	A. No experience required.		100      150      200	200      250      300
B. Experience in applying theoretical knowledge at national level for up to five years or at international level for up to 2 years.		150      200      250	250      300      350	350      400      450
C. Experience in applying theoretical knowledge at national level for over five up to ten years OR at international level for over 2 up to five years		200      250      300	300      350      400	400      450      500
D. Both of the above		250      300      350	350      400      450	450      500      550
E. Experience in applying theoretical knowledge at national level for over ten years OR at international level for over five up to ten years		300      350      400	400      450      500	500      550      600
F. Both of the above		350      400      450	450      500      550	550      600      650
G. Experience in applying theoretical knowledge at international level for over ten years.		400      450      500	500      550      600	600      650      700

Language Knowledge Required

The job requires that the incumbent have proficiency<sup>1</sup> in one working language of the organization.  
(0 points)

The job requires that the incumbent have proficiency in two working languages of the organization.  
(+50 points)

The job requires that the incumbent have proficiency in a third language as well as in two working languages of the organization.  
(+100 points)

1. "Proficiency" is defined as : " A working knowledge, sufficient to permit a speaker to take part in ordinary conversations, to attend meetings, understand what is said there and make his own contribution, to write about official matters from one office to another within the organization, in a language which, while not necessarily perfect, avoids the grosser grammatical and syntactical errors and is readily comprehensible."

**FACTORS II**

**DIFFICULTY OF WORK**

This factor measures the mental demands of the job in terms of the work and the degree of individual contribution required.

	4. Essentially the synthesis, presentation of data requiring the application of the elementary principles of the profession.	5. Analyzing data, identifying problems, drawing conclusions and making recommendations. Interpreting rules, procedures or cards.	6. Same as 5 plus consecutive or adaptive revision or reworking work at level 5.	7. Developing new approaches, procedures, techniques or terminology on an appreciable part of work planning, integrating and coordinating work of predominantly level 6 positions.	8. As a major part of the manager or officer in the solution of delicate or significant problems or launching activities in new fields planning, coordinating and directing work of predominantly level 6 or above positions in diverse organizational entities.	9. Planning, coordinating and directing a vital area of Organization's work characterized by a significant number of level 8 top positions. OR planning, coordinating and directing total performance of several diverse organizational entities spanning a broad segment of Organization's work.
Individual contributions	140	220	300	385	470	560
H. Restricted in scope and depth but moderately intricate.	200	280	360	445	530	620
I. Restricted in scope and depth, but intricate; interrelationships within the subject matter not clearly evident.	260	340	420	505	590	680
J. Restricted in scope but requiring considerable depth of treatment of subject matter. Alternatively, broad scope but restricted in depth. Substantial intricacy of subject matter. Problems are difficult to solve as they require individual diagnosis and treatment.	320	400	480	565	650	740
K. Broad in scope and requiring considerable depth of treatment of subject matter. Substantial intricacy of subject matter. Problems difficult to define and consider; considerations involved in solving them.	380	460	540	625	710	800
L. Extremely broad in scope and requiring considerable depth of treatment of subject matter. Involves great intricacy and requires that several diverse phases are pursued concurrently. Problems very difficult to define and many complex considerations, such as the impact of alternative possible solutions on other areas of work or other organizations) involved in solving them.						



**FACTOR III**

**INDEPENDENCE OF WORK**

This factor measures the degree to which guidelines apply to the work and the amount of supervisory assistance and control given.

Application of guidelines	10. Procedures for doing the work have been standardized and a number of specific applicable guidelines are available.	11. Procedures for doing the work may not be standardized and specific applicable guidelines are not always available.	12. Guidelines are only partially relevant. Incumbent interprets and adapts guidelines to fit unusual or complex situations.	13. Guidelines are only partially relevant. Work normally requires that incumbent interpret and adapt guidelines. Incumbent may establish guidelines.	14. Guidelines are broadly stated and normally require extensive interpretation. Significant compromises to guidelines normally require for majority of work. Incumbent has authority to establish important guidelines.	15. Guidelines are only stated in the broadest policy terms and in terms of the overall mission of the organization. Incumbent has authority to establish guidelines of major importance.
Supervisory controls over incumbent	110	160	210	260	310	360
M. Specific instructions are provided and product reviewed for adherence to instructions, soundness of conclusions and accuracy.	170	220	270	320	370	420
N. Purpose and desired results indicated and anticipated problems discussed beforehand. Other problems that arise are discussed with supervisor. Specific instructions are provided for new assignments and the approach is normally defined by the supervisor. Work in process periodically reviewed. End product reviewed for soundness of conclusions and accuracy.	230	280	330	380	430	480
O. Purpose and desired results indicated. The approach is normally developed jointly between incumbent and supervisor. Problems that occur are discussed at discretion of official. Work in process reviewed at discretion of supervisor. End product reviewed for soundness of conclusions and judgment.	310	360	410	460	510	560
P. General objectives and boundaries indicated. Incumbent develops approach to follow which may be reviewed beforehand by supervisor. Work in process is reviewed with supervisor only when incumbent feels it necessary. End product reviewed for attainment of objectives.	380	430	480	530	580	630
Q. General objectives and desired results are discussed between supervisor and incumbent. Work is reviewed for accomplishment of program objectives.	450	500	550	600	650	700
R. Incumbent identifies objectives, determines desired results and communicates these to supervisor. Work considered as authoritative and normally accepted without change.						

