

**REPORT  
OF THE  
INTERNATIONAL CIVIL SERVICE  
COMMISSION**

**GENERAL ASSEMBLY**

OFFICIAL RECORDS: THIRTY-NINTH SESSION

SUPPLEMENT No. 30 (A/39/30)



**UNITED NATIONS**

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**UNITED NATIONS**

New York, 1984

## 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.

[19 September 1984]

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## ABBREVIATIONS

ACC	Administrative Committee on Co-ordination
ACPAQ	Advisory Committee on Post Adjustment Questions
BLS	United States Bureau of Labor Statistics
CCAQ	Consultative Committee on Administrative Questions
CCISUA	Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations System
CPI	Consumer price index
CSRS	United States civil service retirement system
ECPA	Expert Committee on Post Adjustments
FAFICS	Federation of Associations of Former International Civil Servants
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
GAO	United States General Accounting Office
IAEA	International Atomic Energy Agency
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
ITU	International Telecommunication Union
OPM	United States Office of Personnel Management
SES	United States Senior Executive Service
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WAPA	Weighted average of post adjustments index
WHO	World Health Organization
WMO	World Meteorological Organization



LETTER OF TRANSMITTAL

30 August 1984

Sir,

I have the honour to transmit herewith the tenth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute. It includes information on the implementation of its recommendations and decisions by organizations of the United Nations common system.

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

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

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

His Excellency  
Mr. Javier Pérez de Cuéllar  
Secretary-General of the  
United Nations  
New York

SUMMARY OF RECOMMENDATIONS THAT CALL FOR DECISIONS BY THE GENERAL  
ASSEMBLY OF THE UNITED NATIONS AND THE LEGISLATIVE ORGANS OF THE  
OTHER PARTICIPATING ORGANIZATIONS

Paragraph  
reference

Pensionable remuneration and pension entitlements

38 - 46 In response to the request made in resolution 38/233, the Commission invites the General Assembly to approve the new scales of pensionable remuneration (found in annex VI to the present report) and take note of the methodology used.

55 - 61 The Commission is of the view that the forthcoming increase in the levels of pensionable remuneration for those in the Professional and higher categories resulting from the application of Article 54 (b) of the Pension Fund regulation should be implemented.

Margin between the remuneration of the United States federal civil service and that of the United Nations system

93, 77 The Commission invites the General Assembly to take note of the margin figures provided for the period 1 October 1983 to and annex I 30 September 1984. The average ratio of net remuneration of United States officials compared with United Nations officials at matching grades, adjusted for cost-of-living differential, for this period is 110.6 based on a total compensation comparison, and 117.1 based on a net salary comparison only.

Consolidation of post adjustment into net base salary

137 and The Commission decided to recommend to the General Assembly the annex III, consolidation of 20 points of post adjustment into net base IV and V salary of the Professional and higher categories.

Tax Equalization Fund

141 The Commission reiterated its earlier request that the General Assembly might wish to renew its request to Member States that have not done so to take appropriate action to exempt their nationals from income taxation which would lead to the abolition of the Tax Equalization Fund.

Long service step

198 The Commission decided to recommend under article 10 (b) of its statute to the General Assembly that an additional step be introduced into the salary scales for long service at levels P-1 to P-5.

Conditions of service in the field

205 - 206

The General Assembly is requested to note the Commission's ongoing review of the Field Service category.

Use of competitive examinations in promotion from the General Service to the Professional category and for junior Professional posts

219 - 220

The Commission requests the General Assembly not to pronounce upon the United Nations Secretariat's evaluation of competitive examinations, which the Commission had not received by its twentieth session and which it proposes to examine in 1985 in the context of its ongoing review of the use of competitive examinations, until the Commission has examined this issue in 1985; this request is in accordance with General Assembly resolution 37/126 (sect. V).

SUMMARY OF FINANCIAL IMPLICATIONS OF THE COMMISSION'S  
RECOMMENDATIONS AND DECISIONS FOR THE UNITED NATIONS  
AND PARTICIPATING ORGANIZATIONS

Paragraph  
reference

Pensionable remuneration and pension entitlements

46 - 47

Assuming a 5 per cent turnover in staff, there would be a net savings of some \$110,000 in 1985 resulting from the introduction of the new scale of pensionable remuneration, taking into account the additional costs in respect of staff in grades P-1 and P-2. Additional savings would be realized progressively until the new scale, adjusted by the movement of WAPA and/or CPI, is fully implemented and has superseded the old scale. By that time savings in the order of \$7.7 million per year would be realized by the organizations of the common system.

Consolidation of post adjustment into net base salary

139

The consolidation recommended by the Commission is estimated to cost (a) \$US 240,000 per year which would be eliminated after two to three years, and (b) a one-time cost of \$US 250,000.

Post adjustment questions

165  
171 - 173

The Commission noted that its decisions taken under article 11 (c) of its statute would have the following total financial implications for the United Nations common system:

for 1984 - \$US 2,883,800; for 1985 - \$US 6,654,600; and  
for 1986 - \$US 2,048,000.

Surveys of best prevailing conditions of employment in New York and Rome

184, 185  
and annexes  
VIII and IX

The United Nations, UNDP, UNICEF, FAO and IFAD have been requested to provide information on the financial implications of implementing the Commission's recommendations for new salary scales in New York and Rome.

Long service step

198

CCAO estimated the costs of the Commission's recommendation on the introduction of a long service step in the salary scales of P-1 to P-5 and in scales of General Services and other locally recruited categories to be in the order of \$US 300,000 per annum.

Conditions of service in the field

201 - 202

The Commission's decisions in respect of the classification of duty stations according to conditions of life and work were estimated to cost \$US 725,000 per annum.

## CHAPTER I

### ORGANIZATIONAL MATTERS

#### A. Acceptance of the statute

1. There has been no change in the situation as regards formal acceptance of the statute since the submission of the Commission's eighth annual report. 1/

#### B. Membership

2. The General Assembly, at its thirty-eighth session, appointed two persons to fill the vacancies that arose as a result of the resignation of two of its members (decision 38/321 of 20 December 1983).

3. Consequently, the membership of the Commission for 1984 is as follows:

Mr. Richard M. Akwei (Ghana), Chairman\*\*\*

Mr. Amjad Ali (Pakistan)\*

Chief Michael O. Ani O.F.R., C.F.R. (Nigeria)\*

Mr. Michel-Jean Auchère (France)\*\*

Mr. Gastón de Prat Gay (Argentina), Vice-Chairman\*\*\*

Mr. Moulaye El Hassen (Mauritania)\*\*\*

Mr. Ralph Enckell (Finland)\*\*

Mr. Dayton W. Hull (United States of America)\*\*\*

Mr. Masao Kanazawa (Japan)\*\*

Mr. Helmut Kitschenberg (Federal Republic of Germany)\*\*

Mr. Jiří Nosek (Czechoslovakia)\*\*\*

Mr. Antônio Fonseca Pimentel (Brazil)\*\*

Mr. Valery Vasilyevich Tsybukov (Union of Soviet Socialist Republics)\*

Mr. M. A. Vellodi (India)\*

Mrs. Halima Warzazi (Morocco)\*

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\* Term of office expires on 31 December 1984.

\*\* Term of office expires on 31 December 1985.

\*\*\* Term of office expires on 31 December 1986.

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

4. The Commission held two sessions in 1984: the nineteenth and twentieth, which were held at the headquarters of UNESCO in Paris from 5 to 23 March 1984 and at United Nations Headquarters in New York from 5 to 27 July 1984, respectively.

5. The Commission, at its nineteenth and twentieth sessions, examined issues which derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are reported on in the present document.

D. Action in relation to resolutions and decisions of the General Assembly at its thirty-eighth session (arising from the ninth annual report of the Commission)

6. The Commission took action in relation to resolutions and decisions of the General Assembly at its thirty-eighth session, as reported below, in respect of the following matters:

Resolution 38/232 of 20 December 1983

- (a) Equivalency between the higher grade levels of the United Nations system and the Senior Executive Service of the United States federal civil service (see para. 72 below);
- (b) Comparison of total compensation and the margin (see paras. 72 to 93 below);
- (c) Post adjustment (see paras. 142 to 175 below);
- (d) Education grant (this will be covered in a future report);
- (e) Health insurance (see paras. 186 to 187 below);
- (f) Conditions of service in the field (see paras. 199 to 204 below);
- (g) Long service step (see paras. 188 to 198 below);

Decision 38/451 on the statute of the International Civil Service Commission

- (h) Proposal for amendment of article 6.2 of the Commission's statute (see chap. X below).

The Commission also took note of other action by the General Assembly in respect of: the Commission's statute (decision 38/451); health insurance (resolution 38/235); report of the UNJSPB (resolution 38/233); other personnel questions, including amendments to the Staff Rules of the United Nations (resolution 38/231 and decision 38/450); and privileges and immunities (resolution 38/230).

E. Subsidiary body

7. The Advisory Committee on Post Adjustment Questions (ACPAQ), established by the Commission in 1976, held its ninth session from 7 to 23 May 1984 at the headquarters of the ILO at Geneva. It consisted of the following members: Mr. Jiří Nosek, member of the Commission and Chairman of the Committee; Mr. Huques Picard (France); 2/ Mr. G. K. Nair (Malaysia); Mr. Andrei F. Revenko (Union of Soviet Socialist Republics); Mr. Wereko Ampem II (Ghana); and Mrs. Carmen McFarlane (Jamaica). 2/

## CHAPTER II

### PENSIONABLE REMUNERATION AND PENSION ENTITLEMENTS

#### A. Report on the weighted average of post adjustments index and the United States consumer price index

8. At its twentieth session the Commission considered a document in which its secretariat had provided information relating to the movements of the weighted average of post adjustments (WAPA) index and the United States consumer price index (CPI) through 1 July 1984. As at 1 July 1984, the WAPA index was 120.3, which represented a 2 per cent movement over the base date September 1980=100, at which time the WAPA index was 117.9.

9. The Commission was informed that the base date for the measurement of the movement of the United States CPI was 1 July 1982 and that the CPI, as at 1 July 1984, showed an increase of 5.4 per cent since July 1982, thus exceeding the 5 per cent threshold requirement for adjusting pensionable remuneration for benefit purposes and, as a consequence, pensionable remuneration for contribution purposes also.

10. With regard to separation payments, it was noted in the document that since the movement of WAPA from 1 July 1982 to 1 July 1984 was less than 5 per cent, the scale of separation payments would remain unchanged.

#### Views of CCAQ and staff representatives

11. The Chairman of the Consultative Committee on Administrative Questions (CCAQ) stated that the organizations had noted with interest the levels of the WAPA index and the United States CPI as at 1 July 1984.

12. The President of FICSA and the Convenor of CCISUA, in their statements, noted the information contained in the document on the levels of the WAPA index and the United States CPI.

#### Discussion and decisions of the Commission

13. The Commission took note of the information provided by its secretariat. The Commission's views regarding the forthcoming adjustment of pensionable remuneration are outlined in paragraphs 24 to 69 below.

#### B. Pensionable remuneration and pension entitlements

14. The General Assembly, in section III, paragraph 2, of its resolution 38/233, requested "the International Civil Service Commission, in co-operation with the United Nations Joint Staff Pension Board, to submit to the General Assembly at its thirty-ninth session recommendations on the appropriate level of pensionable remuneration for the Professional and higher categories". The Assembly further requested "the International Civil Service Commission, in examining the comparative levels of pensionable remuneration in co-operation with the Board, to compare the levels of pension entitlements in the light of all the factors it brought to the

attention of the General Assembly in its fifth annual report, as part of the total compensation comparisons to be carried out within the framework of the Noblemaire principle, and to report thereon to the Assembly by the beginning of its thirty-ninth session on the basis of the latest available data in 1984". While making these requests to the Commission, the General Assembly decided that "the implementation of any adjustment which may become due in 1984 on the basis of article 54 (b) of the Regulations of the United Nations Joint Staff Pension Fund shall be deferred until the General Assembly, at its thirty-ninth session, has considered the recommendations of the International Civil Service Commission and the Board on the level of pensionable remuneration".

15. In response to that request by the General Assembly, the Commission decided to undertake an examination of pensionable remuneration and pension entitlements for staff in the Professional and higher categories and examined documentation submitted by its secretariat at the Commission's twentieth session.

#### Views of organizations, staff representatives, UNJSPB and FAFICS

16. The Chairman of CCAQ informed the Commission that the documentation prepared by the secretariat of ICSC had been submitted to organizations rather late. In view of this, he added, the organizations had not been in a position to make an in-depth study of the proposals made by the secretariat and determine the long-term impact of the methodology proposed for arriving at the levels of pensionable remuneration for those in the Professional and higher categories on pension benefits of staff. In this regard the Chairman of CCAQ invited the Commission to note that the Administrative Committee on Co-ordination (ACC) had adopted a statement at its extraordinary session of 1984 concerning personnel matters which stated, *inter alia*: "UNJSPF and the professional salary scales, together, constitute the corner-stones of the common system. It is a truly common institution and, at the same time, an essential element of the conditions of service of the international civil service. It is, therefore, imperative to preserve the integrity and financial soundness of the pension system". The ACC statement went on to add: "As the Pension Fund, part of which is the property of its participants, is a fundamental element of the broad compact between the organizations and their staff, confidence in its ability to provide on a stable basis for old age, invalidity and survivors' pensions is essential for the mutual confidence in the system. Repeated questioning of the basis of the system undermines that confidence. The acquired rights of the staff must be preserved and defended. To begin with, this implies that no retroactive measures must be taken. In particular the integrity of the system must be preserved by taking fully into account the regulations of all the organizations of the United Nations system." The ACC statement further went on to add that "care should be taken to preserve a balance between the various independent elements of the system. Thus, the level of pensionable remuneration is closely linked to the benefits to be provided and cannot be dealt with separately. Both must be approached in terms of total compensation, which is now acknowledged to be the only sound basis for comparison with the comparator civil service." The Chairman of CCAQ went on to add that, while the organizations agreed in principle with the basic approach recommended by the secretariat for the purposes of determining appropriate levels of pensionable remuneration, they were, nevertheless, of the view that extreme caution must be exercised in this regard, as new avenues were being explored.

17. The representatives of UNESCO and UNDP stated that they had reservations regarding the approach and the assumptions used to arrive at the proposed scale of



pensionable remuneration. They proposed that the Commission should give only preliminary consideration to the proposals at its current session. This would allow time for further reflection by the organizations, which had been presented with the document at a very late stage, and for study by the Pension Board. The holding of a special session of ICSC later in the year, after the Pension Board meeting, seemed the best way to meet the concerns of all parties.

18. The President of the Federation of International Civil Servants' Associations (FICSA) recalled that the current review came only three years after the General Assembly had approved a revised scale of pensionable remuneration and method of adjustment. Many of the questions, he added, raised in the General Assembly in 1983 had been answered in the previous review, and it was, therefore, difficult to understand why the General Assembly should wish to deal with pensionable remuneration as a separate element of the pay system after having agreed that the total compensation method was the only valid approach. He added that the pre-occupation of the General Assembly with the present levels of pensionable remuneration was puzzling. As regards the criticism of the Fifth Committee regarding the method of adjusting pensionable remuneration the staff failed to understand the basis for such criticism. The General Assembly had consistently recognized that it was wrong in principle and unfair in practice to allow part of the staff to have a substantial portion of the basic pay in the form of a non-pensionable post adjustment. It had agreed to the necessity of making, at least, a part of post adjustment pensionable in order to ensure that officials retiring before the post adjustment was consolidated were treated equitably and that participants and organizations alike began to pay the right contributions as early as possible in the interest of avoiding an actuarial deficit which would have to be met fully by the organizations.

19. The President of FICSA brought to the attention of the Commission that the methodology proposed by the secretariat of ICSC, if adopted, would radically change the method for calculating pensionable remuneration for the Professional and higher categories. The late distribution of the document, he added, would not facilitate due consideration of its contents and implications. The Federation wholeheartedly supported the views expressed on the issue of pensionable remuneration by ACC in its statement adopted at its recent session. In order to determine the appropriate levels of pensionable remuneration amounts, the Federation was of the view that the income replacement values of the seven headquarters countries should be fully examined before proceeding with the study. The President of FICSA could not agree to many points concerning the methodology proposed as well as to the many assumptions made and stressed that much deeper study must be carried out prior to any final recommendations. The Federation could in no way support this method of calculating pensionable remuneration.

20. The Convenor of the CCISUA informed the Commission that his organization found it extremely difficult to make constructive comments with regard to the proposals made by the ICSC secretariat inasmuch as the documentation had been submitted rather late. He added that a number of assumptions had been made by the secretariat which had not been tested on the basis of data. He, therefore, urged the Commission to exercise caution and not reach any hasty decision with regard to the recommendations made by the secretariat.

21. The Secretary of the UNJSPB stated that the simplest way to deal with the problem of pensionable remuneration would have been to recommend that the post adjustment classification at the base of the system, New York, should always be as

near zero as possible and that the base salary scales should be adjusted as need be to achieve that result. The staff assessment rates could then be adjusted downwards and a realistic gross which would correspond to pensionable remuneration would have been arrived at. For reasons, he added, that were very well known to all such a course would be impractical. In the circumstances, he stated, it became necessary to try a different approach. The Secretary of the Pension Board added that the Board shared the view of the Commission that comparison of United Nations pensions must be made within the framework of total compensation comparisons and that comparison of various elements should not be carried out on the basis of one to one. An international civil service, he added, which drew its members from all over the world could not adopt a system of benefits that was a carbon copy of the system in any one particular Member State. The Secretary of the Pension Board expressed the view that pensionable remuneration was only one factor in the equation which determined the value of a pension benefit package. There were two other factors: rate of accumulation and length of service. In the case of international civil servants who commenced participation in the Pension Fund subsequent to 1 January 1983, the rate of accumulation was identical with that provided under the United States federal civil service retirement scheme. When it came to length of service, however, he added, there existed a major difference - namely, that whereas the average length of service in the United States federal civil service appeared to be 27 years, the average length of contributory service of staff in the Professional and higher categories had been estimated at about 20 years because of the late age of entry and the early age of statutory separation. The Secretary of the Pension Board expressed his concurrence with the findings of the secretariat of ICSC that the shorter average period of service in the international civil service must be compensated by an appropriate corrective factor in the calculation of the scale of pensionable remuneration. The Secretary of the Board stated that he had no quarrel with the philosophical underpinnings of the proposed methodology and that he expected that a flatter pensionable remuneration curve, such as the one proposed by the ICSC secretariat, would have a beneficial impact on the actuarial balance of the Fund. At the same time he expressed reservations with regard to certain assumptions made by the secretariat of ICSC. In particular he was of the view that the benefits accumulation formula that should be used in all calculations relating to the determination of pensionable remuneration amounts should be the one which went into effect as at 1 January 1983.

22. Regarding the proposals of the secretariat of ICSC concerning interim adjustment procedures, the Secretary of the Pension Board stated that the proposal to adjust pensionable remuneration amounts in increments of 5 per cent could have an adverse impact on the actuarial balance of the Fund, as pensions were adjusted by the full amount of the CPI movement. He, therefore, urged the Commission to exercise caution concerning any recommendations in this regard.

23. The representative of the Federation of Associations of Former International Civil Servants (FAFICS) expressed concern over the methodology and assumptions in the proposals before ICSC which, if adopted, he stated, should be monitored closely. He pointed out that the establishment and maintenance of appropriate levels of pensionable remuneration over time involved various considerations and assumptions. On the other hand, once a pension became payable cost-of-living adjustments were applied for the sole purpose of maintaining the purchasing power of pensions. FAFICS therefore did not see the need for a direct link between the procedure for revising pensionable remuneration of serving staff and the adjustments to pensions of retirees and expressed the hope that the Commission would not find it necessary to advise the Pension Board that the procedures for

revising pensionable remuneration may have consequences for the cost-of-living adjustment system of retirees.

#### Discussion and decisions of the Commission

24. The Commission was apprised that, at the thirty-eighth session of the General Assembly, the Fifth Committee considered a comparison of the pensionable remuneration amounts applicable to Professional and higher level staff in the United Nations system in 1971 and 1983 with the corresponding amounts applicable to employees of the federal civil service of the United States for the same years. The Commission noted the concern expressed by some members of the Fifth Committee that the pensionable remuneration amounts for the federal civil service employees had increased by between 93 and 108 per cent for the period from 1971 to 1983 as against a corresponding increase of between 218 and 234 per cent in the same period for United Nations officials.