FACTOR IV

WORK RELATIONSHIPS

This factor measures the skill required in work relationships and the importance of contacts to the Organization's programmes.

IMPORTANCE	16. To give, obtain and exchange information requiring discussion and explanation.	17. To persuade and obtain assistance of others on matters of non-routine significance.	18. To act as representative or adviser of the Organization with authority to discuss problems and seek common ground on which to recommend solutions based on predetermined guidelines provided by higher authority.	19. To act as representative or adviser of the Organization with authority to discuss problems, seek common grounds for solutions and commit the Organization on policy issues of limited importance.	20. To act as representative or adviser of the Organization with authority to discuss problems, seek common grounds for solutions and commit the Organization on policy issues of considerable significance.	21. To act as personal adviser to the executive head on policy issues of the highest significance or to act as personal representative of the executive head with mandate to make or obtain major commitments on policy issues of the highest significance to the Organization.
Inside Organization 5. 1. Predominantly within same functional area.	70	110	150	190	230	255
2. Outside functional area extensively throughout Organization, but generally not with units outside the duty station.	105	145	185	225	260	290
3. Same as above, as well as with units outside the duty station.	140	180	220	260	300	325
Outside Organization T.1. Virtually no contacts outside the Organization.	0	0	0	0	0	0
2. Contacts with persons on routine subject matters (e.g. suppliers, contractors).	115	155	195	235	275	300
3. Contacts with persons on subject matters of importance to Organization's programmes (e.g. counterparts in other organizations or at working level in national governments).	190	230	220	310	350	375
4. Contacts with persons on subject matters of greater importance to Organization's programmes (e.g. Heads of important organizational units in other organizations, or national governments).	265	305	345	385	425	450
5. Contacts with persons on subject matters having a significant impact on Organization's programmes (e.g. members of Organization's legislative bodies, Executive Heads of other organizations, Heads of delegations and Ministers in national governments).	340	380	420	460	500	525

FACTOR V

SUPERVISORY RESPONSIBILITY

This factor measures the management responsibility\* of the the job in terms of the numbers of staff supervised.

	22	23	24	25	26	27	28	29
Direct responsibility for Technical and Administrative Support Staff **	0 or 1 Support Staff	2 - 10 Support Staff	11 - 25 Support Staff	26 - 50 Support Staff	51 - 100 Support Staff	101 - 200 Support Staff	201 - 500 Support Staff	over 500 Support Staff
Direct responsibility for Professional Staff								
U. 0	0	20	40	60	80	100	125	150
V. 1 - 3 Professional Staff	20	40	60	80	100	120	145	170
W. 4 - 8 Professional Staff	40	60	80	100	120	140	165	190
X. 9 - 20 Professional Staff	60	80	100	120	140	160	185	210
Y. 21 - 40 Professional Staff	80	100	120	140	160	180	205	230
Z. 41 - 70 Professional Staff	100	120	140	160	180	200	225	250
a. 71 - 100 Professional Staff	125	145	165	185	205	225	250	275
b. over 100 Professional Staff	150	170	190	210	230	250	275	300

\* Responsibility means being held responsible for the work of those supervised and normally includes the preparation of annual reports.

\*\* Includes General service, local, manual and security staff.

FACTOR VI

IMPACT OF WORK

This factor measures the importance of decisions and proposals on the Organization's objectives and the consequences of involuntary errors on such objectives

<p>Effect on work</p>	<p>30. Decisions are rarely, if ever, taken. Proposals, if accepted, affect the work of the immediate organizational unit.</p>	<p>31. Decisions taken are limited to methods of work or individual cases. Proposals, if accepted, directly affect the accuracy, reliability and acceptability of further processes or services.</p>	<p>32. Decisions taken directly affect the accuracy, reliability and acceptability of further processes or services. Proposals, if accepted, directly affect the design or operation of systems, programmes or types of equipment.</p>	<p>33. Decisions taken directly affect the design or operation of systems, programmes or types of equipment. Proposals, if accepted, directly affect the design or operation of major systems, programmes or types of equipment.</p>	<p>34. Decisions taken directly affect the design or operation of major systems, programmes or types of equipment. Proposals, if accepted, directly affect a wide range of the Organization's activities, other organizations, national governments or the well-being of large numbers of people</p>	<p>35. Decisions taken directly affect a wide range of the Organization's activities. Proposals, if accepted, have a direct and substantial effect on other organizations, national governments or the well-being of large numbers of people.</p>	<p>36. Decisions taken have a direct and substantial effect of a wide range of the Organization's activities. Proposals, if accepted, substantially influence the overall future direction of the Organization and have a direct and substantial effect on other organizations, national governments and the well-being of large numbers of people.</p>
<p>Consequences of involuntary errors</p>	<p>c. Errors normally would cause damage only to incumbent.</p>	<p>d. Errors normally would cause damage to the work of the immediate organizational unit.</p>	<p>e. Errors normally would cause some damage to Organization's programmes in terms of time, quality or money.</p>	<p>f. Errors normally would cause significant damage to Organization's programmes in terms of time, quality or money.</p>	<p>g. Errors would cause significant damage to Organization's major objectives and commitments to constituents.</p>		
	90	140	195	250	310	370	440
	130	180	235	290	350	410	480
	170	220	275	330	390	450	520
	210	260	315	370	430	490	560
	250	300	355	410	470	530	600

## APPENDIX 3

Numbers of United States Civil Service Job Descriptions Evaluated  
by Grade  
and by United States Department of Agency

Department or Agency	GS-17	GS-18	E-V	E-IV	E-III	E-II	TOTAL
Health, Education and Welfare	5	9	2	5			21
Agriculture	6	6	2	5	1		20
State	2	2		11	1		16
Agency for International Development	5	4		-			14
Commerce	7	2		2	1		12
Energy	6		1	3			10
International Communications Agency	6					1	7
Environmental Protection Agency	2	2		1	1	1	7
Labor	1	2	1	1	1		6
Federal Communications Commission	3	2					5
Executive Office of the President						3	3
National Science Foundation			1			1	2
National Regulatory Commission	1		1				2
International Trade Commission		1			1		2
General Services Administration	1						1
Federal Maritime Commission					1		1
<b>TOTAL</b>	<b>45</b>	<b>30</b>	<b>8</b>	<b>33</b>	<b>7</b>	<b>6</b>	<b>129</b>

## ANNEX VII

### SUPPLEMENTARY PAYMENTS MADE TO INTERNATIONAL CIVIL SERVANTS OF CERTAIN NATIONALITIES BY THEIR GOVERNMENTS

1. At its ninth session, the Commission was informed that certain Member States were supplementing the remuneration which some of their nationals received as staff members of the United Nations and specialized agencies. It requested further information about this practice and at its tenth session was provided with the following information (extracted from material assembled by the Office of Legal Affairs of the United Nations Secretariat) concerning measures enacted by law or decree by three Member States: the Federal Republic of Germany, Japan and the United States of America.

#### A. Federal Republic of Germany

2. The relevant text, entitled "Richtlinien für die Gewährung von Ausgleichszahlungen an deutsche Bedienstete internationalen Organisationen" (Guidelines for Supplemental Compensation of German employees of international organizations) was approved by the Bundestag on 1 April 1979. It provides that "persons of German citizenship, employed in (international organizations) may, upon application, receive supplemental compensation if the Federal Republic of Germany has a special interest in paying such compensation". a/ The criteria to be observed in determining whether the Government has such an interest are:

(a) If the Federal Republic wishes to maintain or improve its representation in the organization, in particular "to occupy key positions";

(b) "If, in the individual case, the salary of the person in the international organization's employ is ... considerably lower than the salary of a comparable Federal or State civil servant posted in the same location";

(c) The individual's employment in the position concerned will benefit both the organization and the Federal Republic;

(d) The individual's application for employment was presented or supported by the national authorities or looked upon favourably by the local German representatives.

3. The supplemental compensation is in the amount of 80 per cent of the difference between the international employee's salary and the salary of a comparable Federal or State civil servant posted abroad. The grade equivalencies between the international and national posts are determined according to a fixed scale if the German citizen was a civil servant, on the basis of previous income if he came from the private sector. The elements of remuneration to be taken into account

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a/ Unofficial translation from German.

on either side are defined (e.g., on United Nations side all entitlements except reimbursements of expenses incurred, i.e., including dependency allowances, education grant, post adjustment). The supplementary payment, which is subject to a minimum of DM. 300, is made monthly. It may continue for five years or exceptionally, in the case of officials of grade P5 and upwards, for eight years. However, on leaving the international organization the staff member must return to the Government the terminal payments he receives from the organization up to the amount of the supplementary payments he has received, "in so far as the recipient is unfairly favoured (by those terminal payments) in relation to a comparable foreign-based civil servant".

#### B. Japan

4. The Japanese Law No. 117 of 17 December 1970 and implementing Regulation No. 18.0 effective from 16 January 1971 provide that officials of the national Government who are released to work in non-profit organizations (such as research institutes or universities) or in international organizations may be paid "during the period of their service in these organizations, an amount not exceeding 100 per cent of their (civil service salary and entitlements)". b/ The amount to be paid shall however not normally exceed 70 per cent, except where "the remuneration paid to the released officials by those organizations to which they are released is low". Payment may be withheld if the Personnel Board believes it would be highly inappropriate in view of the 'special circumstances' of the receiving organization. An Administrative Circular (WIN-K1 No. 145 of 1 April 1975) provides that the official may designate a member of his family or dependant to whom the payment of his Japanese salary is to be made.