25. One member recalled that the Special Committee for the Review of the United Nations Salary System in 1972 concluded that, in the opinion of most members, "present pension provisions of the United Nations system were generous and did not contribute to any basis for establishing a margin in remuneration over the United States". 3/ During the years since 1972 pension amounts in the United Nations system have approximately tripled owing to the methods used in calculating pensionable remuneration. At the same time pension amounts in the comparator service have only doubled.

26. The Commission was of the view that this type of comparison was inappropriate. In the first instance it assumes that for the two years used in the comparison, pensionable remuneration in the United States federal civil service was appropriate and that in 1971 pensionable remuneration in the United Nations was appropriate. In this regard it noted that in 1971 the pensionable remuneration amounts for United Nations officials were approximately 30 per cent lower than those applicable to United States federal civil service employees. Inasmuch as the relationship between the levels of pensionable remuneration in the two civil services was not "correct" in 1971, there would seem to be no grounds to conclude that the pensionable remuneration in the United Nations was too high in 1983 because of the substantial change in that relationship.

27. The Commission noted that there were marked differences between the United States and the United Nations systems in terms of definitions and the methods used for the determination of pensionable remuneration. In the United States federal civil service system, gross salaries, i.e., pensionable remuneration amounts, are reviewed on an annual basis. On the other hand, on the United Nations side, gross salaries were reviewed approximately every four to five years until 1975 and have not been changed with the exception of consolidation of a part of post adjustment since that date. In between salary reviews United Nations remuneration is adjusted by means of the post adjustment mechanism, and a part of this post adjustment is consolidated into base salary from time to time. In between comprehensive reviews of base salaries, pensionable remuneration has been adjusted by means of other mechanisms such as the WAPA system, which was in effect until the end of 1980 and the WAPA/CPI which has been in effect since 1 January 1981. As a consequence of these differences, the relationship of pensionable remuneration to gross applicable in the two civil services has not remained constant at all points in time. In this regard the Commission also noted the observations made by the Secretary of UNJSPB that the simplest way to deal with the problem would have been to recommend that

the post adjustment classification at the base of the system should always be as near zero as possible with appropriate adjustments being made to base salary scales as well as the rates of staff assessment with the latter resulting in realistic gross salary levels. The Commission, however, recalled that it had considered this possibility and had noted the problems relating thereto.

28. The Commission noted that pensionable remuneration in the United Nations increased considerably during the period 1971 to 1980 mainly because of the weakening of the United States dollar. In this regard the Commission recognized that the United Nations system calls for the maintenance of fixed levels of pensionable remuneration amounts for those in the Professional and higher categories regardless of the place of assignment. During the period 1971 to 1980 the system was trying to respond on a world-wide basis to a situation when considerable weakening of the United States dollar vis-à-vis other currencies took place. This devaluation of the United States dollar resulted in sharp increases in post adjustment classifications applicable outside the United States which in turn resulted in unprecedented increases in the WAPA index used for indexing pensionable remuneration as approved by the General Assembly on the recommendation of the 1960 Pension Review Group. The construction and use of the WAPA index, the Commission noted, was approved by the General Assembly with a view to protecting the value of actual and prospective pensions of United Nations retirees against inflation and currency fluctuations. Pensionable remuneration for United States federal civil service employees, not being subject to the problem of changes in the value of the dollar, could not be directly compared with that of the United Nations officials, which must respond on a continuous and world-wide basis to this problem.

29. On the other hand, the Commission realized that increases in gross salaries (i.e., pensionable remuneration) in the United States federal civil service have not always kept pace with inflation, especially in recent years, during which time salary increases have been substantially lower than the rates of inflation. However, the fact that the pension benefits of retirees from the United States federal civil service are fully indexed by the movement of CPI has resulted in a "time-to-time" adjustment problem. Thus, for example the Commission noted, a United States civil servant who retired prior to October 1982 (the date of the last salary increase prior to January 1984) would have a higher adjusted pension than that of an employee with the same grade and years of service retiring in January 1984. In the United Nations system, on the other hand, the time-to-time problem of the type referred to above has been avoided by indexing both pensions and pensionable remuneration for benefit purposes by the movement of the United States CPI since 1981 and prior to that by WAPA.

30. The Commission also recognized substantial differences in the way the two systems are funded. In the case of the United States federal civil service retirement system, which is not a fully funded system, the increased cost resulting from adjusting benefits by the full CPI while gross salaries of the serving staff, and hence contributions, are increasing at a lower rate, becomes a charge against the federal budget. The time-to-time problem mentioned above does not, therefore, create a deficit per se in that pension scheme. In the case of the United Nations system the pension scheme is a fully funded one. Therefore, pensionable remuneration serves a dual purpose: it determines the pension benefit of a retiree and the level of contributions into the pension fund to finance the benefits. In view of this the Commission noted that if pensionable remuneration were determined by direct comparison with gross salaries applicable to United States federal civil service employees, the imbalance between the inflow of contributions and the outflow of benefit costs would exacerbate the actuarial imbalance in the Fund.

31. For the reasons explained above, the Commission was of the view that direct comparisons of the amounts of pensionable remuneration in the United States federal civil service and those applicable to United Nations officials in grades P-1 and above should be avoided. With regard to the comparisons to be carried out, the Commission reiterated its earlier views that such comparisons should most appropriately be undertaken as part of its total compensation comparisons in the first instance and not at the level of individual benefits. It further agreed that if there were significant differences in the levels of pension benefits calculated within the framework of total compensation comparisons, it would then undertake further studies.

32. In the light of the aforesaid considerations, the Commission undertook an examination of pension benefits within the framework of total compensation comparisons. It noted that pension benefits after the application of United States taxes provided by the employers amounted to 23.25 and 23.45 per cent of pensionable remuneration for United Nations and United States federal civil service employees respectively. On the basis of these results it concluded that the basic features of the pension benefit schemes of the two civil services are virtually the same. This should not, however, be misunderstood to mean that all the benefits provided within the framework of the two pension schemes are identical. It is quite possible that a particular benefit in the United States scheme differs significantly from its counterpart in the United Nations scheme. However, there is an approximate balance between the differences so that overall neither scheme can be claimed to be better or worse than the other on the basis of total package comparisons. Having concluded that the pension benefits provided by the employers to the employees of the two civil services are virtually identical in terms of their total value, the Commission proceeded to undertake an examination of the actual levels of pensionable remuneration.

33. One member took exception to the foregoing paragraph as misleading, stating that the United Nations pension system pays annuities that are substantially larger than those of the United States for equal length of service at equal grade levels.

34. The Commission has consistently maintained that any comparison of United Nations remuneration for staff in the Professional and higher categories which is made with remuneration of United States federal civil service employees at comparable levels should not be limited to net remuneration but should also take into account other elements of compensation, including pension benefits, applicable in both services. The Commission, therefore, developed a total compensation comparison methodology which it reported to the General Assembly at its thirty-eighth session. The Commission also decided to calculate the United Nations/United States margin on the basis of both net remuneration and a total compensation comparison including pension benefits.

35. Moreover, the Commission and its predecessor bodies have over the years recommended and the General Assembly adopted staff assessment rates for the Professional and higher categories which closely approximated the tax rates applicable in the United States.

36. Since comparisons of the various elements of compensation are made in one form or another, it follows that a means should be available for direct comparison of such an important element as pensions in order to respond to the most recent request of the General Assembly.

37. One member pointed out that in view of the preoccupation of the General Assembly with serious anomalies in the existing United Nations pension scheme, which was expressed by the adoption of resolution 38/233, effective measures should be taken in order to reduce the pensionable remuneration and pension benefits in the United Nations to a level which could be justified from the point of view of the Noblemaire principle.

38. The Commission decided to take an approach to carry out comparison of United Nations/United States (UN/US) pensions which would enable it to determine the appropriate levels of pensionable remuneration for United Nations officials in the Professional and higher categories in a manner consistent with its comparisons of the other elements of compensation in the two civil services. Specifically, it agreed to the following approach:

(a) The information provided by the United States Government indicates that the average length of service for United States federal civil service employees in grades GS-9 through GS-18 and SES Grades 1 through 6 who had earned pension annuities is approximately 27 years. Therefore the average pension applicable to United States federal civil service employees was calculated on the basis of an average length of service of 27 years. The average pensionable remuneration (average gross salaries) applicable for each one of these grades over the period 1 January to 31 December 1984 has been used in the exercise;

(b) The relationships of the average pension for each grade calculated under (a) above to the net salaries over the period 1 January to 31 December 1984 were then determined.

The results of the calculations are provided in table 1 below:

Table 1

Analysis of the relationship of gross pension annuities to net remuneration in the United States federal civil service

United States grades	United States gross salary	United States net salary	United States pensions 27 years	United States pensions percentage of net
A	B	C	D	E
GS-9	21 066	18 163	10 585	58.3
GS-11/GS-12*	27 412	23 036	13 774	59.8
GS-12/GS-13*	33 727	27 712	16 948	61.2
GS-13/GS-14*	40 750	32 807	20 477	62.4
GS-15/SES 2/ SES 4*	51 648	40 324	25 953	64.4
GS-16/SES 1/ SES 4/SES 5*	65 141	49 696	32 733	65.9
GS-17/GS-18/ SES 4/SES 5/ SES 6*	68 632	51 830	34 488	66.5

Note: \* Weighted averages corresponding to United Nations grades.  
E = (D/C x 100)

39. In order to calculate a counterpart and comparable relationship in the United Nations, the percentages shown under column E of table 1 above were applied to the net remuneration applicable to United Nations staff members in grades P-1 through D-2 in New York which is the counterpart of the United States net salaries in the United Nations/United States margin calculations based on net remuneration. The net remuneration applicable to United Nations officials in New York for the period 1 January to 31 December 1984 was calculated to take into account the decisions of the Commission concerning the New York post adjustment index. The resulting net remuneration for the period 1 January to 31 December 1984 is shown in column B of table 2 below from which a corresponding pension benefit is calculated which would have the same percentage relationship to the net remuneration as the pension in the United States federal civil service has to the net salary (column C) with the result shown in column D.

Table 2

Grade	United Nations net remuneration for the period 1 Jan.-31 Dec. 1984	Percentages from column E of table 1	Pension benefits
A	B	C	D
P-1	23 676	58.3	13 803
P-2	29 867	59.8	17 860
P-3	35 951	61.2	22 002
P-4	42 913	62.4	26 778
P-5	51 575	64.4	33 214
D-1	56 804	65.9	37 434
D-2	64 049	66.5	42 593
ASG	76 780	68.0	52 210
USG	83 690	69.5	58 164

40. As grade equivalencies between United Nations officials at the levels of Under-Secretary-General and Assistant Secretary-General have not been established percentages of gross pension amounts expressed in terms of net remuneration are not available at these levels. However, on the basis of the trend which can be observed by examination of percentages shown under column E of table 1 percentage relationships of 68.0 and 69.5 can be considered to be appropriate at the ASG and USG levels, respectively. These percentage relationships are taken into account in all further calculations made for those at the levels of ASG and USG.

41. On the basis of information available to the Commission the average length of service applicable on the United Nations side is approximately 20 years. Hence there is a 7 year difference between the average length of service in the United States federal civil service and that applicable to the United Nations. On the other hand, the United Nations net remuneration has been set higher than the United States net salaries to take into account, inter alia, the expatriate nature of United Nations service. The United Nations/United States margin based on net remuneration at the base for the period 1 January 1984 to 31 December 1984 would be approximately 120. This margin of 20 per cent when related to the average length

of service corresponds to the equivalent of 4.0 years of service. Offsetting this 4.0 years against the 7 year difference in the length of service leaves a balance of 3.0 years to be evaluated.

42. In the total compensation comparisons carried out by the Commission, account was taken of the absence of a mandatory age of separation in the United States federal civil service, which was quantified as amounting to an additional benefit for 2.4 years of service. Consequently, any further adjustment for this particular element in the separate pension comparisons would constitute double counting. The bulk of the difference of 3.0 years calculated in paragraph 41 above can therefore be deemed to have already been taken into account in the assessment of the total compensation in the two services. Therefore, it can be argued that the amounts of pension benefits shown under column D of table 2 should be earned by United Nations officials after 27 years of service.

43. The rates of accumulation which went into effect as of 1 January 1983 are as follows:

1.5 per cent for the first 5 years of contributory service;

1.75 per cent for the next 5 years of contributory service; and

2.0 per cent for the remainder of service up to a maximum of 35 years of contributory service.

These rates of accumulation are identical to those applicable in the comparator civil service. The maximum pensionable service in the United States federal civil service, however, is 42 years.

44. Using the new rates of accumulation introduced as of 1 January 1983, the pension benefit earned by United Nations officials after 27 years of service would amount to 50.25 per cent of pensionable remuneration. Thus, the level of pensionable remuneration required to obtain the pension amounts in column D of table 2 after 27 years of contributory service would be as follows:

<u>Grade</u>	<u>Pensionable remuneration</u>
P-1	27 469
P-2	35 542
P-3	43 785
P-4	53 289
P-5	66 097
D-1	74 495
D-2	84 762
ASG	103 901
USG	115 749

45. The above figures have been rounded to the nearest 100 dollars and are shown in the table below. Current levels of pensionable remuneration at step I of each grade as well as a comparison of suggested levels of pensionable remuneration amounts with those currently applicable are shown in table 3 below.



Table 3

Grade	Current levels of pensionable remuneration	Proposed levels of pensionable remuneration	Increase/decrease over current levels of pensionable remuneration
A	B	C	D
P-1	24 989	27 500	+10.0
P-2	33 272	35 500	+ 6.7
P-3	41 901	43 800	+ 4.5
P-4	52 403	53 300	+ 1.7
P-5	66 811	66 100	- 1.1
D-1	76 777	74 500	- 3.0
D-2	92 003	84 800	- 7.8
ASG	117 891	103 900	-11.9
USG	132 858	115 700	-12.9

46. On the basis of a comparison of pensionable remuneration amounts at step I and the top step at grades P-1 through D-2, the Commission was of the view that the appropriate step differential for the scale of pensionable remuneration amounts would be 4.0, 3.5, 3.5, 3.0, 3.0, 3.0 and 3.0 per cent of step I for grades P-1 through D-2, respectively. Using the figures shown under column C of table 3 above and after the application of the inter-step differentials referred to above, a scale of pensionable remuneration amounts for those in the Professional and higher categories as shown in the annex to the present document can be constituted. The Commission recommends to the General Assembly that the pensionable remuneration amounts shown in annex VI should be implemented for staff in grades P-1 through USG with effect from 1 January 1985.

47. For all staff members of the United Nations system the amounts of pensionable remuneration shown in annex VI would become applicable as of 1 January 1985. Those in service prior to 1 January 1985 whose pensionable remuneration on 31 December 1984 is higher than the amount applicable as of 1 January 1985 would retain their pensionable remuneration as at 31 December 1984, until such time as it is overtaken by the new scale adjusted in the manner described below. For staff members receiving promotions or step increases after 1 January 1985, the pensionable remuneration amount determined in accordance with the new scale should be compared with the amount applicable as at 31 December 1984, and the higher of these two amounts should be used.

48. As part of its consideration of the method outlined above in paragraphs 38 to 46 for the determination of appropriate levels of pensionable remuneration for those in the Professional and higher categories the Commission also examined the reasons for the differences between the current and the proposed levels of pensionable remuneration particularly for those at the highest levels. While it was difficult to pinpoint with precision the reasons for the differences, the Commission was of the view that the procedure used for determining United Nations gross salaries by the application of staff assessment rates to net salaries might have contributed to the problem. As has been noted earlier, in between comprehensive reviews of salaries a part of post adjustment has been incorporated into net base salaries on a number of occasions over the last several years and the

resulting net base salaries were grossed up by the reverse application of the rates of staff assessment in effect at the time of those consolidations. This reverse application of the United Nations staff assessment rates used for the determination of gross salaries, which are subsequently used for the determination of pensionable remuneration amounts, can be assumed to be the most important factor contributing to the problem.

49. The Commission wishes to bring to the attention of the General Assembly that if the method recommended above for the determination of the appropriate levels of pensionable remuneration amounts is acceptable, then the scale of staff assessment would not have any direct bearing on the levels of pensionable remuneration amounts. For the determination of the relationship between pensions and remuneration, gross pensions paid to United States federal civil service employees are expressed as a percentage of net remuneration. Consequently, the United States tax rates are implicitly reflected in the levels of pensionable remuneration amounts determined for the United Nations officials. Under these circumstances, staff assessment would play only one role in the United Nations system of salaries, allowances and benefits as it applies to those in the Professional and higher categories, i.e., that of replenishing the Tax Equalization Fund.

50. One member objected to a formula establishing new (and generally lower) levels of pensionable remuneration which, while intended to control the growth of pensionable remuneration, results in an increase for some grades. In his view stronger measures should be taken than the Commission is considering. Linking pensionable remuneration to a smaller fixed percentage of net salary is one approach that could be considered. A temporary freeze on further increases in pensionable remuneration and/or a cap on such remuneration should be further explored.

#### Interim adjustments

51. The Commission noted the concern expressed by some members of the Fifth Committee with regard to the procedure used for automatically adjusting the levels of pensionable remuneration of staff in the Professional and higher categories. It recalled that, prior to the recommendation of the current WAPA/CPI mechanism to the General Assembly, the Commission had had an opportunity to consider various relevant issues after close consultation with the Pension Board. If the Commission were to re-examine the automatic adjustment procedure at its current session, it would not have had the benefit of the views of the Pension Board in this regard. As changes in the adjustment procedure would have serious implications for the Board, it would be essential for the Commission and the UNJSPB to have close consultations on the matter. The Commission, therefore, decided to inform the General Assembly that it has addressed the Assembly's concern to the extent possible and practicable within the time assigned by it. If the General Assembly wishes the Commission and the Pension Board to re-examine the adjustment procedure, it may wish to request these two bodies to undertake studies in this regard and report thereon to the Assembly at its fortieth session. The Commission, nevertheless, decided to bring to the attention of the General Assembly that the adjustment mechanism should be examined at the time of the next comprehensive review of pensionable remuneration amounts for staff in the Professional and higher categories. By that time the dual adjustment mechanism would have been in effect for a sufficiently long period of time to permit drawing some conclusions regarding its operation.

52. For the present, the Commission is of the view that the currently used dual mechanism for adjusting pensionable remuneration amounts between comprehensive reviews should continue to be used with the following modifications:

(a) In the procedure outlined in this document in paragraphs 38 to 46 a comparison of gross pension benefits to United Nations officials is made with the corresponding amounts of net remuneration at the base of the system, New York. For adjusting the post adjustment classification of New York, CPI data applicable to that city are used. In view of this, for adjusting pensionable remuneration amounts for benefit purposes the New York CPI should be used rather than the United States CPI which has been in use since 1 January 1981;

(b) Adjustments to pensionable remuneration amounts should be made on 1 April of each year on the basis of movements of WAPA and CPI as of the preceding 1 January.

53. The base date of 1 January 1985 should be used for the determination of the movements of WAPA and CPI. The first adjustment to the amounts of pensionable remuneration proposed in annex VI should be made on 1 April 1986, provided an increase in accordance with the adjustment procedure is called for on the basis of the movement of WAPA or CPI readings taken on 1 January 1986. For the Commission's further views concerning the use of WAPA and CPI indices reference should be made to paragraph 62 below.

54. The Commission accordingly drew the attention of the Pension Board to the above proposals.

Adjustment to pensionable remuneration amounts in accordance  
with article 54 (b) of the regulations of the United Nations  
Joint Staff Pension Fund

55. The General Assembly will recall that the last adjustment to the levels of pensionable remuneration for those in the Professional and higher categories was made as of 1 October 1982 in accordance with the procedure approved by the General Assembly for adjusting pensionable remuneration amounts. The United States Consumer Price Index (US CPI) as at 1 July 1982 had been used to effect this increase. As has been stated in paragraph 9 above, on the basis of 1 July 1982=100 the United States CPI showed an increase of 5.4 per cent between 1 July 1982 and 1 July 1984 thus exceeding the 5 per cent threshold requirement for adjusting pensionable remuneration amounts for both benefit as well as contribution purposes in accordance with article 54 (b) of the regulations of the Pension Fund.

56. The Commission considered two possibilities with regard to the forthcoming increase. It noted that some organizations of the common system had provisions identical to those of article 54 (b) of the Pension Fund Regulations in their staff regulations. Consequently, if the General Assembly were to decide that the forthcoming increase in pensionable remuneration amounts in accordance with article 54 (b) were not to be granted in view of the Commission's recommendations concerning appropriate levels of pensionable remuneration made in paragraph 47 above, these organizations would nevertheless have to implement the forthcoming increase. Thus, current amounts of pensionable remuneration would be applicable to staff working for some organizations of the common system while higher amounts would be applicable to others working for organizations where the adjustment

mechanism is a part of the staff rules. The Commission was of the view that this would be most damaging to the unity of the common system.