5. It was further explained to the Commission that this provision had been intended for, and was applied to, civil servants detached for service with many institutions other than international organizations. Its aim was to ensure that they would be equitably remunerated while working outside of the country. Payment could be made only for a limited period and could be withheld if deemed appropriate.

#### C. United States of America

6. By Part V (Sect. 502) of the United States Foreign Assistance Act of 1969 (Public Law 91-175), the Congress of the United States amended section 3582 of Sub-Chapter IV of Title 5 of the United States Code to the effect that an employee of the United States Government who is seconded to an international organization for a specified period is entitled to supplementary payments from the United States Government in respect of the period of his service as an official of the international organization. These payments represent the difference between the emoluments he receives from the international organization and those he would have received if he had been posted to the same place by the United States Government. The payment due to him is made only upon his re-employment by the United States Government (i.e., return from secondment) or in case of death or of disability preventing him from being re-employed.

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b/ Unofficial translation from Japanese.

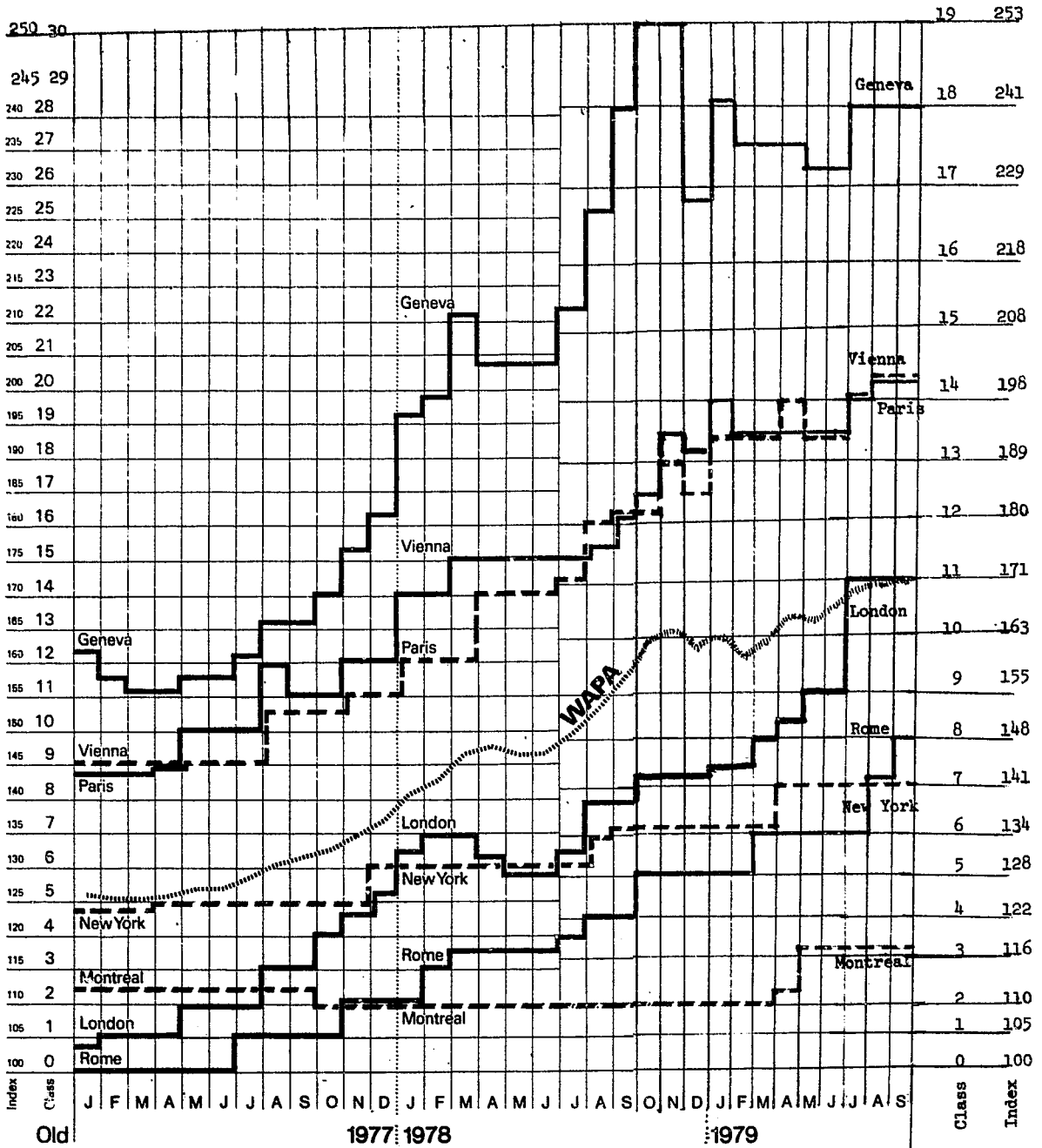
7. It was further explained to the Commission that this provision had been motivated by the difficulty found in persuading United States civil servants to accept assignments in international organizations because of the fact that various service benefits to which they were otherwise entitled ceased to accrue during such periods of detachment. No payment was made during the employee's service with the international organization.



ANNEX VIII

Movement of post adjustments classification of headquarters duty stations  
and of the weighted average of post adjustments (WAPA)

(January 1977-September 1979)



D. Conditions of service of the General Service category

ANNEX IX

General Service category - London

Salary scale recommended by the International Civil Service Commission  
Showing annual gross and net after application of staff assessment  
(In Pounds Stg. at .490 Pounds to \$US 1.00)

(Effective 1 January 1979)

Level	Steps									
	I	II	III	IV	V	VI	VII	VIII	IX	X
G.2 (Gross)	3,320	3,477	3,634	3,792	3,949	4,107	4,264	4,421	4,579	4,736
(Net)	2,735	2,853	2,971	3,089	3,207	3,325	3,443	3,561	3,679	3,797
G.3	3,771	3,943	4,115	4,287	4,459	4,631	4,802	4,980	5,164	5,349
	3,073	3,202	3,331	3,460	3,589	3,718	3,847	3,976	4,105	4,234
G.4	4,280	4,469	4,659	4,848	5,047	5,250	5,453	5,656	5,858	6,061
	3,455	3,597	3,739	3,881	4,023	4,165	4,307	4,449	4,591	4,733
G.5	4,778	4,989	5,201	5,426	5,644	5,863	6,081	6,300	6,518	6,737
	3,829	3,982	4,135	4,288	4,441	4,594	4,747	4,900	5,053	5,206
G.6	5,366	5,603	5,840	6,077	6,314	6,551	6,788	7,026	7,263	7,500
	4,246	4,412	4,578	4,744	4,910	5,076	5,242	5,408	5,574	5,740
G.7	6,179	6,440	6,701	6,963	7,224	7,486	7,747	8,021	8,303	8,585
	4,815	4,998	5,181	5,364	5,547	5,730	5,913	6,096	6,279	6,462
G.8	7,100	7,389	7,677	7,976	8,286	8,597	8,907	9,219	9,530	9,840
	5,460	5,662	5,864	6,066	6,268	6,470	6,672	6,874	7,076	7,278

ANNEX X

General Service category - Montreal

Salary scale recommended by the International Civil Service Commission  
Showing annual gross and net after application of staff assessment  
(In Can.\$ at 1.16 Can.\$ to \$US 1.00)

(Effective 1 April 1979)

LEVEL	STEP								
	I	II	III	IV	V	VI	VII	VIII	
G-1 (Gross) (Net)	/	/	8300 6805	8781 7166	9263 7527	9744 7888	10225 8249	10707 8610	
G-2	9245 7514	9776 7912	10307 -- 8310	10837 8708	11368 9106	11920 9504	12489 9902	13057 10300	
G-3	10245 8264	10829 8702	11413 9140	12026 9578	12651 10016	13277 10454	13903 10892	14529 11330	
G-4	11224 8998	11879 9475	12560 9952	13241 10429	13923 10906	14604 11383	15286 11860	15967 12337	
G-5	12370 9819	13113 10339	13856 10859	14599 11379	15341 11899	16084 12419	16827 12939	17570 13459	
G-6	13656 10719	14467 11287	15279 11855	16090 12423	16901 12991	17713 13559	18524 14127	19395 14695	
G-7	15007 11665	15890 12283	16773 12901	17656 13519	18539 14137	19488 14755	20438 15373	21389 15991	
G-8	16605 12738	17504 13413	18469 14088	19500 14763	20538 15438	21577 16113	22615 16788	23654 17463	
G-9	19368 14562	20383 15334	21566 16106	22754 16878	23942 17650	25129 19422	26317 19194	27590 19966	

E. Longer-term functions of the Commission

ANNEX XI

Common classification of occupational groups: global schema

1. PROFESSIONAL, MANAGERIAL, TECHNICAL AND RELATED WORKERS
  - A. Administrative Specialists (and Related Workers)
    1. Accountants, Auditors and Financial Analysts
      - a. Accountants - General
      - b. Auditors
      - c. Budget Accountants
      - d. Cost Accountants
      - e. Financial Analysts
    2. Budget and Management Analysts
      - a. Management and Organizational Analysts
      - b. Methods and Procedures Specialists
      - c. Operations Research Analysts
      - d. Programme and Budget Analysts
    3. Building Services Administrators
      - a. Food Services Administrators
      - b. Maintenance and Housekeeping Administrators
      - c. Records Administrators
      - d. Security and Safety Administrators
    4. Conference Services Administrators
    5. Electronic Data Processing Specialists
      - a. Computer Programmers
      - b. Systems Analysts
    6. Personnel Management Specialists
      - a. Benefits Specialists (Pensions, etc.)
      - b. Human Resource Planning Specialists
      - c. Job Classification Specialists
      - d. Personnel Entitlements Specialists
      - e. Recruitment Specialists
      - f. Salary Administration Specialists
      - g. Training Specialists