57. On the other hand, if pensionable remuneration amounts for those in the Professional and higher categories are increased by 5.4 per cent with effect from 1 October 1984 the resulting levels for step I of grades P-1 through USG would be those which are shown in table 4 below. Comparisons of pensionable remuneration amounts which would become effective as of 1 October with the amounts recommended by the Commission for implementation with effect from 1 January 1985 are also shown in the same table.

Table 4

Grade	Expected levels of pensionable remuneration		Increase/decrease over 1 October 1984 levels of	
	effective 1 October 1984	Proposed levels of pensionable remuneration	pensionable remuneration	
A	B	C	D	
P-1	26 338	27 500	+ 4.4	
P-2	35 069	35 500	+ 1.2	
P-3	44 164	43 800	- 0.8	
P-4	55 233	53 300	- 3.5	
P-5	70 419	66 100	- 6.1	
D-1	80 923	74 500	- 7.9	
D-2	96 971	84 800	-12.6	
ASG	124 257	103 900	-16.4	
USG	140 032	115 700	-17.4	

58. From the above table it will be noted that if the increase in pensionable remuneration amounts resulting from the application of article 54 (b) is granted the difference between the resulting amounts of pensionable remuneration and those recommended by the Commission for implementation as of 1 January 1985 would be reduced for those in grades P-1 and P-2. Starting with grade P-3 the resulting levels of pensionable remuneration would be higher than those considered to be appropriate by the Commission, and in particular, at the highest levels, i.e., at D-2, ASG and USG, the pensionable remuneration amounts which would go into effect as of 1 October 1984 would be substantially higher than the levels recommended by the Commission. However, those levels would be frozen for a long period of time until the proposed scale as shown in annex VI updated by the application of the adjustment mechanism is higher than that which would become effective as of 1 October 1984.

59. The Commission was also of the view that the forthcoming increase which would go into effect from 1 October 1984 had resulted from a procedure which had been approved by the General Assembly in 1980 and which went into effect as of 1 January 1981. Any changes in the adjustment mechanism can be applied prospectively but it would not be appropriate to apply them retroactively. Consequently, since the increase in pensionable remuneration amounts which could go into effect as of 1 October 1984 has resulted from the movement of the US CPI for the period 1 July 1982 to 1 July 1984, it was pointed out to the Commission that

there was an expectation that this increase would be implemented, and any steps taken to stop this adjustment from taking place would be subject to legal challenge.

60. In summary, as the Commission has brought to the attention of the General Assembly in paragraph 56 above, if a decision is taken not to adjust effective 1 October 1984 pensionable remuneration amounts for those in the Professional and higher categories in accordance with article 54 (b) of the Pension Fund Regulations, the current levels of pensionable remuneration would remain applicable for only some staff of the common system, while for others, the increase in accordance with article 54 (b) would be implemented. Thus there would be two sets of pensionable remuneration amounts which would become applicable from 1 October 1984 for United Nations officials in the Professional and higher categories depending on the organization to which they belong. On the other hand, if pensionable remuneration amounts are increased, while for some staff members the resulting levels would be higher than those considered to be appropriate this would be only a temporary phenomenon. Furthermore, the approval of the scale recommended by the Commission in the annex and the adjustment procedure recommended in paragraphs 51 to 52 above would result in achieving the objectives of the General Assembly over a period of time which, as the Commission understands, are to fix the levels of pensionable remuneration of those in the Professional and higher categories at the appropriate level and slow down the future increase in those amounts.

61. In view of the above the Commission was of the view that the forthcoming increase in the levels of pensionable remuneration for those in the Professional and higher categories resulting from the application of article 54 (b) of the Pension Fund Regulations should be implemented.

62. If the General Assembly agrees with the recommended scale shown in annex VI and the Commission's recommendation concerning an adjustment which would become effective as of 1 October 1984, it would be essential to use the base index of 144.7 as at 1 January 1985 for the measurement of the movement of the New York CPI. It would also be essential to use the base index of 117.9 as at 1 January 1985 for the measurement of the movement of WAPA. In this case pensionable remuneration amounts for benefits and contribution purposes for those in the Professional and higher categories as at 1 January 1985 would be 144.7 per cent of corresponding gross salaries until 31 December 1984. If the WAPA index had been used for the determination of pensionable remuneration amounts, for contribution purposes those amounts as at 1 January 1985 would have been 117.9 per cent of gross salaries applicable up to 31 December 1984. In view of this it must be understood that the movement of WAPA must be such that the difference between 117.9 and 144.7 is made up before the WAPA index can start playing an effective role in the adjustment mechanism.

#### Future reviews of pensionable remuneration

63. The Commission wishes to bring to the attention of the General Assembly that a number of elements are taken into account in the determination of the levels of pensionable remuneration using the approach outlined above. Specifically, gross and net salaries applicable to United States federal civil service employees, net remuneration applicable to United Nations officials in New York, the United Nations/United States margin, average lengths of service of retirees eligible to receive pension annuities, adjustments made within the framework of total compensation comparisons to account for the differences in lengths of service

are some of the important elements which can influence the outcome of calculations using the approach suggested. Furthermore, as gross and net salaries of United States federal civil service employees are used as important elements in the methodology, the United States rates of taxation (federal, state and local, as applicable) are implicitly reflected in the result. Changes in one or more of these factors can effect the outcome of the calculations substantially. It would, therefore, be essential for the Commission to monitor these factors on a continuous basis and report thereon to the General Assembly as appropriate.

64. In addition to monitoring the various factors which have been taken into account in the development of the model outlined above, it would be essential to undertake a comprehensive examination of pensionable remuneration amounts on a periodic basis. In this regard, the Commission is of the view that such comprehensive reviews should not be undertaken more frequently than once every five years. At the time of these reviews any deviation between the levels of pensionable remuneration amounts applicable and those resulting from an examination of all other relevant data then applicable on the United Nations side should be properly explained. During the period starting with the date of implementation of the system and ending on the date of the next comprehensive review, barring a general salary increase, net remuneration of staff in the Professional and higher categories at the base of the system would increase at a rate lower than 5 per cent for every 5 per cent movement of CPI. On the other hand, pensionable remuneration amounts would increase by a full 5 percentage points. At the time of the next comprehensive review, therefore, it would appear as if the gap between net remuneration and the amounts of pensionable remuneration had increased. However, this is to be expected as such a divergence is implicit in the adjustment procedure suggested and should, therefore, be properly taken into account at the time of the next comprehensive review.

#### Imposition of a ceiling on the highest levels of pensions

65. The General Assembly, in its resolution 38/233, section II, requested the United Nations Joint Staff Pension Board, with the assistance of the Committee of Actuaries, to consider various proposals discussed at the thirty-eighth session of the General Assembly with a view to reducing or eliminating the actuarial imbalance of the Fund. As part of that request, the General Assembly requested UNJSPB to study the imposition of a ceiling on the highest levels of pensions.

66. During the consideration of this matter at the thirty-second (special) session of UNJSPB, held in Paris in March 1984, members of the Board noted that while the secretariat of UNJSPB was in favour of limiting the overall benefit, the Committee of Actuaries was in favour of a limitation in the level of pensionable remuneration. The members of the Board noted that as the question of a ceiling had no impact on the actuarial balance of the Fund it should be viewed in the broader context of the salary system and its linkage to pensionable remuneration, and also in relation to the total compensation studies, both of which were within the competence of the International Civil Service Commission. Furthermore, the Board considered that a joint study by ICSC and Board should be carried out.

67. The Commission's total compensation comparisons include salaries and benefits data for those in grades from P-1 to D-2 only. As the Commission has not been able to establish grade equivalencies at the levels of ASC and USG, it would not be feasible to address this problem within the framework of total compensation comparisons.

68. The Commission was apprised of the views expressed by some representatives of Member States concerning high pensions paid to retirees from the United Nations system with both high levels of pensionable remuneration and long years of contributory service. While noting the concerns of the representatives of the Member States with regard to pensions of this group of staff, the Commission was of the view that to place an arbitrary limit on the amounts of pensionable remuneration in order to address the problem relating to those at the highest levels who have had long years of contributory service would create an anomalous situation inasmuch as it would limit the pensions of retirees at those levels who have had only a limited number of years of service. Since a ceiling on pensionable remuneration would have a possible undesirable effect on pensions payable for all staff in trying to limit the pensions of the most senior staff with long service, the Commission expressed the view that the problem should not be addressed by placing a limit on the amounts of pensionable remuneration. If a ceiling is introduced, it should be considered in relation to the level of pension benefits which is a function of three variables: (a) pensionable remuneration, (b) rate of accumulation, and (c) years of service.

69. In view of the above the Commission decided to refer the matter back to the Pension Board.

## CHAPTER III

### 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 States federal civil service and that of the United Nations system

70. In the past, the Commission has given detailed information on the comparisons made annually between levels of net remuneration of the United Nations and the United States federal civil service, the present comparator. In its last three annual reports the Commission has reported on the methodology it has developed to compare total compensation of the two services based on non-expatriate benefits applicable on both sides. Last year the General Assembly requested the Commission to inform it, on an annual basis, of the margin between the remuneration of the United Nations employees and that of the United States federal civil service on this total compensation basis. The Commission accordingly instructed its secretariat to submit to it, on a regular basis, margin calculations based on a comparison of total compensation as well as on a comparison of net remuneration. Information on development in the margin calculations based on net base salaries only as well as on those based on a total compensation comparison are given below.

##### (a) Margin calculations based on net base salaries only

71. Following past practice, the comparisons continue to be made on the basis of the net remuneration of the officials of the two civil services having a dependent spouse but no children, and between the headquarters of the two systems, i.e. New York for the United Nations common system and Washington, D.C., for the United States federal civil service. Differences in cost of living are also taken into account in the margin calculations. Net base salary plus post adjustment applicable in New York are taken into account on the United Nations side and net base salary alone is included on the United States side. Using the grade equivalencies approved by the General Assembly in resolution 34/165 of 17 December 1979, United Nations grades P-1 to D-2 and the General Schedule grades GS-9 through GS-18 and the Senior Executive Service (SES) of the United States federal civil service are used for the purposes of margin calculations, as reported previously to the General Assembly. The calculations are averaged over the 12-month period 1 October 1983 to 30 September 1984.

72. Since the last report of the Commission to the General Assembly and to legislative organs of the organizations, the following developments in the United States federal civil service were noted which have been taken into account in the margin calculations:

- (a) An increase in the base salary;
- (b) Further implementation of the SES system.

On the basis of the results of a new equivalency study which was submitted to it at its nineteenth session, the Commission decided that the weighted average of all the SES salaries paid to the total relevant SES population should be used when



calculating the margin between SES and levels D-1 and D-2. The Commission determined further that the new weights for calculating the margin at the P-5 level were 0.924 for GS-15 and 0.076 for the weighted average of SES salaries respectively.

73. There were two main developments relating to the United Nations remuneration system. The first concerned the application to the base, New York, of post adjustment class 10 (multiplier 63) effective 1 June 1984, due, in particular, to sharp price increases between November 1983 and January 1984, i.e. four months later than the February 1984 CPI for New York, in accordance with the four-month waiting rule. The second was an increase in the post adjustment class of New York to class 11 (multiplier 71) effective 1 August 1984, in accordance with the Commission's decision to correct the understatement in the post adjustment index at the base of the system by establishing a post adjustment index of 170.86 as at October 1982 as recommended by its Advisory Committee on Post Adjustment Questions (ACPAQ). The calculations for the period 1 October 1983 to 30 September 1984 are therefore based on post adjustment class 9 for eight months, class 10 for two months and class 11 for two months.

74. The details of calculations relating to the current margin period 1 October 1983 to 30 September 1984 are shown in annex I to the present report. It will be noted that the current margin, based on net remuneration alone, is 117.0, as compared with 118.2 for the period 1 October 1981 to 30 September 1982 and 116.5 for the period 1 October to 30 September 1983.

#### Views of the organizations and staff representatives

75. The Chairman of CCAQ stated that the organizations took note of the margin based on a comparison of net remuneration of officials of the United Nations system and that of officials at comparable levels in the United States federal civil service. The President of FICSA, on the other hand, invited attention to the margin based on the comparison of total compensation, which was a more accurate comparison of the relative levels of remuneration, as did the Convenor of CCISUA. Comments of the organizations and staff on the margin based on a total compensation comparison are given in paragraph 90 below.

#### Discussion and decision of the Commission

76. The Commission noted that a 4 per cent increase in United States federal civil service gross salaries took place effective 1 January 1984, i.e. three months later than the traditional revision date of October each year, which had a consequential effect on the margin relationship for the period 1 October 1983 to 30 September 1984, as did its decision to correct the post adjustment index for New York, as indicated in paragraph 73 above.

77. The Commission accordingly took note that the margin for the period 1 October 1983 to 30 September 1984, based on a comparison of net remuneration between the United Nations and United States civil service, is 117.0.

#### (b) Margin calculations based on a comparison of total compensation

78. It should be noted that the developments noted in paragraphs 71 to 73 above with regard to base salaries applicable to the United States civil service and net remuneration applicable to United Nations officials also affect the margin

calculations based on the total compensation comparison since salaries represent an integral part of total compensation.

79. In 1984, the Commission carried out a comparison of non-expatriate benefits of total compensation between the United States federal civil service and the United Nations based on decisions it had taken at its sixteenth and eighteenth sessions, in particular, that differences between the United Nations and the United States in population characteristics and lengths of service should be taken into account, and reported previously to the General Assembly of the United Nations and to legislative organs of other organizations.

80. In response to General Assembly resolution 38/232 the Commission is now reporting the margin for the period 1 October 1983 to 30 September 1984 on this total compensation basis. A number of changes in pay and benefit practices have occurred with regard to both the United Nations and United States remuneration systems which are given below.

#### Pension benefits

81. The retirement schemes of the United States civil service and that applicable to United Nations officials have changed since the Commission's prior total compensation comparison. For the United Nations Joint Staff Pension Fund (UNJSPF), the rate at which benefits accumulate for new entrants and the contributions required from staff and administration have changed. For the United States new entrants are covered by a combination of the United States social security system and the civil service retirement system (CSRS) until such time as the United States Congress implements a new retirement scheme in lieu of CSRS. Such a new plan is anticipated for 1986. Since these changes affect a relatively small proportion of staff on each side, the effect on the total compensation comparison is negligible.

82. Using the total compensation pension evaluation agreed to by the Commission, the following pension values were arrived at:

<u>plan</u>	<u>United States CSRA</u> <u>UNJSPF plan</u>
23.25	23.42

#### Health benefits

83. With regard to health insurance benefits, the United Nations has modified the employer/employee cost-sharing ratio based on a decision of the General Assembly following recommendations made by the Commission. This decision changes the employer/employee cost-sharing ratio by limiting the employee contribution to 1.9 per cent for single coverage and 3.8 per cent for family coverage as long as the employer's share of the premium cost does not exceed two thirds.

84. With regard to health insurance coverage provided by the numerous United States health insurance plans, significant changes have occurred since the secretariat's last total compensation analysis. Most plans have experienced reductions in benefits provided and increases in the proportion of expenses covered by employees through deductible, co-insurance and maximum clauses specified within the plans.

85. Using the total compensation health care evaluation agreed to by the Commission, an average value of \$1,260 was calculated for the current six major United States Government health insurance plans.

86. It should be noted that United States civil service employees are currently contributing 1.3 per cent of their gross salaries for health-care coverage to be provided by the Medicare portion of the United States social security system upon the attainment of age 65. The total compensation health-care evaluation methodology does not encompass either contributions required or benefits received by a retired staff member. Assuming the cost incurred pays for the benefit received, which is the United States Government's basic reason for introducing this modification to its civil service compensation structure in January 1983, there would seem to be no reason to modify the current evaluation methodology. Accordingly, the Commission decided to maintain the current total compensation methodology in this regard.

#### Life insurance benefits

87. The United States coverage for life insurance has not been modified to any substantial degree since the last study. These values are largely a function of salary increases for the United States (since the life insurance benefit is a function of salary). On the United Nations side, a death grant benefit is provided at no cost to employees. The amount of cost per employee has increased to \$21 per annum.

#### Career difference calculations

88. At its eighteenth session the Commission decided that future margin calculations based on total compensation comparisons should address differences in United States/United Nations average lengths of careers. Based on data provided by the United States Government, it had been shown that 73.6 per cent of the United States federal civil service staff who retire under the "60 and 20" retirement provision, i.e., 60 years of age and 20 years length of service, remain in service beyond normal retirement eligibility for an additional 3.25 years on average. The Commission therefore had directed its secretariat to account for this difference in future total compensation comparisons. This difference amounts to 2.4 years (3.25 years x 73.6 per cent) which the secretariat has included in the current analysis.

#### Total compensation comparison

89. In annex II the secretariat has summarized the total compensation comparison and adjusted the comparison for cost-of-living differences between New York and Washington, D.C. The margin figure calculated on the basis of this comparison is 110.6.

#### Views of the organizations and staff representatives

90. The Chairman of CCAQ reported that the organizations had taken note of the margin based on this total compensation comparison. The President of FICSA stated that FICSA considered the margin based on the total compensation comparison reflected better the relationship between levels of United States and United Nations remuneration than a comparison based on net remuneration alone. The Convenor of CCISUA considered that while a number of factors such as pension

benefits had been included in the comparison, numerous social security benefits including health care coverage, special provisions for United States retirees, tax advantages available to United States citizens, access to unemployment insurance schemes, veterans' benefits and availability of a wide range of social services not afforded to expatriates should be taken into account as well.

#### Discussion and decision of the Commission

91. Members of the Commission agreed that the comparison of total compensation between the two services was a continually evolving process, noted that there had been considerable developments in the United States civil service retirement system and social security system over the past year and that further developments could be envisaged in those systems in the foreseeable future, leading the Commission to conclude that those systems were in a state of flux which would necessitate a monitoring of developments on a continuing basis in the future.

92. The reservation expressed by some members previously concerning the value of the difference in average length of service between the United States and the United Nations to the United Nations employee was reiterated. Two other members of the Commission considered, contrary to the Commission's earlier decision, that the evolution of the margin between the remuneration of the United States federal civil service and that of the United Nations system should take into account the existing differences in working time, for example, the fact that the United Nations staff works an estimated 10.3 per cent less time per year than the United States civil servants. Some other members considered that the methodology should be further reviewed in the light of developments because of the complexity of the methodology used.

93. The Commission finally decided to report the margin based on its comparison of non-expatriate benefits of total compensation developed to date as 110.6 and also decided to review and refine this methodology further in the future, taking into account all new developments. A breakdown of the total compensation amounts for United Nations grades P-1 to D-2 and the equivalent United States grades is given in table B of annex I to the present document.

#### 2. Review of the basis and level of remuneration

94. In resolution 37/126, section II, paragraph 4, the General Assembly requested the Commission "to review further the basis for the determination and level of remuneration of the Professional and higher categories, with a view to making recommendations thereon to the General Assembly at its thirty-ninth session, and thereafter periodically on the level of remuneration". In response to that request, the Commission has reviewed a number of issues relating to the basis and level of such remuneration and taken into account views expressed by members of the Fifth Committee of the General Assembly, the Secretary-General of the United Nations on behalf of the Administrative Committee on Co-ordination (ACC) before the Fifth Committee, and subsequent views received from ACC and CCAQ, representing ACC, FICSA and CCISUA.

#### Consideration of the basis of remuneration

95. In 1984, at its nineteenth session, the Commission considered four fundamental questions, namely:

Question 1. Should the basis of comparison with the comparator be the actual remuneration levels of the comparator's civil service or the applicable national levels?

Question 2. Should the concept of the margin be changed to a less pragmatic one, possibly to one of a range above and below which, over a stated period, the United Nations salary scale should not move?

Question 3. What should be the rationale for the determination of salaries of staff in grades Assistant Secretary-General (ASG) and Under-Secretary-General (USG)?

Question 4. Should the comparisons between the United Nations system and the comparator service be based on basic salaries alone or take into account all elements of remuneration?