7. Printing Services Specialists
8. Public Information Specialists
  - a. Press Officers
  - b. Printed Media Specialists
  - c. Radio Media Specialists
  - d. Visual Media Specialists
9. Purchasing Specialists
  - a. Buyers
  - b. Contract Administrators
10. Representation and Protocol Specialists
  - a. Protocol Officers
  - b. Relations and Liaison Specialists
11. Technical Co-operation Administrators
  - a. Programme Support Specialists
  - b. Resident Programme Administrators
12. Administrative Specialists not elsewhere classified
13. (Accounting, Auditing, Budgeting and Finance Related Workers)
  - a. (Accounting Clerks)
  - b. (Auditing Clerks)
  - c. (Budgeting Clerks)
  - d. (Insurance and Pension Clerks)
  - e. (Treasury Clerks)
14. (Budget and Management Related Workers)
15. (Computer Programmer Technicians)
16. (Personnel Related Workers)
  - a. (Appointment Clerks)
  - b. (Employment Contract Administration Clerks)
  - c. (Placement Clerks)
  - d. (Recruiting Clerks)
  - e. (Selection Clerks)
17. (Public Information Related Workers)
18. (Purchasing Related Workers)

19. (Technical Co-operation Related Workers)
20. (Administration Related Workers not elsewhere classified)

B. Architects, Engineers (and Related Technicians)

1. Aeronautical Engineers
2. Agricultural Engineers
3. Architects and Community Planners
  - a. Community Planners
  - b. Construction Architects
  - c. Landscape Architects
4. Ceramics Engineers
5. Chemical Engineers
6. Civil Engineers
  - a. Airport Engineers
  - b. Forest Engineers
  - c. Hydraulics Engineers
  - d. Railway Engineers
  - e. Sanitary Engineers
  - f. Soil Mechanics Engineers
  - g. Structural Engineers
  - h. Transportation Engineers
7. Electrical and Electronics Engineers
  - a. Electrical Engineers
  - b. Electronics Engineers
  - c. Telecommunications Engineers
8. Industrial Engineers
  - a. Factory Layout Engineers
  - b. Manufacturing Engineers
  - c. Methods Engineers
  - d. Production Planners
  - e. Quality Control Engineers
  - f. Safety Engineers
  - g. Time and Motion Study Engineers
9. Marine Engineers

10. Mechanical Engineers
  - a. Heating, Ventilation and Refrigeration Engineers
  - b. Plant Engineers
  - c. Power-Plant Engineers
  - d. Product Design Engineers
11. Metallurgists and Metallurgical Engineers
12. Mining and Petroleum Engineers
  - a. Mining Engineers
  - b. Mining Safety Engineers
  - c. Petroleum Engineers
13. Nuclear Engineers
14. Surveyors
15. Engineers not elsewhere classified
16. (Aeronautical Engineering Technicians)
17. (Agricultural Engineering Technicians)
18. (Ceramics Engineering Technicians)
19. (Chemical Engineering Technicians)
20. (Civil Engineering Technicians)
21. (Draughters)
22. (Electrical and Electronics Engineering Technicians)
23. (Industrial Engineering Technicians)
24. (Marine Engineering Technicians)
25. (Mechanical Engineering Technicians)
26. (Metallurgical Technicians)
27. (Mining and Petroleum Engineering Technicians)
28. (Nuclear Engineering Technicians)
29. (Engineering Technicians not elsewhere classified)

C. Archivists, Curators, Librarians (and Related Workers)

1. Archivists
2. Curators
3. Librarians
  - a. Acquisitions Librarians
  - b. Classifiers (Library)
  - c. Reference Librarians
4. (Documents Clerks)
5. (Library Clerks)

D. Artists (and Related Workers)

1. Creative Artists
2. Performing Artists
3. (Camera Operators)
4. (Photographers)
5. (Photographic Processing Workers)
6. (Arts Related Workers, not elsewhere classified)

E. Economists (and Related Workers)

1. Air Transport Economists
2. Agricultural Economists
3. Development Economists
4. Econometricians
5. Economists - General
6. Financial Economists
7. Industrial Economists
8. International Trade Economists
9. Labour Economists



10. Price Economists
11. Tax Economists
12. (Economics Related Workers)

F. Education Specialists (and Related Workers)

1. Adult Education Specialists
2. Audio-Visual Specialists
3. Pre-Primary Education Specialists
4. Primary Education Specialists
5. Secondary Education Specialists
6. Specialists in the Education of the Handicapped
7. Teachers
8. University and Higher Education Specialists
9. Vocational Training Specialists
10. (Education Assistants and Related Workers)

G. Jurists (and Related Workers)

1. General Legal Advisers
2. International Law Specialists
3. (Law Related Workers)

H. Life Scientists (and Related Technicians)

1. Agricultural Scientists
  - a. Agronomists
  - b. Animal Scientists
  - c. Fish Specialists
  - d. Foresters
  - e. Horticulturists
  - f. Soil Conservationists
  - g. Soil Scientists

2. Biological Scientists

- a. Anatomists
- b. Bacteriologists (Microbiologists)
- c. Biochemists
- d. Biologists - General
- e. Biophysicists
- f. Botanists
- g. Entomologists
- h. Geneticists
- i. Histopathologists
- j. Mycologists
- k. Parasitologists
- l. Pharmacologists
- m. Physiologists
- n. Plant Nematologists
- o. Plant Pathologists
- p. Zoologists