#### Views of CCAQ and the staff representatives

96. The Chairman of CCAQ, on behalf of the organizations, reaffirmed that the Noblemaire principle continued to be valid for the determination of Professional salaries and that, for the time being, the United States should continue to be used as the comparator in the application of that principle. He added that inasmuch as the United States civil service salaries no longer adequately reflected the national pay levels, the organizations were of the view that the national pay levels should be reflected in the comparison between United Nations and United States civil service salaries. Such a comparison, he added, could be made directly between the United Nations salaries and those of the United States civil service, as they would be if the latter, as determined by the Pay Agent under the United States Pay Comparability Act, were applied in full. Alternatively, it would be possible to compare United Nations salaries with the actual United States federal civil service salaries and then reflect the national pay levels as determined under the Pay Comparability Act in the determination of the appropriate level of margin. The organizations were of the view that the notion of the margin should remain a pragmatic one and should take into account the results of total compensation comparisons. As regards the determination of salaries of Assistant Secretaries-General and Under-Secretaries-General, the organizations expressed the view that those salaries should be determined by extrapolation of the salaries at the Professional and higher category grades P-1 to D-2.

97. The Chairman of CCAQ reiterated the organizations' continued commitment to the need for a salary increase for the Professional and higher categories. He informed the Commission that the matter would be reviewed by ACC in April and that the recommendations of ACC would be submitted to the Commission at its twentieth session.

98. The President of FICSA recalled that the Federation had been pressing for an increase in Professional base salaries since 1976. While detailed technical arguments would be presented at the Commission's twentieth session, FICSA reiterated the replies which it had given previously to the four questions before the Commission. For the purpose of comparison, national levels must be used. The United States Government had not implemented the provisions of the Pay Comparability Act since 1978; at the same time, the organizations of the United Nations system must be in a position to recruit staff from both the public and the private sectors. Statistics showed that a large percentage of staff were being recruited above the first step of the grade, thus confirming the current lack of

competitiveness of United Nations salaries. The President of FICSA further recalled that FICSA had consistently advocated a margin in the order of 25 per cent. Until such time as regular salary reviews were again made, any attempt to set a range for the margin would be less than meaningful. Salary levels for Assistant Secretaries-General and Under-Secretaries-General should be, he added, established by extrapolation. In any comparison of salaries between the United Nations system and the comparator, all elements of remuneration, including expatriate benefits, should be taken into account.

99. The Convenor of CCISUA reaffirmed the validity of the Noblemaire principle as the basis for the determination of Professional salaries. He added, however, that the question was one of interpretation, which must change in the light of factual data, and called for more flexibility. The comparison of United Nations salaries with those applicable in the United States should take into account national levels which included the non-public sector and should, perhaps, take into account the salaries applicable in the diplomatic service. The concept of the margin, he stated, should be a pragmatic one, and the salaries of Assistant Secretaries-General and Under-Secretaries-General should be determined by extrapolation. The Convenor expressed the view that all comparisons should be made on the basis of total compensation.

#### Discussion and decisions of the Commission

100. The Commission decided that with a view to the completion of its consideration of the question of the basis to be used for the determination of remuneration, it would undertake an examination of the four questions raised by its secretariat. It reaffirmed its earlier view that the Noblemaire principle continued to be valid and that the United States should continue to be the comparator in the application of that principle for the determination of salaries for those in the Professional and higher categories.

Question 1. Should the basis of comparison with the comparator be the actual remuneration levels of the comparator's civil service or the applicable national levels?

101. The majority of the members of the Commission expressed the view that the United States actual remuneration levels should be used for the comparator, as had been the case since the inception of the United Nations, and that the comparison of the United Nations salaries had always been made with those applicable to the employees of the United States federal civil service, irrespective of the levels of salaries applicable in other sectors. They did not find any justification for a change in the manner in which comparisons should be made in the future. In that regard, they recalled that the Noblemaire Committee as well as all the United Nations salary review bodies had always, in the past, referred to a civil service and to no other sector.

102. Other members of the Commission recalled that Article 101, paragraph 3, of the Charter of the United Nations required that the United Nations should recruit staff of the highest efficiency and competence. They agreed with the application of the Noblemaire principle on the basis of the comparator civil service but using for comparison the salary levels as they would have been had the recommendations of the Pay Agent under the 1970 Pay Comparability Act of the United States been fully implemented. While they agreed that previous United Nations salary review bodies had referred to a national civil service, they pointed out that those bodies had

mentioned such service only as a point of reference and had also recommended consideration, as appropriate, of salaries in the external sectors. They felt, therefore, that the use of national salary levels was the only logical basis of comparison. A variant of that minority view was that since the Charter required recruitment of the highest efficiency, the highest pay levels in the comparator country (national), irrespective of the Pay Comparability Act, could be the only basis. That Act was only an instrument identifying the best national levels.

103. During the discussion, a view was expressed that if some way could be found by which salary scales in the home civil service could be used as the basis of comparison but could be adjusted in a reasonable and pragmatic fashion through the mechanism of the margin at periodic intervals, taking into account the national salary scales, that could be considered.

104. The Commission agreed by a majority that the basis of comparison should be the actual remuneration levels of the comparator's civil service.

Question 2. Should the concept of the margin be changed to a less pragmatic one, possibly to one of a range above and below which, over a stated period, the United Nations salary scale should not move?

105. The Commission decided by a majority that the level of the margin must continue to be determined in a pragmatic manner. One member felt that the level of the margin should be determined on the basis of a range below which and above which United Nations salaries should not be permitted to fall or rise significantly over a period of time, e.g., five years. That view was linked to the national levels concept of the basis of Professional remuneration, so that there would be a review of the level of United Nations salary every four or five years to bring it into line with that range of the margin.

Question 3. What should be the rationale for the determination of salaries of staff in grades Assistant Secretary-General (ASG) and Under-Secretary-General (USG)?

106. The majority of the members of the Commission expressed the view that, inasmuch as the establishment of grade equivalencies with jobs in the United States federal civil service for United Nations jobs at the Assistant Secretary-General and Under-Secretary-General levels was not possible, salaries for those levels should be determined by extrapolation of salaries at grades P-1 to D-2.

107. One member of the Commission was of the view that since comparable jobs in the United States civil service for United Nations Assistant Secretary-General and Under-Secretary-General grades could not be found, that constituted a serious breakdown in the application of the Noblemaire principle, which required that comparable jobs in the United Nations be measured against those in the comparator. That anomaly could only be removed if national salary levels were used as the basis, where comparable jobs in the United States foreign service could be found for a more accurate comparison. The idea of extrapolation had no demonstrable rationale, especially if it was recalled that the current salary levels of those grades were established on the basis of a comparison with the salary scales of a group of highly paid permanent missions in New York.

108. The Commission noted certain anomalies with regard to the progression of salaries in the current United Nations salary scales, particularly at the levels of D-1 and Assistant Secretary-General. It was, therefore, of the view that those

anomalies should be corrected, to the extent possible, at the time of the next review of the United Nations salary scales for those in the Professional and higher categories.

Question 4. Should the comparisons between the United Nations system and the comparator service be based on basic salaries alone or take into account all elements of remuneration?

109. The Commission noted that the General Assembly in section I, paragraph 8, of its resolution 38/232 requested the Commission "to inform the General Assembly, on an annual basis, of the margin between the remuneration of the United Nations employees and those of the United States federal civil service on this total compensation basis". The Commission, therefore, decided that the results of all margin calculations in future would be reported to the General Assembly on the basis of total comparisons of non-expatriate benefits applicable on both sides.

#### Consideration of the level of remuneration

110. At its twentieth session, the Commission received a statement of ACC, adopted at its extraordinary session held in Geneva on 3 and 4 July 1984, on three major issues of personnel policy simultaneously confronting the United Nations common system. The statement is reproduced in annex II to the present document. It will be noted that "after reviewing all elements of the situation, ACC considers that its 1982 recommendation for an increase in the salaries of staff in the Professional and higher categories was and continues to be justified".

111. In addition, the secretariat of the Commission provided information to the Commission, at its request, on the "Special rate program" of the United States Government, under which the United States Government provided higher pay rates for approximately 34,000 United States civil service staff in certain positions. The special rate program, administered by the United States Office of Personnel Management (OPM), was established by the Federal Salary Reform Act of 1962. The law authorized the United States President to increase basic rates of pay upon a finding that private enterprise pay rates substantially exceeded government rates and significantly handicapped the Government's ability to recruit or retain well-qualified individuals. Most of the occupations identified were engineering or health-care occupations, although many of these were at a grade lower than GS-9. Officials at OPM estimated that two thirds of those special rates would be eliminated if the United States Government applied full pay comparability with the United States private sector. That is not to say that full pay comparability with the private sector was applied under the special rate program but that salary rates were increased to a point where recruitment and retention problems were within acceptable ranges. Under the special rate program, the General Schedule salary scale is used as the basis for constructing nine additional steps beyond the 10 normally included in that General Schedule scale. If all nine additional steps are used, employees participating in the program are eligible for a 30 per cent higher salary rate at the 19th step, as opposed to the 10th step maximum of the regular scale (there is a 3 per cent step-to-step differential under the regular and extended scale). In practice, however, most special rates approved by OPM are subject to less than nine additional steps.

112. The United States General Accounting Office (GAO) has recently completed a study of the special rate program. GAO notes that, as a result of continuing recruitment and retention problems, OPM will shortly be submitting proposed



legislature to the United States Congress which would expand the applicability of the special rate-setting authority to a broad range of occupations. OPM officials have informed the secretariat of the Commission that an alternative receiving considerable attention would provide a 60 per cent pay range instead of the 30 per cent range of the current special rate program.

#### Views of the organizations and staff representatives

113. The Chairman of CCAQ referred to the statement of ACC (reproduced in annex II to the present document) in which ACC reiterated its 1982 recommendation for an increase in the salaries of staff in the Professional and higher categories, which it considered was and continued to be justified. He pointed out that the last review of base salary leading to an increase had taken place 10 years ago. As a large part of the recruitment of organizations was not from national civil services but from other sources, organizations were finding it increasingly difficult to attract good candidates from such external sources, as United Nations system salaries were not competitive; moreover, half of their recruitment was at higher steps than step I in the grade. Those organizations recruiting health-care specialists and engineers had to resort to the same practices as demonstrated even in the comparator civil service, which had to approve special higher rates to attract such specializations. He referred, in particular, to the supplementary information provided by the United States Government to the ICSC secretariat on the United States special rate program which was before the Commission. Regarding the margin, the traditional comparison between the United Nations and the United States could no longer be fully supported. National pay levels, determined from both the private and public sectors, should be reflected in the margin. Moreover, if national levels were used as a basis for the traditional margin, that margin would decrease to 6.8 per cent; if used in a total compensation comparison, the margin would be eliminated.

114. The President of FICSA expressed the Federation's appreciation for the recent decision by ACC to reiterate its unanimous proposal for an increase in base salaries. FICSA urged the Commission to recommend an increase of at least 10 per cent to the thirty-ninth session of the General Assembly. The margin, based on a total compensation comparison between the United Nations and the United States federal civil service had fallen to an all-time low of 109.3. In addition, the gap between the levels of salaries in the United States federal civil service and in the private sector had widened further: latest figures showed that the United States federal civil service salaries would have to be increased by some 18 per cent to reach the same levels as those in the private sector. United Nations salaries were thus 12 per cent below those of the private sector. Since organizations recruited over 50 per cent of their staff from the private sector, the question could be asked whether they were still able to recruit and retain staff of the highest calibre. The information provided on the special rate programme of the United States Government clearly showed that the pay scales of the United States federal civil service were no longer competitive in many fields. The increase in the New York post adjustment index would not resolve the problem of recruiting and retaining staff for service outside New York and losses incurred by the staff through the regressivity of the post adjustment were a further justification for an adjustment of base salaries. The staff had been waiting for 10 years for a salary increase and were extremely disappointed that their justified request had been pushed back year after year. In future, the Commission should revert to a regular review and adjustment of Professional base salaries.

## Discussion and decisions of the Commission

115. The Commission recalled that, at its nineteenth session, it had agreed by a majority that the basis of comparison should be the actual remuneration levels of the comparator's civil service. At its twentieth session, it received the latest information on the special rate program of the United States Government which showed that not all corresponding salaries on the United States side were taken into account when making a comparison with United Nations salaries. Although the special rate program as currently administered applied to only about 3 per cent of the United States Government employees, preliminary information received on pay systems other than those applicable to the 1.4 million United States employees paid from the General Schedule showed that there were over 150 such pay systems. The Commission considered that supplementary studies were necessary to determine the comparability of such pay systems, and asked its secretariat to obtain more detailed information on such pay systems and the comparability of salaries of officials paid under those programmes with those of United Nations officials in the Professional and higher categories, and to submit such information to it at a future session. At that time, the Commission would again review the level of remuneration of the Professional and higher categories.

116. Some members of the Commission noted anomalies in the comparison of remuneration between the United Nations system and that of the United States federal civil service, including the current use of some statutory federal pay scales rather than "capped" United States pay scales for some of the higher levels, the inclusion of the Senior Executive Service (SES) (a pay system based on merit) on the United States side, the absence of a viable comparison for Assistant Secretary-General and Under Secretary-General pay scales, the fact that some salary reviews in the past had been based not on a direct comparison with United States federal pay but on salary indices outside the United States civil service, and the difficulty of reconciling the statement of the Noblemaire principle that "the conditions of service of the international staff must be such as to attract citizens of the country with the highest pay levels" with the concept of the use of "actual" salaries of the United States federal civil service. It was also noted by those members that the United Nations Field Service category, which had previously been compared with the United States home civil service, had, since 1981, been compared with the United States Foreign Service, thus introducing a serious contradictory element in the "accepted" application of the Noblemaire principle.

117. In the absence of clear and definitive information on the provision by the United States Government of higher pay rates to some members of the United States civil service staff, and in view of the fact that the application of the new post adjustment classification to the base city could increase the margin in the future between the remuneration of the United Nations staff in the Professional and higher categories in New York and that of the United States federal civil service in Washington, D.C. to the order of 124, the Commission decided that there was no justification for any increase in the existing levels of the remuneration of the Professional and higher category for the time being.

118. Some members, however, felt that it was currently impossible to pronounce on the adequacy or inadequacy of the level of Professional pay, in view of the current incomplete information before the Commission on the special rate program and other pay systems of the United States Government. Therefore it was agreed that, following the receipt of additional information concerning the various pay programmes of the United States Government referred to in paragraph 115 above, the

Commission would revert to the question of the level at a later date and report thereon to the Assembly as appropriate.

119. With reference to FICSA's request that the Commission re-examine salaries in 1985, the Commission noted that the Federation could request that this item be included on the Commission's agenda at a future session in accordance with its rules of procedure.

## B. Matters relating to post adjustment

### 1. Consolidation of post adjustment into net base salary

120. The United Nations Secretariat requested the Commission to include in its 1984 work programme the question of consolidation of a part of post adjustment into net base salary. While making that request, the United Nations indicated that there was an imbalance in the Tax Equalization Fund since the staff assessment income estimated to be available at the end of the 1982-1983 biennium was expected to fall short of the amount required to finance the tax reimbursement programme.

121. The Commission considered this matter at both its nineteenth and twentieth sessions. As part of its consideration, the Commission decided to address some of the fundamental issues relating to consolidation. In that regard it first examined the question as to whether the consolidation of a part of post adjustment into net base salary was essential at the current time.

122. The Commission recalled that it had addressed the matter of consolidation of post adjustment into base salary at its twelfth session. Following a detailed examination of the issue in question, it had recommended to the General Assembly that 30 points of post adjustment should be consolidated into net base salary with effect from 1 January 1981. At that time the Commission had also recommended the revised salary scales, the amounts of post adjustment per index point and the revised rates of staff assessment for those in the Professional and higher categories as well as the amounts of pensionable remuneration which were also to be used for the determination of separation payments. The General Assembly, by its resolution 35/214 of 17 December 1980, had approved the Commission's recommendations.

123. Although the consolidation carried out by the Commission in 1980 was done on the basis of "no loss-no gain", it had still resulted in one-time costs amounting to some \$US 900,000 and recurring costs of some \$US 1.4 million. In view of this, some members of the Commission had expressed concern that the equilibrium of the Fund depended exclusively on the value of staff assessment and therefore on periodic consolidations. In view of that concern the Commission had agreed that a study should be undertaken with a view to examining whether there might not be other means of dealing with the situation which would alleviate the need for periodic consolidations. The General Assembly, in resolution 35/214 A, section V, paragraph 2, had welcomed such a study. The Commission had addressed that matter once again in detail at its thirteenth session, and in its seventh annual report it had reported that

"The study of the issue had not revealed any suitable alternative in present circumstances to the use of staff assessment and the Tax Equalization Fund to deal with the tax reimbursement problem. That would continue to be the case so long as the Member States concerned had not taken the necessary

action to exempt their nationals from income taxation, as was requested by the General Assembly in its resolutions 13 (I), 78 (I) of 7 December 1946, 160 (II) of 20 November 1947 and 239 A and B (III). The Commission suggested that the Assembly might wish to renew its request to Member States that have not done so to take appropriate action to exempt their nationals from income taxation, which could lead to the abolition of the Tax Equalization Fund". 4/

124. In the absence of any action on the part of the General Assembly with regard to the suggestion made by the Commission, the present system of staff assessment and the Tax Equalization Fund, the Commission noted, is expected to continue, at least, in the near future. As the Tax Equalization Fund maintained by the United Nations was bound to be in arrears for the 1982-1983 biennium and continue to go into further arrears in future biennia immediate action on the part of the Commission and the General Assembly is essential in order to alleviate the situation. The Commission noted that if no action is taken by it and subsequently by the General Assembly, as has been stipulated in General Assembly resolution 973 A (X), the deficit in the Tax Equalization Fund would be charged to the regular budget of the United Nations, thus becoming a charge against the Member States who do not tax their nationals working for the United Nations system.

125. The Commission noted that the relationship of post adjustment to total remuneration packages applicable to United Nations officials at various duty stations and the relationship between gross salaries and the amounts of pensionable remuneration, can be cited as additional reasons for a consolidation of a part of post adjustment into base salary. It was, however, of the view that the most compelling reason at present was that pertaining to the situation of the Tax Equalization Fund. It, therefore, agreed that it was now essential to consolidate a part of post adjustment into net base salaries.

126. As regards the amount that should be consolidated, the Commission was informed that with the consolidation of 20 points of post adjustment sufficient revenues would be generated for the Tax Equalization Fund to enable the United Nations to meet its obligations with regard to the tax reimbursement programme through the year 1989. The Commission, therefore, was of the view that 20 points should now be consolidated.

127. The Commission examined the question of the revision to the scale of staff assessment used for those in the Professional and higher categories as part of its consideration of the matter of the consolidation. It noted, however, that had there been no revision in the rates of staff assessment at the time of the 1981 consolidation, costs amounting to a total of \$US 2.1 million of a recurring nature could have been avoided. It, therefore, decided to approve a procedure recommended by its secretariat which would eliminate the need for the revision of the currently applied staff assessment formula. It noted, however, that if the consolidation is to be carried out on the basis of no losses and no gains it would be essential to make slight downward adjustments to the rates of staff assessment for those without a primary dependant. If such downward adjustments were not made, losses in take-home pay would be experienced by these staff members.

128. The Commission noted that the same rate of staff assessment is applicable currently to all incomes beyond \$US 90,000. Progressivity in the rates of taxation at various income levels beyond \$US 90,000 was observed at the seven headquarters locations, and in particular in the comparator country. The Commission, therefore, was of the view that some progressivity in the rates of staff assessment for income

levels beyond \$US 90,000 should be introduced. With the exception of those changes in the rates of staff assessment at certain income levels for those without a primary dependant and the introduction of progressively higher rates of staff assessments at income levels beyond \$US 90,000, the rates of staff assessment should remain unchanged.

129. The Commission next undertook an examination of the current levels of gross salaries and the amounts used for pensionable remuneration and those used for the determination of separation payments. As has been stated earlier, with a view to keeping the costs relating to consolidation to the bare minimum, the Commission decided that no changes with the exception of those referred to above should be made in the rates of staff assessment at the present time. If a part of post adjustment were consolidated into base salary and if the resulting net salaries were grossed up using the current staff assessment formula, the resulting gross salaries would be higher by varying percentages than the corresponding amounts of gross salaries applicable currently. If a fixed relationship between the post-consolidation gross salaries and the amounts of pensionable remuneration used for the determination of separation payments were to be maintained, and if no losses in the amounts of pensionable remuneration used for the determination of separation payments were to be experienced by any staff member, then gains in the amounts of pensionable remuneration used for the determination of separation payments, would result for some staff members, thus leading to additional costs relating to consolidation.