3. Psychologists

4. (Life Science Technicians)

I. Medical, Dental, Veterinary (and Related Workers)

1. Dentists

2. Dieticians and Public Health Nutritionists

- a. Dieticians
- b. Public Health Nutritionists

3. Medical Doctors

- a. Anaesthesiologists
- b. Cardiologists
- c. Dermatologists
- d. General Practitioners
- e. Gynaecologists
- f. Neurologists
- g. Obstetricians
- h. Ophthalmologists
- i. Otolaryngologists
- j. Pathologists
- k. Paediatricians
- l. Proctologists
- m. Psychiatrists
- n. Public Health Physicians
- o. Radiologists
- p. Surgeons
- q. Urologists

4. Nurses
  5. Optometrists and Opticians
    - a. Opticians
    - b. Optometrists
  6. Pharmacists
  7. Sanitarians
  8. Veterinarians
  9. (Clinical Nurses)
  10. (Dental Assistants)
  11. (Medical Assistants)
  12. (Medical X-ray Technicians)
  13. (Pharmaceutical Assistants)
  14. (Physiotherapists and Occupational Therapists)
  15. (Medical, Dental, Veterinary and Related Technicians  
not elsewhere classified)
- J. Physical Scientists (and Related Technicians)
1. Astronomers
  2. Chemists
    - a. Analytical Chemists
    - b. Inorganic Chemists
    - c. Organic Chemists
    - d. Physical Chemists
  3. Geographers
  4. Geologists, Geophysicists and Hydrologists
    - a. Geologists
    - b. Geophysicists
    - c. Hydrologists
  5. Meteorologists

6. Physicists

- a. Electricity and Magnetism Physicists
- b. Electronics Physicists
- c. Heat Physicists
- d. Light Physicists
- e. Mechanics Physicists
- f. Nuclear Physicists
- g. Sound Physicists

7. Nuclear Safeguards Inspectors

8. Physical Scientists not elsewhere classified

9. (Physical Science Technicians)

K. Sales and Marketing Specialists

1. Market Analysts

2. Product Planners

3. Sales Specialists

4. (Sales and Marketing Related Workers)

L. Social Scientists (and Related Workers)

1. Anthropologists

2. Historians

3. Political Scientists

4. Social Welfare Specialists

5. Sociologists

6. Social Scientists not elsewhere classified

7. (Social Sciences Related Workers)

M. Statisticians, Mathematicians (and Related Workers)

1. Mathematicians and Actuaries

a. Actuaries

b. Mathematicians - Applied Mathematics

c. Mathematicians - Pure Mathematics

2. Statisticians
  - a. Mathematical Statisticians
  - b. Statisticians - Applied Statistics
3. (Statistical Clerks)
4. (Statistical and Mathematical Workers not elsewhere classified)

N. Transportation Specialists

1. Aviation Specialists
  - a. Air Traffic Service Specialists
  - b. Flight Operations Specialists
  - c. Other Aviation Specialists
2. Transffic and Travel Services Specialists
3. Transportation Specialists not elsewhere classified

O. Writers, Translators, Interpreters (and Related Workers)

1. Authors and Critics
2. Editors
3. Interpreters
4. Précis-Writers
5. Terminologists
6. Translators and Revisers
7. Writers not elsewhere classified
8. (Editorial Clerks)
9. (Proof-readers)
10. (Writing Related Workers not elsewhere classified)

P. Professional, Managerial, Technical (and Related Workers) not elsewhere classified

1. Professional, Managerial and Technical Workers not elsewhere classified
2. (Professional-, Managerial- and Technical-Related Workers)

2. CLERICAL AND RELATED WORKERS

A. Data Conversion Operators

1. Card and Tape-Punching Machine Operators

B. Guides and Receptionists

1. Receptionists - General
2. Sightseeing Guides

C. Mail Clerks

1. Mail Clerks
2. Messengers

D. Records Storage and Retrieval Clerks

1. Filing Clerks

E. Secretaries

1. Secretaries - Audio
2. Secretaries - Shorthand

F. Stenographers

1. Stenographers - General
2. Stenographers - Processing

G. Typists

1. Audio-Typists
2. Typists - Electronic Memory-Assisted
3. Typists - General
4. Typists - Processing

H. Clerical and Related Workers not elsewhere classified

3. PRODUCTION AND RELATED WORKERS, SERVICE WORKERS, TRANSPORT EQUIPMENT OPERATORS AND LABOURERS
- A. Caterers
  - B. Communications Equipment Operators
    - 1. Telephonists
    - 2. Teletypists
    - 3. Wireless Operators
  - C. Data Processing Machine Operators
    - 1. Electro-Mechanical Data Processing Machine Operators
    - 2. Electronic Data Processing Machine Operators
  - D. Drivers
  - E. Housekeepers and Cleaners
  - F. Reprographic Machine Operators
    - 1. Printers and Related Workers
    - 2. Office-Size Equipment Operators
    - 3. Assemblers and Binders
  - G. Security Workers
  - H. Stationary Equipment Operators
  - I. Stores Workers
  - J. Work Area Maintenance Craftsmen
    - 1. Electrical and Electronic Maintenance Workers
    - 2. Gardeners
    - 3. Painters and Plasterers
    - 4. Plumbers
    - 5. Wood and Metal Workers
  - K. Production and Related Workers, Service Workers, Transport Equipment Operators and Labourers not elsewhere classified