130. In this regard, the Commission observed that the General Assembly, by its resolution 35/215 of 17 December 1980, approved the dual mechanism for adjusting pensionable remuneration amounts by the application of WAPA and/or CPI, as appropriate. The General Assembly, by its decision 36/459 of 18 December 1981, also approved the mechanism for adjusting the amounts used for the determination of separation payments by the application of the WAPA index. Inasmuch as these two scales have their own adjustment procedures, and in order to avoid further increases in the amounts of pensionable remuneration used for the determination of separation payments at some levels, the Commission decided that there was no need to maintain a fixed relationship between post-consolidation gross salaries and the amounts of remuneration used for the determination of separation payments.

131. The Commission provided the above-mentioned guidelines to its secretariat and requested that further calculations be carried out and submitted to the Commission at its twentieth session for its further examination of the matter. Subsequently, the Commission considered further documentation at its twentieth session the reactions to which, as well as its decisions and conclusions, are reported below.

#### Views of the organizations and staff representatives

132. The Chairman of CCAQ stated that the organizations endorsed the recommendation that 20 points of post adjustment be consolidated into net base pay from 1 January 1985 using the "no loss-no gain" formula. With regard to the changes in the staff assessment rates at income levels beyond \$US 90,000, the organizations were of the view that, while the proposed changes are intended to reflect the usual progressivity in the outside tax rates, in the United Nations context the staff assessment is used in reverse in order to obtain gross salaries from net. If staff assessment rates beyond \$US 90,000 are increased this would have two consequences. First, the level of gross salaries for the most senior levels of staff would be seen to increase even though the increase would have no practical effect. Second, the application of the proposed rates of staff assessment to the amounts used as

the basis of calculation of the separation payments for staff at those senior levels would result in lower levels of separation payments, which would in turn require consideration of transitional measures. In view of these problems, the organizations were of the view that the proposed rates should not be used at the present time. The organizations concurred with the secretariat proposal that the relationship between the post-consolidation gross salaries and the pensionable remuneration amounts be left in abeyance until the Commission has had an opportunity to consider and make specific proposals on the level of pensionable remuneration.

133. The President of FICSA recalled that consolidation should take place at the same time as regular salary revisions in order to avoid the absorption into net base salary of the loss in purchasing power due to the regressivity in the post adjustment system. FICSA proposed that the interrelationship of staff assessment, gross salaries, pensionable remuneration and separation payments be studied closely before drawing any hasty conclusion. FICSA also proposed that further studies be made on the adjustment of separation payment amounts which had lost considerable purchasing power. FICSA questioned the necessity of increasing staff assessment levels above \$90,000 which in any event would be meaningless for the staff since pensionable remuneration would remain unchanged. FICSA noted that the need for consolidation had arisen only to satisfy the needs of mainly one organization and essentially one Member State.

134. The Convenor of CCISUA urged the Commission to ensure that consolidation was carried out with no losses to staff.

#### Discussion and decisions of the Commission

135. Following an examination of all documentation before it and after having taken into account the views of the organizations and staff, the Commission reiterated its earlier view that the time had come for the consolidation of 20 points of post adjustment into net base salary with effect from 1 January 1985. The Commission also agreed that the results of the calculations placed before it had indicated that no losses would be experienced by any staff member as a result of consolidation while minor gains of a temporary nature would be experienced by some.

136. The Commission agreed to minor changes in the rates of staff assessment for those without primary dependants since if those minor adjustments were not made some staff members would experience losses in take-home pay as a result of the consolidation. The Commission also agreed that progressivity in the rates of staff assessment beyond income levels of \$US 90,000 should be introduced. It noted the concerns expressed by CCAQ in this regard. It was, however, of the view that while the introduction of these staff assessment rates would seem to increase the gross salaries for the most senior staff, the increase would have no practical effect, and from the long-term point of view such a change was essential. As regards the concerns of the organizations that the introduction of these staff assessment rates would result in lower levels of net separation payments, the Commission was of the view that some transitional measures could be introduced in order to protect acquired rights.

137. The Commission, therefore, decided to recommend to the General Assembly the gross salary scales and the amounts of post adjustment per index point, for additions and for deductions, shown in annexes III and IV respectively, resulting from the consolidation of 20 points of post adjustment with effect from

1 January 1985. The Commission also decided to recommend to the General Assembly that the modified rates of staff assessment as shown in annex V be used for staff in the Professional and higher categories with effect from 1 January 1985.

138. The Commission invited the General Assembly to note that the application of the rates of staff assessment shown in annex V will result in the reduction in the net amounts of separation payments for those at the most senior levels. It, therefore, decided to recommend that transitional measures be applied in the case of all staff members who joined the United Nations common system prior to 1 January 1985, with a view to ensuring that the amounts of separation payments resulting from the application of the revised rates of staff assessment would not be lower than those resulting from the application of the current rates of staff assessment. In the case of all staff joining the United Nations common system after 1 January 1985, separation payments should be calculated on the basis of the revised staff assessment scale.

139. The Commission noted that while the application of its "no loss-no gain" formula had resulted in the elimination of all major costs relating to the consolidation, it was not possible to eliminate all costs. In order to ensure that there are no losses in take-home pay as a result of the consolidation, post-consolidation post adjustment indices calculated to one decimal place must in all cases be rounded upward to the nearest whole number. As a result of this, small gains would be experienced by some staff members which would be eliminated over a period of between one and two months. This would result in a one-time cost amounting to \$US 250,000. It should also be noted that there is regressivity in the amounts of post adjustment used for effecting additions to base salary. That regressivity is built in to reflect the progressivity in the rates of national taxation. However, in cases where negative post adjustment classes are applied, an amount at the uniform rate of 0.8 per cent of net base salary per multiplier point is deducted from the base salary. In view of this, since a number of duty stations would go from positive or zero to negative post adjustment classifications as a result of the consolidation, additional costs amounting to some \$US 240,000 per year would be incurred. These costs would be eliminated only after a period of from two to three years.

140. In this regard the Commission was informed by the United Nations that the Secretary-General, in his capacity as Chairman of the Administrative Committee on Co-ordination, was carrying out further discussions on ways to reimburse taxes for United Nations officials subject to national taxation. The Commission therefore decided to request the Secretary-General to inform it of further developments.

141. The Commission once again decided to reiterate its earlier views that ways of dealing with the situation other than by the use of staff assessment and the Tax Equalization Fund should be found. The Commission also decided to reiterate its earlier request that the General Assembly might wish to renew its request to Member States that have not done so to take appropriate action to exempt their nationals from income taxation which would lead to the abolition of the Tax Equalization Fund.

## 2. Report of the Advisory Committee on Post Adjustment Questions

142. It will be recalled that place-to-place surveys at some of the major duty stations were conducted by the secretariat of ICSC in the latter part of 1982 and the early part of 1983. A first and provisional reading of data collected for these surveys suggested that the existing post adjustment classification at some of

these duty stations might appear too high. The Commission's Advisory Committee on Post Adjustment Questions (ACPAQ) had considered these surveys at its eighth and resumed eighth sessions. Specific difficulties regarding the results of the surveys were brought to the attention of the Commission by ACPAQ at the eighteenth and the first special session of ICSC. Following an examination of the report of ACPAQ, the Commission agreed by consensus at its first special session that no decision with regard to the post adjustment classifications as it applied to various duty stations should be taken at that stage. The Commission's review of this matter and decisions were communicated to the General Assembly in an addendum to its ninth annual report. 5/

143. The General Assembly, in section II, paragraph 1, of resolution 38/232 expressed concern that "the International Civil Service Commission was unable to make corrections in the current post adjustment classification at certain duty stations in spite of the fact that the post adjustments were found to be higher than those which the results of the new cost-of-living survey could justify", and noted "the efforts by the Commission to improve the post adjustment system" and requested "the Commission in this regard to expedite, in particular, the application of the revised methodology for cost-of-living measurement, called for in General Assembly resolution 34/165 of 17 December 1979, in order to improve the mechanism for adjusting United Nations remuneration to reflect more accurately the differences in cost of living at various duty stations" and called upon "the executive heads of organizations and staff of the United Nations common system to co-operate fully with the Commission in the application of the post adjustment system".

144. The ninth session of ACPAQ was held at the headquarters of ILO at Geneva from 7 to 23 May 1984, and its recommendations concerning various items on the agenda were submitted to the Commission for its consideration. Specifically ACPAQ made recommendations pertaining to the cost-of-living survey in New York (questions related to pricing and the level of the post adjustment at the base of the system), and cost-of-living surveys in Geneva, London, Montreal, Paris, Rome, Vienna and Washington, D.C. ACPAQ also made recommendations to the Commission concerning the processing of place-to-place surveys at field duty stations, effects of currency fluctuations on post adjustment classifications, and special measures for abrupt and substantial devaluation and high inflation.

#### Views of the organizations and staff

145. The Chairman of CCAQ endorsed the recommendations of ACPAQ to correct the understatement of the post adjustment index for New York and noted that ACC attached great importance to the issue. He commended the way in which ACPAQ, at its eighth and ninth sessions, and the Commission, at its special session in November 1983, dealt with the cost-of-living surveys. He noted the meticulous work done by the secretariat of the Commission and ACPAQ and was of the view that the high technical and objective standards applied in the analysis had enhanced the confidence of the organizations in the application of the United Nations salary system.

146. While expressing CCAQ's appreciation for the manner in which ACPAQ handled the question of cost-of-living surveys in field duty stations, the Chairman of CCAQ reiterated concern over the backlog of survey data awaiting final processing. He noted the ICSC secretariat's efforts to expedite the survey data processing which CCAQ supported.



147. With regard to the cessation of adjustments for currency appreciation in the post adjustments for Geneva and Vienna, the Chairman of CCAQ indicated that CCAQ's preference would be to freeze the post adjustment classifications resulting from the adjustment until the post adjustment indices adjusted by the local CPIs catch up with the national indices. He agreed with ACPAQ's recommendation to include the use of regression analysis for calculating the rental component of the post adjustment index in its future work programme and requested a review of the method for establishing rental thresholds. He noted that ACPAQ had not been in a position to make recommendations on the special index for pensioners and that it had requested the ICSC secretariat to expand the coverage of the study. He welcomed the recommendation to modify the special measures for dealing with abrupt and substantial devaluation of local currency.

148. The President of FICSA stated that the post adjustment issue was of great concern to staff as evidenced by the thousands of cablegrams and letters to the Chairman of the Commission on the subject. He noted that the final and definitive conclusions of ACPAQ were the result of very painstaking work by all parties concerned and he expressed his Federation's appreciation for the technical solutions found to the highly complex issues of post adjustment. He also noted that the financial and administrative aspects of the present ACPAQ recommendations had been examined by ACC which had unanimously called for the full and immediate implementation of those recommendations. He reaffirmed the staff's call for the full and immediate correction of the post adjustment index at the base with effect from 1 August 1983 under article 11 (c) of the Commission's statute.

149. The Convenor of CCISUA expressed appreciation for the competent manner in which ACPAQ had brought to a definitive conclusion the difficult and controversial issues encountered in the last round of cost-of-living surveys at headquarters duty stations. He urged the Commission to endorse in full the technical recommendations of ACPAQ and called for the correction to the New York post adjustment to be made with effect from 1 October 1982. He was of the view that this long overdue realignment of the post adjustment system would be redressed in part by full implementation of the recommendations of ACPAQ regarding the New York index. He endorsed the recommendations concerning the special index for pensioners and welcomed the recommended modification to the special measures for abrupt and substantial devaluation of local currency.

150. The representative of the staff of the Geneva-based organizations expressed support for ACPAQ's recommendations concerning the cost-of-living relationship between Geneva and New York and stressed the need for correcting the post adjustment index of the base city of the system. She was of the view that the interim adjustment procedure for currency fluctuations relating to the post adjustment classification for Geneva should be continued until a permanent solution is found. In her view this was essential due to the regressivity built into the post adjustment system. She noted that to eliminate the four multiplier points compensation for currency fluctuation would result in a loss of some \$US 90 per month for a staff member at grade P-4 step VI.

#### Discussion and decisions of the Commission

##### Cost-of-living survey in New York

###### (a) Questions related to pricing

151. With regard to the cost-of-living survey in New York and in particular questions related to pricing, the Commission noted the findings of ACPAQ that the

collection of pricing data and adjustment relating thereto had been carried out in accordance with the methodology approved by ICSC.

(b) Level of the post adjustment at the base of the system, New York

152. With respect to the level of the post adjustment index for New York the Commission recalled that ACPAQ, at its resumed eighth session, had noted that as a result of certain procedures which had been followed for the determination of the New York post adjustment index in 1964, when Geneva was the base of the post adjustment system, and once again in 1974, when the base was moved from Geneva to New York, serious distortions in the New York post adjustment index could have been introduced. It noted further that in past surveys involving the measurement of the cost-of-living index for New York, prices collected by government organizations in Geneva and New York or those collected by the pricing agents under the guidance of the Expert Committee on Post Adjustments (ECPA), or a combination of the two, were used. Once again, that procedure could have resulted in some distortions in the post adjustment index for New York. ACPAQ was of the view that the result of that mix of factors, each of which played an important role vis-à-vis the post adjustment index for New York over a period of almost 20 years, must be examined in depth to ascertain the exact extent to which the post adjustment index for New York was affected.

153. The Commission noted the findings of ACPAQ concerning reasons which, over a period of time, contributed to the understatement of the post adjustment index in New York. One member reserved his position with regard to the findings. Those findings are summarized below.

Change of base from New York and back to Geneva

154. The basis for the United Nations system of post adjustments was established by the Salary Review Committee created by the General Assembly in December 1955 by its resolution 975 (X). In its report, the Committee recommended that the base of the common system should be Geneva instead of New York, and Geneva should be taken as post adjustment class O as of 1 January 1956. The Salary Review Committee recognized, at the time, that that resulted in a "loss" of 2 per cent for Geneva since the existing index in the basis of New York May 1950=100 was 102. By comparison with Geneva, taken as 100 (Class O), post adjustment classes were calculated for the major duty stations, including New York.

155. Three place-to-place surveys were carried out during the period when Geneva was the base of the system, respectively in 1959, 1964 and 1969. The same basic procedure was followed in collecting prices for comparison. In Geneva, the prices were collected by agents from the Cantonal Bureau of Statistics or directly by ILO from outlets designated on the basis of the information provided by the staff members themselves concerning the outlets primarily patronized by them. In New York, prices were predominantly provided by the United States Bureau of Labor Statistics (BLS) and collected in its regular monthly price survey.

156. Another place-to-place survey was carried out in 1974, with the purpose of implementing the General Assembly resolution to move the base back to New York. The difference between the existing post adjustment index and the results of the new place-to-place survey amounted to 6.5 per cent. After some adjustments and corrections, the difference was reduced to 2.7 per cent and applied to the Geneva index.

157. From the above, it may be noted that the measurable effect of the measures taken by the Salary Review Committee in 1956 and by ECPA in 1974 was some 8.6 per cent, which represents a composite effect of the "loss" of 2 per cent in Geneva when the base was moved from New York and the difference of 6.5 per cent in 1974 when the base was moved back from Geneva to New York.

#### Analysis of Geneva and New York place-to-place surveys

158. A new place-to-place comparison Geneva/New York was carried out in October 1978. Since the United States Bureau of Labor Statistics discontinued the calculation and publication of average prices, the price collection in New York was carried out directly by the secretariat of ICSC in outlets patronized by United Nations staff members. The discrepancy between the existing index and the index resulting from the new survey was 17.4 per cent. After a careful examination of all factors, made by one member of ACPAQ, it was concluded that, out of the 17.4 per cent, some 9.4 per cent was attributable to changes in specifications and/or outlets in New York in the October 1977 price survey.

159. When the results of the place-to-place survey for Paris using the revised methodology approved by the Commission were first considered by ACPAQ at its eighth session in Rome in May 1983, a difference of more than 15 per cent between the results of the survey and the post adjustment index then existing was noted. An analysis similar to that carried out above in the case of the 1978 survey in Geneva was undertaken by the secretariat of ICSC. The secretariat came to the conclusion that while some of the differences could be attributed to changes in the methodology and its application, a large proportion of the difference, i.e., some 9.8 per cent was to be attributable to the same factor as was noted in the case of the Geneva survey above. Although the period was different the effects of changes in specifications, improvement in quality of items and/or movements of local CPIs are similar in both cases: 9.4 per cent for Geneva (1978 survey) and 9.8 per cent for Paris (1982 survey).

#### Effects of change of price collection methods in the base city

160. Although prices were collected in New York by the ICSC secretariat in October 1982, it was not possible to obtain the BLS prices for the same period. In view of this, price data provided by BLS in October 1977, the date when those data were provided by BLS for the last time, and an overall price collection had been carried out by the ICSC secretariat in New York had to be used for comparison. The selection of items for comparison was based in the 1974 Geneva/New York comparison, i.e., when the base of the system was moved back from Geneva to New York. Two exercises were carried out. In the first instance a ratio of 1 was assumed for those items considered in the 1974 comparison but which were not available in the 1977 price collection. In the second instance they were excluded from the calculation. At the conclusion of the first exercise it was noted that the effect of the use of BLS prices caused an average increase in the ratios of prices applied to New York with those applicable at other duty stations, of 8.3 per cent for all items, and 10.7 per cent for items excluding housing. The results of the second exercise were slightly higher, respectively 8.4 per cent and 10.9 per cent. When these results are combined with the revised time-to-time index calculated on the basis of information provided by staff members, the results relating to all items become respectively 10.8 per cent and 10.9 per cent. It must be noted that the decision to use BLS average prices for New York in 1959 was taken when Geneva was the base of the system and that the same procedure was used during the period when Geneva was the base and when the base was moved back to New York.

161. The Commission noted the findings of ACPAQ that the results of the analysis carried out using three different approaches had led to the same conclusion that the events which had taken place over a period of more than 25 years had resulted in an understatement of the post adjustment index at the base of the system. Based on the results of the exercise conducted ACPAQ concluded that the best estimate of the understatement of the New York post adjustment is 9.6 per cent. If this understatement is corrected, this would result in a post adjustment index for New York as at October 1982 of 170.86.

162. Some questions were raised by a member of the Commission about the validity of the conclusion reached by ACPAQ in analysing the comparison of prices collected directly by the ICSC secretariat and the United States Bureau of Labor Statistics, and about whether outlets used by the ICSC secretariat had been selected based on certain assumptions about income level, consumption structure and price levels. The secretariat explained that outlets had been chosen from those named in a point-of-purchase survey completed by the staff and had been distributed according to the geographical distribution of staff as established by the results of a housing survey. The same member considered that revision of the New York base resulted in a salary increase that would change the margin of United States/United Nations compensation from 117 to 124. This was a higher margin than was necessary to recruit and retain staff of the highest quality. The decision to change from the BLS survey methods accounted for most of the alleged understatement of the New York base. The surveys conducted by the United Nations had in the past increased some expenditure categories like clothing as much as 37 per cent over BLS data. Other categories declined for no apparent reason. By shifting to the United Nations expenditure patterns prices were increased by as much as 10 per cent. The BLS survey methods were much more comprehensive, including some 1,800 outlets in the New York City area. That methodology should be retained since it reflected a more accurate profile of the New York cost of living. A major revision of the New York base was not justified.

163. Following a detailed discussion of the issues involved, the Commission agreed that the anomalous situation with regard to the post adjustment index for New York must be corrected. It, therefore, decided under article 11 (c) of its statute to increase the New York post adjustment by 9.6 per cent to bring it to the level of 170.86 as of October 1982 as recommended by ACPAQ.

164. The Commission next addressed the issue of the implementation of the adjustment to the New York index. In this regard it noted the view of the representatives of FICSA that the October 1982 index of 170.86 should be used for adjusting post adjustment classification of all duty stations retroactively from 1 August 1983, and the view of CCISUA that it should be 1 October 1982. The Commission also considered other possibilities, namely, the use of the adjusted index after appropriate updating with effect from 1 August 1984, and gradual adjustment of the New York index over periods of 12 or 18 months.

165. After consideration of all issues pertaining to the question and taking into account the views of ACC, which strongly urged the Commission to apply the recommendations of ACPAQ immediately and in full, the Commission decided that the adjusted index for New York should be used for the determination of post adjustment classifications of all stations with effect from 1 August 1984, with the understanding that the costs for some organizations would be partially offset by savings in others, and that the executive heads would take such action as may be required through the budgetary process in each organization. The Commission's

consideration of financial implications relating to its decisions based on the recommendations of ACPAQ are reflected in paragraphs 171 to 173 below.

166. One member of the Commission expressed a dissenting view which may be found in annex VII.

#### Cost-of-living survey results in major duty stations

167. The Commission noted that on the basis of its examination of the survey data, ACPAQ had agreed to cost-of-living relativities between New York and the other six headquarters duty stations and Washington, D.C. The Commission decided to approve the relativities as recommended by ACPAQ. Details of the results of the cost-of-living surveys along with comparisons with the indices existing as at the date of the survey are provided below:

Duty station	Date of Survey	COL index (NY October 1982=100)	Existing PAI	PAI result- ing from P/P Surveys	Difference (Percentage)
Geneva	Oct. 83	104.4	178.94	178.38	-0.3
London	Apr. 83	91.5	148.12	156.34	+5.5
Montreal	Nov. 82	80.5	126.87	137.54	+8.4
Paris	Mar. 83	94.8	162.94	161.98	-0.6
Rome	Mar. 83	75.5	131.22	129.00	-1.7
Vienna	Nov. 82	86.5	155.85	147.79	-5.2
Washington, D.C.	Nov. 82	92.7	143.40	158.39	+10.5

Key: COL = Cost-of-living  
NY = New York  
PAI = Post adjustment index  
P/P = place-to-place

#### Cost-of-living surveys at field duty stations

168. The Commission noted the procedure recommended by ACPAQ to the secretariat of ICSC for the purposes of adjusting price and weights data pertaining to cost-of-living surveys at field duty stations. It also approved the recommendations of ACPAQ concerning the determination of the appropriate date for the implementation of survey results.

#### Effects of currency fluctuation on post adjustment classifications

169. It will be recalled that the Commission had agreed at its sixteenth session that adjustments should be made to post adjustment classifications of duty stations where substantial appreciation of local currency took place between place-to-place surveys. In accordance with this decision, adjustments of four and one multiplier points were made to the post adjustment classifications for Geneva and Vienna, respectively. In reviewing this matter at the request of the Geneva based organisations, ACPAQ concluded that the results of place-to-place surveys had taken into account all relevant factors, inter alia, the rate of exchange in effect at

the time, and that no further adjustment to the post adjustment classification beyond that called for by the application of the results of the place-to-place survey was necessary.

170. After consideration of the view expressed by ACPAQ, the Commission decided that adjustments of four and one multiplier points to the post adjustment classifications of Geneva and Vienna respectively should cease to be made with effect from 1 August 1984. The Commission, however, noted the special circumstances of this situation and decided that this should not be a precedent.

Financial implications of the Commission's decisions

171. Before taking its decisions on the adjustment of the New York index and consequent adjustment of indices of the other seven major duty stations, in accordance with rule 33 of its rules of procedure the Commission requested CCAQ to submit estimates of the financial implications of such actions. It also requested a report on these from its Executive Secretary.

172. From the reports received the Commission recognized that there would be cost implications of increases in post adjustment but also savings as a result of its decision to reduce post adjustment classifications in Geneva and Vienna by 4 and 1 multiplier points respectively, effective 1 August 1984 as indicated in paragraph 170 above.

173. The Commission consequently noted that the overall financial implications for the United Nations common system of its decisions concerning the post adjustment classifications for the seven headquarters duty stations and Washington, D.C. amounted to \$2,833,800 for 1984; \$6,654,600 for 1985; and \$2,048,000 for 1986.

Special measures for abrupt and substantial devaluation and high inflation

174. The Commission approved the following procedure recommended by ACPAQ in cases of abrupt and substantial devaluation of local currency in relation to the United States dollar which would call for a reduction in the post adjustment multiplier by more than 16 points:

- (a) In the first month, lower the existing multiplier by

$$\frac{\text{Total drop in index points}-16}{2} + 16 \text{ multiplier points;}$$

- (b) In the following month reduce the multiplier by 50 per cent of the remaining balance of multiplier points not previously applied if that balance is greater than 10 points. Otherwise apply all the remaining points;

- (c) In the third month reduce the multiplier to the level originally determined by the special measures by whatever number of points remains unapplied.

175. The Commission decided that the interim classes of post adjustment that might result from phasing in the reduction should not be regarded as fixed entitlements.

## CHAPTER IV

### CONDITIONS OF SERVICE IN THE GENERAL SERVICE AND RELATED CATEGORIES

#### A. Non-resident's allowances

176. In its ninth annual report, the Commission reported upon the establishment of a methodology for the non-resident's allowance and, in addition, recorded that it had agreed, on a trial basis only, to grant a rental subsidy to staff with non-resident status, under well-defined conditions. 6/ At the request of the Commission, at the nineteenth session its secretariat provided a document in which proposals were made for a final scheme to be adopted in respect of rental subsidies for staff with non-resident status.

177. Following the receipt of comments from the organizations and from the staff representatives, the Commission decided that the trial scheme should be continued and that it would re-examine the question of rental subsidy for internationally recruited staff in the General Service category at its twenty-first session.

#### B. General methodology for surveys of best prevailing conditions of service at non-headquarters duty stations

178. At its nineteenth and twentieth sessions, the Commission considered a general methodology for surveys of best prevailing conditions of service at non-headquarters duty stations. The methodology presented to the Commission for its consideration had been drafted by its secretariat, following tripartite technical discussions among the ICSC secretariat, the administrations and staff representatives.

#### Views of the organizations and staff representatives

179. The detailed views of the organizations and staff are recorded in the reports of the Commission on its nineteenth and twentieth sessions. The Chairman of CCAQ considered that the most fundamental concern of CCAQ was to achieve a balance in the methodology and, in that respect, the organizations considered that fringe benefits should be treated on a cost-to-employer basis rather than at market value. The organizations supported the idea, contained in the methodology, of salary survey specialists to conduct comprehensive surveys in duty stations where there were more than 50 locally-recruited staff. The methodology as presented to the Commission, however, should not include reference to weighting by outside employers' staff levels; nor should length of service in grade be considered in salary scale construction. The organizations suggested some more precise guidelines for the proposed non-pensionable allowance and provided the Commission with a document containing a number of detailed suggestions concerning the draft methodology.

180. The President of FICSA also submitted a document concerning some of the fundamental points in the methodology on which FICSA was in disagreement. FICSA considered that the salary survey specialist should participate in a survey only when requested by the local salary survey committee. FICSA also called for flexibility with regard to the number of employers to be surveyed and maintained its position that no downward adjustment in salaries should be made to reflect

shorter working hours. FICSA supported the quantification of fringe benefits on the basis of market value. The Federation also agreed with CCAQ that logarithmic weighting should be tested prior to inclusion in the methodology and that references to regression analysis should be deleted.

181. The Convenor of CCISUA welcomed the methodology as presented and, in particular, its attempt to rectify problems of communication, delays in the survey process, calculation of benefits and interim adjustment mechanisms. He further suggested that certain technical aspects of the methodology as proposed be tested prior to its implementation.

#### Discussions and decisions of the Commission

182. At its nineteenth session, the Commission provided guidance to its secretariat in respect of changes to be made to the draft methodology and agreed to consider further drafting changes which might be submitted to the Commission by CCAQ and the staff representatives. At its twentieth session, the Commission approved the general methodology for promulgation effective 1 January 1985.

183. The Commission then decided to review at its twenty-fifth or twenty-sixth session the methodology for surveys of best prevailing conditions of service for locally-recruited staff at non-headquarters duty stations in the light of experience gained in the application of the methodology. It was also considered that at the same time the headquarters methodology for surveys of best prevailing conditions of service should be reviewed to ensure that there was consistency between the two methodologies.

#### C. Survey of best prevailing conditions of service in New York

184. As part of its responsibilities under article 12 of its statute, the Commission has conducted a survey of the best prevailing conditions of service for staff in the General Service, Trades and Crafts and Security Service categories and for Public Information Assistants and Tour Co-ordinators in New York. The resulting salary scales recommended to the Secretary-General of the United Nations and the Administrator of UNDP and the Executive Director of UNICEF are reproduced in annex VIII to the present report.

#### D. Survey of best prevailing conditions of employment in Rome

185. The Commission also conducted a survey of the best prevailing conditions of employment for staff in the General Service category in Rome. The resulting salary scales recommended to the Director-General of FAO and the President of IFAD are reproduced as annex IX to the present report.



## CHAPTER V

### CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES

#### A. Health insurance

186. At its nineteenth session, the Commission noted that the General Assembly, by its resolutions 38/232 and 38/235 of 20 December 1983, had made four separate requests to the Commission for further studies relating to health-care benefits to be provided by the organizations of the common system. The four requests involved:

- (a) Additional studies on the practices followed by the comparator civil service in the provision of health-care benefits;
- (b) A comprehensive review of after-service health-care coverage, with particular attention to locally-recruited field staff;
- (c) Examination of the cost-sharing formulae to be applied by all organizations of the common system at all duty stations for the purposes of sharing health insurance costs between the organizations and staff;
- (d) Making participation in a health insurance plan or plans of the organizations mandatory.

187. After hearing the views of the representatives of organizations and staff in its review of the considerations involved in each of these four requests the Commission noted the following:

- (a) A comprehensive examination of health-care benefits provided by the comparator and those provided by the organizations of the common system at various duty stations would be complex and time-consuming and of limited utility, since it would be applicable only to duty stations in the United States.
- (b) Since the Commission had before it several other issues to which the General Assembly had assigned priority, it decided to include the issue of after-service health-care coverage on the agenda of its twenty-first session.
- (c) The Commission had made recommendations to the General Assembly for a cost-sharing formula based on the costs to be borne by staff for single and family coverage expressed as percentages of net remuneration. The General Assembly had adopted those recommendations.
- (d) CCAQ had agreed to undertake a study relating to mandatory participation in health insurance plans. The Commission therefore decided that it would report to the General Assembly concerning that matter following the receipt and analysis of a report from CCAQ.

#### B. Long-service step

188. At its nineteenth session, in response to representations made by representatives and the staff, the Commission considered a document prepared by its secretariat which contained, in respect of the common system:

(a) Data relating to long service that it had received from CCAQ;

(b) Some consideration of policy concerning meritorious service.

189. The views of the organizations and staff representatives and the detailed consideration of this matter can be found in the report on the Commission's nineteenth session.

190. The Commission recalled its decision, reached at its eighteenth session, that granting long-service steps could be justified in some circumstances but that they should not be granted automatically. The Commission then discussed the details of various proposals and noted that, under the scheme proposed by the organizations, some 58 Professional and 256 General Service staff would be affected, excluding the United Nations and UNESCO, on which information had not been presented. The Commission was concerned with the need to ensure that any proposals to deal with the problem properly accounted for the level of performance of the staff member and reflected the need for caution in that regard.

191. The Commission recalled that the salary scales adopted for staff in the Professional and higher categories had undergone considerable evolution over the years. The scales had considerable overlap in order to provide for the kind of recognition of long service in the different grades which was currently being sought again. The Commission noted that the granting of extra steps to account for longevity was not a practice followed by the comparator. There would therefore not appear to be any justification to grant such steps in the United Nations system for those in the Professional and higher categories under normal circumstances. It agreed, however, that some staff members, despite their excellent performance, could not be considered for promotion to the next higher level, owing, inter alia, to job classification constraints. The Commission was of the view that in the case of these staff members, one extra step beyond the salary scale could be granted to highly deserving staff members, provided the conditions outlined in paragraph 193 below were met.

192. With regard to the General Service and other locally-recruited categories, the Commission noted that longevity steps already existed in the salary scales of 34 duty stations where there was a corresponding local practice. The Commission, therefore, was of the view that no further action with regard to those duty stations was called for. As for the remaining duty stations, the Commission decided that in exceptional circumstances, where staff members could not be promoted to the next higher level despite excellent performance owing to circumstances beyond their control, one extra step beyond the salary scale might be granted.

193. The Commission therefore, in accordance with the terms of article 10 (b) of its statute, decided to recommend to the General Assembly, in respect of staff in the Professional category, that a single long-service step could be granted to staff in the Professional category (P-1 to P-5), subject to the criteria that the staff member should have had (a) 20 years of service within the common system and (b) five years of service at the top of the grade. The Commission also decided that the organizations should ensure that the service had been entirely satisfactory. The Commission recommended that such a system should come into effect on 1 January 1985. The Commission decided not to recommend an additional long-service step for staff at the D-1 and D-2 levels whose merit had been recognized by the organizations through career advancement or appointment to those levels.

194. In accordance with the terms of article 12.1 of its statute, the Commission decided to recommend to the executive heads of the organizations that a similar long-service step, with the same criteria and date of implementation, be introduced for staff in the General Service and related categories at duty stations where long-service steps did not exist at the present time.

195. The Commission noted that staff currently serving in some organizations would have an acquired right as a result of service and procedures existing prior to the date of implementation as recommended but that newly recruited staff should be subject to the new procedure.

196. The Commission also requested the organizations to report to the Commission at its twenty-sixth session on the experience gained in applying such a scheme as well as its effects in alleviating the problem of long service.

197. At its nineteenth session the Commission also considered that the amounts should be non-pensionable, but at the request of the representatives of the organizations and the staff, it reviewed again the pensionability aspect of the long-service step at its twentieth session. After considerable discussion and after taking into account the arguments which had been put forward in favour of pensionability as well as views of the Secretary of the UNJSPB that this would have only a negligible impact on the actuarial balance of the Pension Fund, the Commission, by a majority, agreed that the measures recommended should be pensionable. Some members, nevertheless, wished their views to be recorded that the measures as originally recommended be non-pensionable, since they felt that this would be an unjustified de facto extension of the salary scales.

198. The Commission therefore decided to recommend under article 10 (b) of its statute to the General Assembly that an additional step be introduced into the salary scales for long service at the levels P-1 to P-5, and to executive heads under article 12.1 of its statute that, at those duty stations where the salary scales of General Service and other locally-recruited categories do not already contain longevity steps, one additional step for long service be introduced into the salary scales. It further recommended that such steps be pensionable and that measures be introduced to apply them with effect from 1 January 1985. CCAQ estimated the costs of these measures to be in the order of \$US 300,000 per annum.

## CHAPTER VI

### CONDITIONS OF SERVICE IN THE FIELD

#### A. Classification of duty stations according to conditions of life and work

199. At its nineteenth session the Commission heard a statement by the Administrator of UNDP and considered a report on the annual tripartite ICSC secretariat/CCAQ/Staff Working Group on the classification of duty stations and other field questions, as well as comments by the ICSC secretariat on the changes proposed by the Working Group. More details of the reports and the comments of members of the Commission and representatives of the organizations and staff will be found in the nineteenth sessional report of the Commission.

200. The Commission decided, inter alia, to recommend to the organizations that they:

- (a) Establish a mechanism whereby staff members might be advanced the financial incentive, where applicable, for up to one year;
- (b) Exercise flexibility in granting the additional travel entitlement provided that no additional costs were involved;
- (c) Exercise the greatest amount of flexibility possible in the timing of allowing the use of the 18-month home leave provision so as to meet the requirements of the organizations as well as the staff and their families;
- (d) Consider increasing the weight entitlements for shipments for staff in field duty stations which have difficult local conditions.

201. The Commission approved:

- (a) The changes recommended by the Working Group in respect of the questionnaire which is used to obtain information on conditions of life and work at different duty stations;
- (b) The amendments to the marking scheme and consequent derivation of entitlements.

202. The Commission also decided:

- (a) To establish two levels of financial incentives, in accordance with the authority given to it in article 11 (b) of its statute at the following rates:

	<u>Without dependants</u>	<u>With dependants</u>
	(United States dollars)	(United States dollars)
Level I	1 800	3 600
Level II	2 400	4 800

- (b) That the new rates for level I would become effective 1 July 1984 and those for level II from 1 January 1985;

- (c) To review the levels of the financial incentives every three years.

203. With regard to duty stations where very hazardous conditions, such as war or active hostilities, prevailed and where the evacuation of families and non-essential staff had been decided upon, the Commission decided to authorize its Chairman to take exceptional measures. Such measures might include temporary reclassification of a duty station and additional entitlements up to level II of the financial incentive. In those cases where a decision had been taken to evacuate most United Nations personnel, locally-recruited and other staff members not eligible for benefits under the classification of duty stations scheme who were required by the organization concerned to perform duties and face the same type of difficulties as international staff could be granted a bonus of up to 10 per cent of the staff members' basic remuneration. Such a bonus would be applicable for one month at a time but be renewable, subject to review of the situation by the organizations concerned.

#### Other items related to field conditions

204. The Commission also received and noted with appreciation information provided by CCAQ on medical facilities in the field, including:

- (a) The expansion of existing dispensary facilities undertaken on the recommendation of the medical directors and subject to the normal arrangements for inter-agency agreement;
- (b) The institutionalization of the policy of providing services, free of charge, at all dispensaries and similar facilities for staff members and eligible family members, with the exception that vaccinations and inoculations would be supplied free of charge to recognized dependants only in connection with official travel and in emergencies;
- (c) The use of emergency medical advances, combined with arrangements made by organizations for providing appropriate guarantees to hospitals and doctors regarding the reimbursement of services, with due regard for the provisions of the different health insurance schemes of organizations;
- (d) The review of subsistence allowance rates for medical evacuation;
- (e) The co-operative arrangements on medical aspects being explored with non-United Nations agencies at the local level.

#### B. The Field Service category

205. At its twentieth session the Commission commenced a study of the Field Service category, based on a document presented by the United Nations Secretariat which contained details of the salary system, allowances and other conditions of service of that category.

206. Details of the discussion concerning the Field Service category can be found in the report on the work of the Commission's twentieth session. The Commission requested its secretariat to review and report to it on the information provided in the light of the various questions raised, following which the Commission would revert once more to consideration of the conditions of service of the Field Service category.

## CHAPTER VII

### ACTION BY THE COMMISSION UNDER ARTICLE 13 OF ITS STATUTE

#### A. Application of the Master Standard to project posts

207. The Commission considered a document prepared by its secretariat which described further work undertaken by a CCAQ/ICSC testing team on the application of the Master Standard to classify project posts. The Commission noted that, while progress had been made, the work had taken longer than expected and requested that the supplement to the Master Standard be presented to its twenty-first session.

#### B. Development of Tier II grade-level standards for accountants, financial analysts and finance officers

208. At its twentieth session, the Commission considered draft Tier II standards for accountants, financial analysts and finance officers that had been developed according to a methodology approved at its fourteenth session.

209. The Commission noted the problems encountered with the concept of categorization on the basis of quantitative indicators, and recalled that this concept had also caused delays in the development of Tier II standards for translators, for personnel management specialists and for auditors. It welcomed CCAQ's proposal that it conduct a study to examine the underlying issues, and looked forward to being apprised of the results. At the same time, it took the position that categorization, if properly applied, would facilitate the interpretation of the Master Standard by clarifying differences in scope and complexity that might not be directly evident from job descriptions alone. The Commission also noted that the language requirements for this field of work deserved a further review.

210. Taking into account the representations made, the Commission decided to:

(a) Promulgate the Tier II standard for financial management specialists at its twenty-first session, after a further review of the proposed categorization;

(b) Conclude that the draft standard proposed was internally consistent and reflected the information made available in a manner that was technically sufficient;

(c) Request the organizations to develop jointly quantitative indicators that they considered truly meaningful in distinguishing between the relative scope of the organizations' financial programmes and the corresponding scope and complexity of their respective jobs in the field of financial management, and submit these indicators to the Commission at its twenty-first session, together with an analysis of how the application of those indicators would lead to greater consistency with the Master Standard than the use of the indicators developed by the secretariat in the consultation process;

(d) Request the organizations to participate more fully in the consultation process established by the Commission and strengthen and co-ordinate their representation for this purpose;

(e) Retain the P-1 level in the standard, since the typical duties described reflected existing jobs at this level, while the standard itself provided specific guidance to distinguish between professional and non-professional work in this field.

C. Development of classification standards for the General Service and related categories at Vienna

211. At its twentieth session, the Commission considered a document submitted by its secretariat, which contained a proposal to establish common classification standards for staff in the General Service and related categories at Vienna, prior to the salary survey scheduled for early 1986. The Commission decided:

(a) To welcome the initiative taken by the organizations with established offices at Vienna to start consultations on the development of common classification standards for the General Service category in that duty station well before the 1986 salary survey;

(b) To note that the organizations at Vienna had already established a Joint Committee on Job Classification for the General Service category, with full representation of all parties involved;

(c) To request that the Chairman of the Commission be informed of the Joint Committee's composition and terms of reference as soon as feasible, but no later than 15 September 1984;

(d) To request that the Chairman receive a detailed outline and timetable for the Joint Committee's work programme by 15 October 1984;

(e) To request that the Joint Committee, in developing common classification standards for the General Service staff at Vienna, adhere to the relevant guidelines and criteria established by the Commission;

(f) To request its secretariat to maintain liaison with all parties concerned and to provide technical advice to the extent feasible;

(g) To request that the Joint Committee submit a progress report at its twenty-first session and present draft standards, together with a full report on their development, to the Commission for review at the twenty-second session.