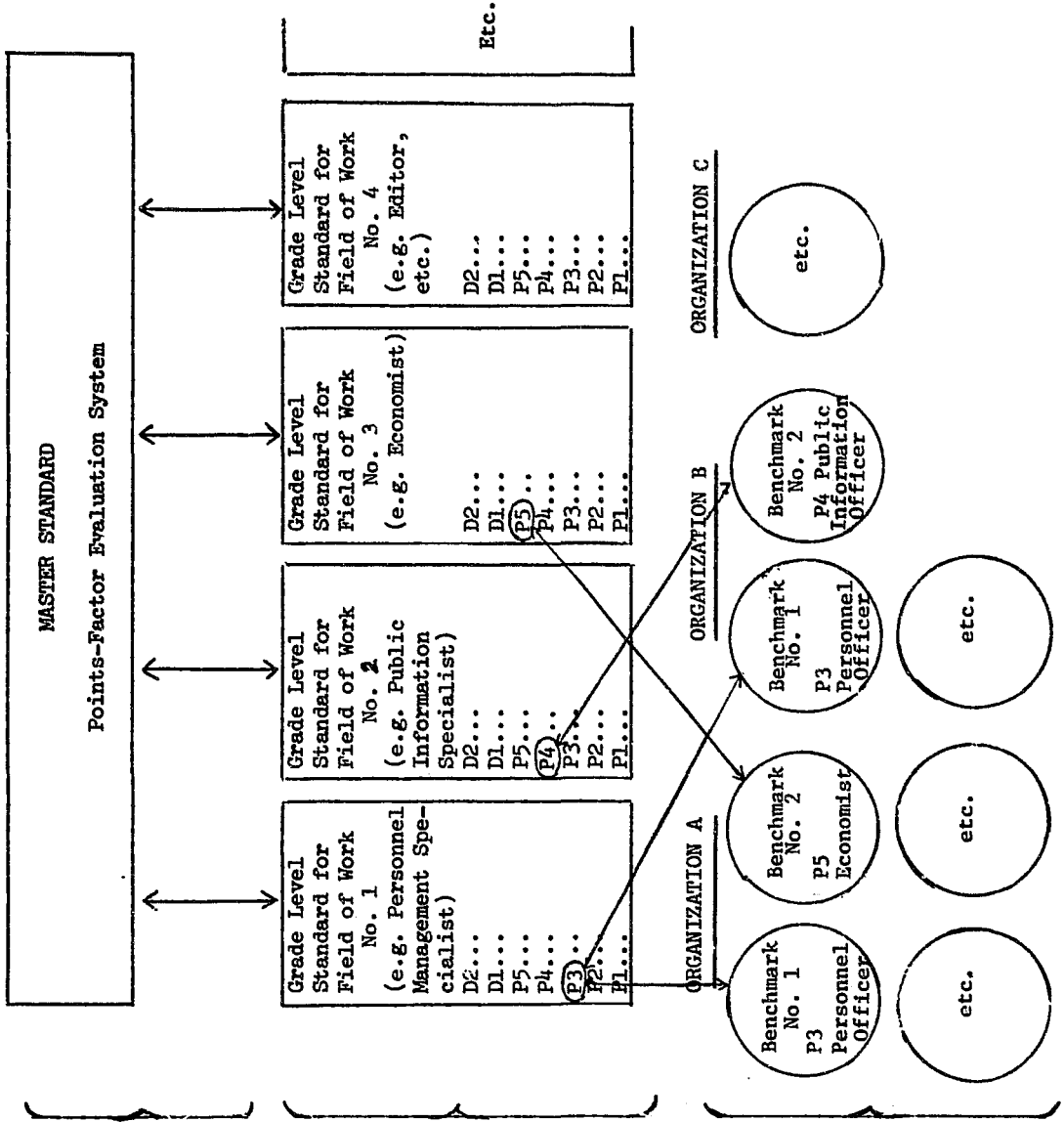
GENERAL

SPECIFIC

- TIER I**  
(Horizontal Standard)
- covers all jobs in all organizations
  - established for those jobs in common fields of work
  - recommended for those jobs in other fields of work

- TIER II**  
(Vertical Standard)
- covers jobs in all organizations in common fields of work only
  - established for these jobs
  - separate grade-level standard for each field of work
  - descriptions are made in terms of factors of Master Standard

- TIER III**  
(Individual Standard)
- covers jobs in one organization in common fields of work
  - established for these jobs
  - Benchmark is real job that meets TIER II (and hence TIER I) standards for given grade level in given field of work





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