D. Development of classification standards for the General Service and related categories in Addis Ababa

212. The Chairman of the Joint Committee on Job Classification for the General Service and related categories in Addis Ababa delivered an oral report to the Commission on the Committee's work carried out in accordance with the approach suggested by the Commission at its seventeenth session; he described further steps necessary to proceed with implementation of a job classification system for the General Service in Addis Ababa. Although the standard itself could not be presented to the Commission for its approval before the twenty-first session, due to delays in production of the document and the technical requirements of the Commission, the Commission noted plans to begin immediately the process of describing jobs and finalizing implementation policies, especially in regard to staffing.

## CHAPTER VIII

### ACTION TAKEN BY THE COMMISSION UNDER ARTICLE 14 OF ITS STATUTE

#### A. Human resources planning for non-professional staff

213. At its nineteenth session, the Commission considered a report by its secretariat on two symposia on human resources planning for non-professional staff which had been held in New York and Geneva. The Commission requested the representatives of the administrations and staff to submit their separate views on the recommendations contained in its secretariat's document. Further developments will be reported in the next annual report.

#### B. Recruitment policy

##### 1. The selection interview

214. At its nineteenth session, the Commission considered a document prepared by its secretariat. In its discussion, the Commission stressed the importance of a selection process that took full account of all provisions of Article 101 of the Charter of the United Nations, including the "necessity of securing the highest standards of efficiency, competence and integrity". In that context, the Commission noted that communication skills, empathy towards other cultures and an institution-building orientation were qualities that could contribute measurably to the success of international civil servants, and it concluded that the use of interviews was an effective means of establishing the presence of such qualities in candidates for employment. Moreover, several members of the Commission pointed out that, in dealing with the various topics identified for study in the area of recruitment policy, due attention should be paid to their interrelated nature.

215. The Commission decided:

- (a) To recommend that the organizations conduct employment interviews as a desirable component of their selection process and choose, to the extent possible, a structured, evaluative approach, preferably involving a series of interviews;
- (b) To recommend that organizations provide adequate training in interviewing techniques to all staff directly involved in the selection process, in order to ensure and maximize the reliability and validity of their recruitment decisions;
- (c) To request the organizations to take note of the detailed considerations contained in the secretariat's document relating to the theory and practice of interviewing;
- (d) To request its secretariat to make the relevant sections available in an appropriate format to enable the organizations to further acquaint staff directly involved in the selection process with the issues pertaining to interviewing for an intercultural work environment;
- (e) To recommend that the organizations use reference checks in their recruitment process, taking into account the considerations outlined by the secretariat as well as the use of, to the extent possible, the sample form proposed;



(f) To request the secretariat to organize, within existing budgetary resources and with the assistance of the organizations, a pilot workshop on interviewing techniques, to be held during the latter half of 1984 in New York, which would, among other things, draw upon the experience of recruitment specialists from the organizations of the common system, while providing them with an opportunity to exchange views.

## 2. Evaluation of academic credentials for recruitment purposes

216. The Commission reviewed, at its twentieth session, a document submitted by UNESCO on academic equivalencies and recommended that it be made available to recruitment specialists in all organizations.

## 3. Selection mechanisms and processes

217. At its twentieth session, the Commission considered a document prepared at its request by CCAQ. It noted that the role of selection bodies in the recruitment and promotion of staff, inter alia, was to provide a balance between the filling of posts from internal and external sources, taking into account both the broad interests of the organizations as well as the career interests of staff. The existence of selection bodies would enable executive heads to benefit from the judgements and experience of persons who enjoyed the confidence of both management and staff. It recommended that staff representatives be empowered to nominate a reasonable and proportionate number of members of organizations' selection bodies. It further recommended that every organization rely upon selection bodies to advise its executive head on the appointment and promotion of staff at all levels normally considered to be part of the career service in that organization.

## 4. Use of tests in the recruitment of non-professional and language staff; language testing for Professional staff

218. At its twentieth session, the Commission discussed the use of tests for recruitment purposes on the basis of a paper prepared by its secretariat. After taking into account the views of the representatives of the organizations and the staff, the Commission decided to recommend that the organizations:

(a) Conduct formal examinations for the recruitment of all interpreters, translators, editors and proof-readers against continuing established language-related posts, with the full involvement of both the substantive office and the personnel department concerned, and retain a selection interview as an integral part of such examinations;

(b) Pursue, on an inter-agency basis, their efforts to harmonize and standardize further such official recruitment examinations for Professional language staff, with due regard for the staffing needs and the language and technical requirements of the organization;

(c) Standardize further the examinations for the recruitment of accounting or finance clerks, statistical clerks and editorial assistants, so that the testing materials developed could be used on an inter-organizational basis;

(d) Further standardize their examinations for shorthand-typists and typists and review periodically, on an inter-agency basis, the relevance of the existing standards to ascertain that these continue to meet the actual needs of the newly developing office technology;

(e) Devise and introduce a clerical test for the recruitment of staff for general clerical posts based on the New York model and adapted to local conditions;

(f) Consider, through the Language Training Group of the CCAQ Sub-Committee on Staff Training, the feasibility of an inter-agency proficiency examination and report their findings to the Commission at its twenty-second session;

(g) Apply more fully the functional definitions of language proficiency levels as adopted by the CCAQ Sub-Committee on Staff Training in determining the recruitment standards for specific posts and keep these definitions under review on an ongoing basis;

(h) Examine closely, through the Language Training Group of the CCAQ Sub-Committee on Staff Training, the FAO language ability test, in order to ascertain, inter alia, whether this test could be utilized by other organizations for recruitment purposes;

(i) Reappraise the objectives of the language proficiency examination in the light of their functional requirements, bearing in mind that draft examinations are submitted to them by the United Nations for review;

(j) Assess, prior to recruitment, the drafting abilities of candidates for professional posts, if the specific requirements of the post so warrant.

5. Use of competitive examinations in promotion from the General Service to the Professional category and for junior professional posts

219. At its twentieth session, the Commission considered a document submitted by the United Nations Secretariat on competitive examinations and stressed in that context that it considered competitive examinations to provide a valuable method of objective selection, which deserved a thorough review. The Commission noted that the document did not assess the effectiveness of this selection method. It decided, therefore, to request the United Nations to submit a full evaluation of its experience with competitive examinations for both selection and promotion at the twenty-first session, and to address, in particular, the following issues:

(a) How are the examinations validated; that is, how it can be shown that they specifically screen for those qualities and qualifications that are most likely to predict success in the posts for which they are intended to screen? How are the examinations developed? What kind of job analysis lies at the base? How are the examiners selected?

(b) What are the costs of organizing these examinations? What are the implications in terms of consultancy fees, travel costs and staff time?

220. With regard to the competitive examination for promotion to the Professional category, the Commission decided to request the United Nations to provide in its report specific replies to the following questions:

(a) What weight, if any, is given to such elements as general culture, professional experience, knowledge of the United Nations, personality and ability to work as a member of a team?

(b) What weight, furthermore, is given to administrative and organizational skills, especially in the selection for vacancies where such skills are identified as an important job requirement?

(c) How are the competitive examinations integrated into other elements of career development? What training opportunities exist? To what extent can accrued experience and seniority help staff to advance?

(d) To what extent are managers satisfied with the qualities of the candidates placed through this process? Has any evaluation taken place comparing the performance of the staff promoted through this process with that of the staff recruited from outside at the P-1 and P-2 levels?

(e) How is the issue of "working languages" addressed, taking into account that these differ according to duty station?

(f) How are the vacancies that become available under the 30 per cent distribution plan allocated over the various occupations? Are 30 per cent of the vacancies in every occupation made available, or is emphasis placed on designating posts in those occupations that have traditionally provided the most ample opportunities for advancement and which are mainly in the area of general services, administration and finance?

### C. Promotion policy

221. At its nineteenth session, the Commission considered documents submitted by CCAQ and FICSA which dealt with the overall promotion policies of the organizations.

222. The Commission decided to recommend that:

(a) Organizations announce all vacancies open for internal advancement and allow staff to compete for posts at a higher level without restrictive pre-screening;

(b) The fullest regard be given within the framework of the organizations' overall staffing needs and without prejudice to the need for equitable geographic distribution to internal candidates, whenever a vacancy occurs, taking into account requests for lateral moves as well as aspirants for promotion;

(c) Organizations develop specific guidelines concerning the criteria for promotion to supervisory and managerial positions; such criteria might include:

(i) An understanding of the organization's work programmes, policies and procedures;

(ii) The ability to plan work programmes effectively and to make full use of available staff resources by appropriate delegation of responsibility, by showing concern for staff aspirations, by motivating staff and by furthering staff development;

- (iii) The ability to negotiate successfully and carry out sensitive assignments;
- (iv) The capacity to communicate successfully;
- (v) The readiness to innovate and to take decisions;

(d) Organizations adopt procedures providing the opportunity for selection and promotion bodies to invite supervisors, when necessary, to their meetings, in order to obtain additional pertinent information about the potential of staff to assume more responsibility and perform at a higher grade;

(e) Each organization individually clearly define the impact that mobility, experience gained in lateral assignments and language skills would have on promotion opportunities for its staff;

(f) The organizations distinguish between those posts which were being upgraded by deliberate managerial design and were therefore to be treated as new vacancies and those posts where there had been a gradual accrual of new responsibilities, so that the incumbent, if fully qualified, might be promoted without a competitive process;

(g) "Promotion to full performance level" be given after a transition period of up to one year to staff who were assigned to a position at a level higher than their personal grade with the understanding that they did not yet meet all the requirements of the post and would have to fulfil certain conditions before being given the full responsibilities of the post and promotion to that higher level;

(h) "Personal promotions" be considered to recognize exceptional situations where the personal value of certain staff members in the organization exceeded the value of the job they performed and where conditions such as the following prevail:

- (i) The organization wished to keep a staff member in a certain field duty station for a protracted period, in the interest of the organization's programme, whereas the staff member would normally have had an opportunity to progress to functions at a higher level;
- (ii) The organization wished to temporarily keep a staff member in a certain narrow field of specialization, in order to retain a certain expertise that had become crucial to the programme, while the staff member had the potential to take up broader responsibilities at a higher level;
- (iii) A staff member had shown truly exceptional merit and was expected to be assigned to a higher-level post in the foreseeable future;
- (iv) A staff member had served the organization well for many years in an occupational group that had a low "career ceiling" (e.g., translators and editors) and had developed an "institutional memory" that the organization could tap for exceptional purposes (e.g., research);

(i) The use of "personal promotions" be restricted wherever possible to either 5 per cent of the established posts at a given level or to the percentage of the average vacancy rate at that level, whichever was less.

223. At its twentieth session, the Commission continued its discussion of promotion policy on the basis of a document submitted at its request by CCAQ. The Commission

reiterated its position that promotions should be based primarily on the merit and competence of the staff. The Commission recommended that organizations give adequate weight to seniority in the promotion process, all other conditions being equal; it further recommended that special strict criteria be developed for accelerated promotions based on outstanding performance to counteract a situation where part of the staff stagnated while others ascended rapidly on the career ladder. In all other cases, the Commission recommended that the organizations be guided by the following minimum time-in-grade requirements: five years for promotions to levels D-1 and P-5, two years to level P-2 and three years to all other levels.

224. Selection mechanisms. See paragraph 217 above.

225. Promotion from the General Service to the Professional category. The Commission reiterated its request to CCAQ to provide detailed information, organization by organization, on actual policies and practices. CCAQ might wish to present those data in the context of its forthcoming paper on human resources planning for General Service staff, as the discussion of that topic before the Commission would provide a suitable forum in which to pursue the matter.

#### D. Training: assessment of training needs

226. At its twentieth session, the Commission considered the assessment of training needs by organizations of the common system on the basis of a paper prepared by its secretariat. After taking into account the views of the representatives of the organizations and the staff, the Commission decided:

(a) To affirm that the determination of staff training needs is an important part of the human resources planning process;

(b) To stress that, in order to justify the possible expenditures for training in an organization, the cost-effectiveness of proposed training activities should be demonstrated in the light of their expected impact on the organization's work programme in comparison with other possible administrative decisions, paying special attention to the necessity of recruiting staff who fully meet the basic criteria of efficiency, competence and integrity;

(c) To note that the assessment of training needs linked to overall organizational objectives is a prerequisite for the evaluation of training since it provides the yardstick against which the effectiveness of training can be measured;

(d) To reaffirm that the determination of training needs lies within the competence of management;

(e) To request the organizations to consider the approach to the assessment of training needs outlined in the secretariat's document in the light of their individual requirements and to report to the Commission at its twenty-second session on the methods that they now use to identify their training needs and on the feasibility of following the guidelines developed by its secretariat;

- (f) To request its secretariat:
- (i) To pursue its work on the development of training policies by elaborating an approach to the evaluation of training programmes in the context of the assesement of training needs, taking into account the views of the Commission set out in (a) to (d) above, in close consultation with the organizations and staff representatives;
- (ii) To assess areas where inter-agency co-operation in training could be expanded, again in close consultation with the organizations and staff representatives;
- (iii) To report to the Commission at its twenty-second session on the progress made on (i) and (ii) above.

## CHAPTER IX

### ACTION TAKEN BY THE COMMISSION UNDER ARTICLE 17 OF ITS STATUTE

#### Implementation/consideration by organizations of ICSC recommendations and decisions

227. Further to the Commission's review of action taken by organizations of the common system pursuant to recommendations and decisions of the Commission as reported in its last annual report, 7/ the Commission received from its secretariat at its twentieth session information on subsequent developments which had been provided by organizations.

228. The Commission noted the further information provided on the implementation and consideration of its recommendations and decisions as follows:

(a) UNDP replied to the questionnaire utilized in 1983; the Commission found the same generally good application as had been reported for the other organizations in its last annual report;

(b) UNIDO had indicated in 1983 that it was not responding to the questionnaire of the Commission's secretariat since that organization was covered by the reponse of the United Nations Secretariat; in 1984 the secretariat of the Commission was informed that the Committee of the Whole for Drafting and Negotiations on the Conversion of UNIDO into a Specialized agency had agreed that the "UNIDO secretariat should prepare documentation in order to permit the competent organs of the new UNIDO to decide speedily whether it should participate in" ICSC;

(c) UNESCO provided more information with respect to its career appointments policy. In essence, UNESCO advised that its General Conference in 1974 had determined the proportion of indeterminate appointments and that consequently the ICSC recommendation to consider staff for career appointments after five years of service called "for no particular action by the Executive Board at the present stage";

(d) ILO, at its February-March 1984 meeting, approved a number of matters arising from the ninth annual report of ICSC, inter alia, with respect to the education grant, non-resident's allowance, rental subsidy and service in the field (cost of basic medical examinations and reimbursement of expenses prior to departure from a field duty station). The Director-General also recommended the introduction of a language incentive scheme similar to that extant in the United Nations Secretariat, but the Governing Body decided that that item should be deferred until the results of the review of the scheme by the United Nations Secretariat were known; 8/

(e) WMO notified the secretariat that, by amendment to its staff rules, it had applied the decisions on the education grant recommended by the Commission and approved by the General Assembly in resolution 38/232;

(f) WHO's Executive Board approved part of its Director-General's proposals for resuming the award of a limited number of career service appointments, a practice which had been discontinued since 1976. The Executive Board approved the

proposal which related to the award of career-service appointments to WHO staff members in the General Service category and in Professional grades up to and including grade P-3, not exceeding a maximum limit of 30 per cent of all the staff in that group. In all cases the following criteria will have to be met by any nominee for such an appointment, irrespective of the category of staff. The staff member:

- (i) Must have had at least five years of satisfactory service in WHO by 1 January of the year of nomination;
- (ii) Must not have attained the age of 55 on or before 1 January of the year of nomination;
- (iii) Must have a fully satisfactory record as evidenced by the appraisal reports on his services;
- (iv) Must have qualifications or aptitudes beyond the limits of the current assignment that indicate a potential capacity for assuming different or greater responsibilities;
- (v) Must have demonstrated adaptability to international service.

As regards staff in grades P-4 to P-6/D-1, the Director-General had proposed that career appointments be granted to that group, but subject to a maximum of 15 per cent: the Executive Board decided that that recommendation should be reviewed in the light of the Board's discussions and re-examined at its seventy-fifth session in January 1985;

(g) ITU brought a resolution adopted by its Administrative Council in April 1984 on the pension system of the United Nations Joint Staff Pension Fund:

"The Administrative Council,

"Recalling that the Plenipotentiary Conference (Nairobi, 1982) in Resolution No. 61 stated that it was 'concerned by the uncertainties which weigh heavily on the level of pensions due to the flaws in the present system and possible subsequent changes to it, as well as the consequences of the future monetary fluctuations and inflation' and instructed the Administrative Council of the ITU 'to follow carefully the evolution of this issue, with a view to ensuring that the level of pensions is maintained and to take the appropriate action to achieve this end';

"Having considered the report by the ITU Staff Pension Committee which notes that the United Nations General Assembly has called for the study of measures designed to reduce the benefits now payable to participants in the United Nations Joint Staff Pension Fund;

"Concerned by the uncertainties which weigh on the level of pensions of present and future participants due to changes envisaged in the pension system and in the level of pensionable remuneration;

"Resolves to draw the attention of the United Nations General Assembly, the United Nations Joint Staff Pension Board and the International Civil Service Commission to its anxiety about the level of benefits and the Fund's



future, as well as to its hope that the measures which will be adopted to restore the actuarial balance will not further reduce the level of benefits but will also be aimed at enhancing resources through an increase in contributions and a gradual improvement of the real return on the Fund's investments;

"Instructs the Secretary-General to bring this resolution to the attention of the United Nations General Assembly, the United Nations Joint Staff Pension Board and the International Civil Service Commission."

(h) UNRWA had not been able to implement fully the recommendations of the most recent ICSC Panel in respect of Jordan (teachers), West Bank/Gaza and the Syrian Arab Republic;

(i) IAEA advised that they "are in the process of finalizing a document on career appointments for discussion at the September meeting of our Board of Governors". In essence the proposal is to continue to have staff members serve a minimum of five years under a fixed-term contract; thereafter, staff could be considered for a career appointment with subsequent reviews every five years. It is envisaged that fixed-term contracts would continue to be "utilized to accommodate staff who have been released for a specific period or under specific conditions from their employment with a national institution". These recommendations to the IAEA Board of Governors are very much in line with recent ICSC recommendations.

229. The Commission noted all of the above information and decided it should reiterate its request that UNESCO consider the ICSC recommendation to consider staff for career appointments after five years of good service, and felt that this recommendation should be placed before the UNESCO Executive Board or General Conference as appropriate.

## CHAPTER X

### OTHER BUSINESS

#### Proposal for amendment of article 6, paragraph 2, of the Commission's statute

230. At its nineteenth session, the Commission considered a document prepared by its secretariat, in which the Commission was provided with the text and intent of General Assembly decision 38/451 in relation to the possible deletion of the last sentence of article 6, paragraph 2, of its statute. The Chairman circulated to members of the Commission copies of the letter received from the United Nations dealing with the General Assembly's request to the Secretary-General of the United Nations to consult with the Commission as well as with other organizations members of the common system and seek their views on the possible amendment of article 6, paragraph 2, of the statute. The Chairman also provided members with summary records of the relevant discussions in the Fifth Committee of the Assembly and transcripts of those proceedings as well as a summary of the Commission's previous reviews of its statute and rules of procedure.

231. The Commission noted the views of the representatives of the organizations and staff which are reflected in its sessional report.

#### Discussion and decisions by the Commission

232. After considerable discussion of the proposal to amend its statute, the Commission decided, by majority, to inform the Secretary-General of the United Nations in his capacity as Chairman of ACC that, concerning the substance of the amendment, it did not consider it appropriate to pronounce itself on an issue dealing directly with its members. However, there were some other members who felt that the proposed amendment would affect not only the current but the future membership; therefore they considered it appropriate to state their view that there was no need for the proposed amendment of the statute. Still others were in favour of reducing the waiting period for a member of the Commission to serve as an official or consultant of an organization of the United Nations common system from three years to one year after ceasing to be a member. Two members, while not taking a stand on the question of whether it would be advisable to amend the article, were of the view that setting such a delay cast an undue aspersion on the integrity of the members.

233. With regard to the procedure envisaged for amendments to its statute, the Commission noted that, in accordance with article 30 of the statute, the General Assembly might amend the statute, subject to the same acceptance procedure as was followed originally for acceptance of the statute by the organizations. The Commission recognized that a deadlock in the common system would clearly arise if the General Assembly adopted an amendment which was subsequently not accepted by all of the current contracting parties. It considered the procedure involving prior consultation with other organizations of the common system to be the appropriate one.

#### Surveys of local conditions of service for area staff of UNRWA

234. At its eleventh session, held in New York from 19 February to 14 March 1980, the Commission considered a request from the Commissioner-General of UNRWA to carry

out surveys which would be used to establish pay and other conditions of service of the UNRWA area staff. It undertook a detailed examination of, inter alia, the statutory basis for possible involvement in the matter, the practical ability to undertake the surveys in the light of the available resources, the issue of who would be responsible for the implementation of the survey results in view of their possible implications for UNRWA's financial situation and the modalities by which the Commission would review the survey results. The Commission decided to accept the responsibility for surveys of conditions of employment for UNRWA area staff and to delegate to a panel of its members the responsibility for examining the survey reports. These decisions of the Commission were communicated in its sixth annual report to the General Assembly. 9/

235. Between the end of 1980 and the beginning of 1984 a number of surveys were conducted in UNRWA areas of operations by the secretariat of ICSC under the guidance of the Commission's panel dealing with the conditions of service of UNRWA area staff. At least one survey leading to the establishment of salaries and other conditions of service was conducted during this period in all areas of UNRWA operations.

236. On the basis of the Commission's experience in the last round of surveys in Gaza/West Bank, the Syrian Arab Republic and Jordan, the Commission reviewed the entire issue at its twentieth session. After a careful consideration of all aspects, the Commission came to the conclusion that the time had come for UNRWA to undertake directly, in consultation with its area staff, surveys which would lead to the establishment of salaries and other conditions of employment for the area staff. The Commission's decision in this regard was communicated by the Chairman of ICSC to the Commissioner-General of UNRWA.

#### Notes

1/ Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 30 (A/37/30).

2/ Appointed in 1983.

3/ Official Records of the General Assembly, Twenty-seventh Session, Supplement No. 28 (A/8728), Vol. I, para. 395.

4/ Ibid., Thirty-sixth Session, Supplement No. 30 (A/36/30 and Corr.1), para. 256.

5/ Ibid., Thirty-eighth Session, Supplement No. 30 (A/38/30), Add., paras. 3-10.

6/ Ibid., paras. 55-64.

7/ Ibid., paras. 170-176 and annex IV.

8/ For details of the Commission's most recent consideration of this matter, see its ninth annual report, ibid., paras. 47-54.

9/ Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 30 (A/35/30), paras. 324-325.

Table A

Comparison of average net remuneration of United Nations officials in New York  
and United States officials in Washington, D.C.

(October 1983-September 1984)  
(July 1984)

United Nations, New York		United States, Washington, D.C.			UN/US ratio adjusted for cost of living (US, Washington = 100)	Weights for calculation of overall ratio g/
Grades	Net remuneration a/	Grade	Net remuneration per grade b/	Weights net remuneration		
P1/1	23 135	GS 9/1	17 978	100	17 978	1.9
P2/1	29 191	GS 11/1 GS 12/1	21 400 25 340	62 38	22 897	11.9
P3/1	35 135	GS 12/1 GS 13/1	25 340 29 628	45 55	27 698	24.0
P4/1	41 942	GS 13/1 GS 14/1	29 628 34 424	33 67	32 841	28.8
P5/1	50 416	GS 15/1 SFS 2 SFS 4	39 599 47 686 50 201	92 8	40 384	22.6
D1/1	55 543	GS 16/1 SFS 1 SFS 4 SFS 5	45 433 45 925 50 201 51 885	6 13 75 6	49 460	8.0
D2/1	62 660	GS 17/1 b/ GS 18/1 b/ SFS 4 SFS 5 SFS 6	52 040 59 515 50 201 51 885 53 082	7 9 50 29 5	51 800	2.8
Cost-of-living ratio New York/Washington, D.C.:						107.2
Weighted average ratio, adjusted for cost-of-living:						117.0 (margin) b/

a/ Includes post adjustment of 8 months at class 9 (multiplier 55); 2 months at class 10 (multiplier 63) and 2 months at class 11 (multiplier 71).

b/ Based on published salary rates effective 1 October 1982 (including bonuses and special awards where applicable) for October to December 1983 and rates effective 1 January 1984 for January to September 1984. If the "capped" gross salary of \$66,000 p.a. had been used on the United States side for GS-17 and GS-18, the margin would have been 117.1.

c/ These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices as at 31 December 1982.

Table B

Calculation of total compensation margin between United States  
and United Nations officials at comparable grades

United Nations grade	<u>Total compensation amount</u>		United Nations/ United States ratio adjusted for cost of living	Weights
	At United Nations grade (\$US)	At equivalent United States grade (\$US)		
P-1	30 145	24 477	114.9	1.9
P-2	38 127	31 090	114.4	11.9
P-3	46 077	38 936	110.4	24.0
P-4	55 326	45 996	112.2	28.8
P-5	67 150	56 603	110.7	22.6
D-1	74 594	70 136	99.2	8.0
D-2	85 251	73 053	108.9	2.8
Cost-of-living ratio New York/Washington, D.C.:			107.2	
Weighted average ratio adjusted for cost-of-living difference:			110.6 (margin)	

## ANNEX II

### Statement of the Administrative Committee on Co-ordination on personnel policy questions

1. Three major issues of personnel policy simultaneously confront the United Nations system: the level of pensionable remuneration and of benefits in the light of the actuarial deficit of the United Nations Joint Staff Pension Fund (UNJSPF); the realignment of the post adjustment system and the remuneration of the staff in the Professional and higher categories. The executive heads of the system have thoroughly reviewed these issues. Though mindful of the numerous technicalities involved, they have approached them primarily from the vantage point of the exercise of their responsibilities for the management of the system's staff and have come to the following conclusions.

#### Pension system

2. UNJSPF and the professional salary scales, together, constitute the cornerstones of the common system. It is a truly common institution and, at the same time, an essential element of the conditions of service of the international civil service. It is therefore imperative to preserve the integrity and financial soundness of the pension system. While various ways of restoring the actuarial balance of the Fund can be contemplated, one essential measure to be taken is to increase the rate of combined administration/staff contributions to 24 per cent. The Administrative Committee on Co-ordination strongly urges that the General Assembly take the remaining steps proposed to that end.

3. As the Pension Fund, part of which is the property of its participants, is a fundamental element of the broad compact between the organizations and their staff, confidence in its ability to provide on a stable basis for old age, invalidity and survivors' pensions is essential for the mutual confidence in the system. The acquired rights of the staff must be preserved and defended. To begin with, this implies that no retroactive measures must be taken. In particular, the integrity of the system must be preserved by taking fully into account the regulations of all the organizations of the United Nations system.

4. No doubt, some rearrangement of the scheme may be necessary. But, apart from the foregoing considerations, care should be taken to preserve a balance between the various interdependent elements of the system. Thus, the level of pensionable remuneration is closely linked to the benefits to be provided and cannot be dealt with separately. Both must be approached in terms of total compensation, which is now acknowledged to be the only sound basis for comparison with the comparator civil service. This requires deeper studies than those currently in hand, as well as harmonization of the determination of the level of pensionable remuneration by the International Civil Service Commission and of the nature and level of benefits by the United Nations Joint Staff Pension Board. It would seem, therefore, that to achieve this objective may require more time than is available to present to the forthcoming session of the General Assembly a coherent set of proposals.

#### Post adjustment

5. The recommendations of the Advisory Committee on Post Adjustment Questions (ACPAQ) for the correction of the understated post adjustment index in New York, which is the base of the system, while resulting in a temporary freeze in post

adjustment in Geneva, Vienna, Paris and Rome, will do justice to the New York staff and will re-establish the proper relativities between the various duty stations. It is particularly to be welcomed, since it increases the confidence to be placed in what should be an objective, technical system of adjustment. The Administrative Committee on Co-ordination strongly urges that the recommendations of ACPAQ be applied immediately and in full.

#### Professional salaries

6. After reviewing all elements of the situation, the Administrative Committee on Co-ordination considers that its 1982 recommendation for an increase in the salaries of staff in the Professional and higher categories was and continues to be justified.

Salary scales for the Professional and higher categories showing annual gross salaries  
and net equivalents after application of staff assessment

(Suggested salary scales after consolidation of 20 points)

S t e p s

Level	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII
<b>Under-Secretary-General</b>													
USG GROSS	121 046												
NET D	64 534.95												
NET S	58 294.47												
<b>Assistant Secretary-General</b>													
ASG GROSS	107 089												
NET D	59 203.09												
NET S	53 865.76												
<b>Director</b>													
D-2 GROSS	83 262	85 671	88 102	90 606									
NET D	49 405.62	50 441.42	51 486.76	52 551.63									
NET S	45 056.27	45 969.21	46 890.57	48 156.28									
<b>Principal Officer</b>													
D-1 GROSS	69 840	72 044	74 220	76 440	78 660	80 843	82 986						
NET D	43 461.09	44 452.67	45 431.91	46 416.70	47 393.37	48 353.88	49 286.77						
NET S	39 771.92	40 655.53	41 528.14	42 404.13	43 272.04	44 125.58	44 951.51						
<b>Senior Officer</b>													
P-5 GROSS	60 816	62 578	64 298	65 966	67 655	69 358	71 084	72 800	74 520	76 266			
NET D	39 289.74	40 111.89	40 911.51	41 687.05	42 472.50	43 244.07	44 020.98	44 792.89	45 570.57	46 319.97			
NET S	36 078.85	36 805.66	37 512.43	38 197.9	38 892.14	39 578.53	40 270.85	40 958.70	41 651.70	42 335.94			
<b>First Officer</b>													
P-4 GROSS	47 315	48 833	50 433	52 033	53 665	55 216	56 815	58 416	60 096	61 825	63 518	65 151	
NET D	32 605.00	33 409.31	34 214.67	35 014.45	35 830.41	36 601.51	37 369.44	38 137.50	38 944.13	39 761.48	40 549.06	41 308.32	
NET S	30 138.36	30 857.68	31 574.84	32 286.64	33 012.85	33 698.65	34 378.59	35 058.64	35 772.84	36 495.95	37 192.07	37 863.16	
<b>Second Officer</b>													
P-3 GROSS	37 613	38 980	40 329	41 639	42 983	44 431	45 878	47 295	48 586	49 910	51 278	52 623	53 997
NET D	27 293.59	28 066.89	28 822.48	29 555.58	30 308.70	31 076.59	31 843.32	32 594.45	33 278.80	33 932.76	34 636.94	35 309.72	35 996.52
NET S	25 385.64	26 079.06	26 755.04	27 410.90	28 084.68	28 771.44	29 457.16	30 128.92	30 740.96	31 341.74	31 950.56	32 549.43	33 160.68
<b>Associate Officer</b>													
P-2 GROSS	29 815	30 878	31 930	32 987	34 105	35 215	36 336	37 439	38 575	39 731	40 868		
NET D	22 675.43	23 323.45	23 965.42	24 609.84	25 259.16	25 902.80	26 552.83	27 192.90	27 839.77	28 487.43	29 124.27		
NET S	21 211.95	21 799.41	22 381.40	22 965.60	23 551.15	24 131.54	24 717.69	25 294.85	25 875.87	26 455.29	27 025.04		
<b>Assistant Officer</b>													
P-1 GROSS	22 315	23 257	24 220	25 104	26 184	27 173	28 191	29 182	30 156	31 098			
NET D	17 935.98	18 557.38	19 186.72	19 800.49	20 423.97	21 047.12	21 684.23	22 289.18	22 883.22	23 457.56			
NET S	16 865.61	17 439.29	18 019.40	18 583.58	19 156.58	19 729.29	20 313.27	20 861.79	21 400.32	21 920.90			

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

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



## Schedules of post adjustments (amount per index point in United States dollars)

(Suggested schedules after consolidation of 20 points)

(i) Additions (where cost of living is higher than at the base)

Level	Steps											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
<b>Under-Secretary-General</b>												
USG D	532.19											
S	480.73											
<b>Assistant Secretary-General</b>												
ASG D	488.16											
S	444.33											
<b>Director</b>												
D-2 D	406.81	415.70	424.52	432.22								
S	371.00	378.94	386.63	397.08								
<b>Principal Officer</b>												
D-1 D	370.99	377.17	382.93	389.09	394.90	401.21	407.19					
S	339.50	344.95	350.03	355.45	360.56	365.12	371.28					
<b>Senior Officer</b>												
P-5 D	341.73	346.73	351.46	355.29	361.98	365.33	371.99	377.26	382.16	387.21		
S	313.80	318.15	322.26	326.47	331.27	335.28	340.30	344.96	349.57	353.84		
<b>First Officer</b>												
P-4 D	286.82	293.19	299.60	305.57	312.76	318.02	323.30	328.59	334.12	341.35	349.15	354.70
S	265.12	270.80	276.49	281.76	288.17	292.80	297.42	302.07	306.91	313.32	319.33	325.12
<b>Second Officer</b>												
P-3 D	240.91	247.85	253.97	259.78	266.24	272.91	279.53	286.44	291.98	297.15	302.68	307.86
S	224.07	230.29	235.75	240.93	246.30	252.67	258.86	264.77	269.71	274.30	279.20	283.79
<b>Associate Officer</b>												
P-2 D	200.14	206.22	211.49	217.22	222.97	228.55	234.27	239.57	245.26	250.96	256.23	
S	187.22	192.75	197.51	202.71	207.30	212.95	218.08	222.85	227.96	233.06	237.78	
<b>Assistant Officer</b>												
P-1 D	159.73	163.14	170.45	175.84	181.21	186.56	192.30	196.90	201.93	206.99		
S	150.22	155.19	160.09	165.04	169.97	174.88	180.15	184.29	188.85	193.42		

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

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

## (ii) Deductions (where cost of living is lower than at the base)

## S t e p s

Level	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Under-Secretary-General												
USG D	515.99											
S	465.10											
Assistant Secretary-General												
ASG D	473.62											
S	430.92											
Director												
D-2 D	394.53	403.10	411.66	420.29								
S	359.80	367.36	374.91	385.14								
Principal Officer												
D-1 D	347.50	355.26	363.18	371.04	378.85	386.42	393.75					
S	318.00	325.00	331.97	338.97	345.91	352.53	359.12					
Senior Officer												
P-5 D	314.23	320.78	327.13	333.25	339.55	345.56	351.81	357.97	364.17	370.28		
S	288.55	294.34	299.95	305.36	310.93	316.27	321.84	327.33	332.85	338.29		
First Officer												
P-4 D	260.83	267.27	273.71	280.11	286.54	292.71	298.73	304.75	311.07	317.64	324.12	330.31
S	241.09	246.35	252.59	258.29	264.10	269.49	274.82	280.15	285.74	291.55	297.29	302.76
Second Officer												
P-3 D	218.35	224.53	230.57	236.44	242.46	248.60	254.74	260.75	266.22	271.62	277.09	282.47
S	203.08	208.62	214.03	219.28	224.67	230.16	235.65	241.02	245.92	250.73	255.60	260.39
Associate Officer												
P-2 D	181.20	186.58	191.71	196.87	202.07	207.21	212.42	217.54	222.71	227.89	232.99	
S	169.51	174.39	179.04	183.72	188.41	193.04	197.74	202.36	207.00	211.63	216.19	
Assistant Officer												
F-1 D	143.42	148.27	153.37	158.25	163.21	168.26	173.37	178.09	182.92	187.65		
S	124.86	129.43	134.04	138.61	143.17	147.73	152.41	156.69	161.07	165.36		

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

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

## ANNEX V

Proposed scale of staff assessment for the Professional and higher categories  
after consolidation of 20 points

Gross salary bracket	Gross salary level	For staff with dependants				For staff without dependants			
		Percentage rate	Amount of assessment	Cumulative amount	Cumulative percentage	Percentage rate	Amount of assessment	Cumulative amount	Cumulative percentage a/
First	16 000	14.7	2 352	2 352	14.7	19.2 (19.2)	3 072	3 072	19.2 (19.4)
Next	20 000	31.0	1 240	3 592	18.0	36.0 (36.0)	1 440	4 512	22.6 (22.7)
	24 000	34.0	1 360	4 952	20.6	39.0 (39.1)	1 560	6 072	25.3 (25.5)
	28 000	37.0	1 480	6 432	23.0	42.0 (42.0)	1 680	7 752	27.7 (27.8)
	33 000	39.0	1 950	8 382	25.4	44.2 (44.7)	2 210	9 962	30.2 (30.4)
	38 000	42.0	2 100	10 482	27.6	47.2 (47.7)	2 360	12 322	32.4 (32.7)
	43 000	44.0	2 200	12 682	29.5	49.4 (49.9)	2 470	14 792	34.4 (34.7)
	49 000	47.0	2 820	15 502	31.6	52.1 (52.6)	3 126	17 918	36.6 (36.9)
	55 000	50.0	3 000	18 502	33.6	55.0 (55.5)	3 300	21 218	38.6 (38.9)
	61 000	52.0	3 120	21 622	35.4	57.0 (57.5)	3 420	24 638	40.4 (40.7)
	68 000	53.5	3 745	25 367	37.3	58.1 (58.9)	4 067	28 705	42.2 (42.6)
	75 000	55.0	3 850	29 217	38.9	59.4 (59.9)	4 158	32 863	43.8 (44.2)
	82 000	56.0	3 920	33 137	40.4	60.4 (60.9)	4 228	37 091	45.2 (45.6)
8 000	90 000	57.0	4 560	37 697	41.9	62.1 (62.1)	4 968	42 059	46.7 (47.1)
10 000	100 000	59.0	5 900	43 597	43.6	64.5 (64.5)	6 450	48 509	48.5 (48.5)
10 000	110 000	60.5	6 050	49 647	45.1	66.5 (64.5)	6 650	55 159	50.1 (50.0)
10 000	120 000	62.0	6 200	55 847	46.5	68.5 (64.5)	6 850	62 009	51.7 (51.2)
Over	120 000	63.5				71.0 (64.5)			

a/ The figures in parentheses are the current rates.

# ANNEX VI

## Proposed scale of pensionable remuneration for the Professional and higher categories

(United States dollars)

Grade	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII
USG	115 700												
ASG	103 900												
D-2	84 800	87 300	89 900	92 400									
D-1	74 500	76 700	79 000	81 200	83 400	85 700	87 900						
P-5	66 100	68 100	70 100	72 000	74 000	76 000	78 000	80 000	82 000	83 900			
P-4	53 300	54 900	56 500	58 100	59 700	61 300	62 900	64 500	66 100	67 700	69 300	70 900	
P-3	43 800	45 300	46 900	48 400	49 900	51 500	53 000	54 500	56 100	57 600	59 100	60 700	62 200
P-2	35 500	36 700	38 000	39 200	40 500	41 700	43 000	44 200	45 400	46 700	47 900		
P-1	27 500	28 600	29 700	30 000	31 900	33 000	34 100	35 200	36 300	37 400			

## ANNEX VII

### Dissenting view of one member of the Commission in respect of post adjustment in New York

1. One member considered the decision to increase the index of the New York post adjustment to be unjustified, as it contradicted the decisions of the General Assembly on compliance with the Noblemaire principle, which maintained that the remuneration of Professional and higher categories in the United Nations should slightly exceed that of comparable categories of staff in the most highly paid national civil service.
2. As long as New York was the base city of the system, where the remuneration of the United Nations Professional and higher categories was compared annually with that of the United States federal civil service, this member could not agree with the assertion that the post adjustment index of New York had been "understated" for a number of years. The United Nations General Assembly, beginning from 1976, every year had considered the excess of the United Nations remuneration over that of the United States federal civil service to be sufficient in the light of the Noblemaire principle (the excess varied from 13.4 per cent in 1976 to 18.2 per cent in 1982 and 16.1 per cent at present). This fact clearly showed that the index of post adjustment in New York had been and still was established at a proper level. It also showed that the indices of post adjustment in European headquarters were overestimated in comparison with New York and, consequently, appropriate measures should be taken for their reduction, as had been done in similar cases several times in the past.
3. It was also relevant to note that in 1982 the United Nations General Assembly, considering the remuneration of the United Nations Professional and higher categories to be sufficient in the light of the Noblemaire principle, had not adopted the proposal to increase the Professionals' net base salaries by 5 per cent. However, at the present time, the results of increasing the New York post adjustment index by 9.6 per cent would cause such an increase in the remuneration of United Nations staff in New York that would be equal to a 15 per cent increase of the Professionals' base salaries estimated at the level of P-4, step I.
4. This member also felt that ICSC had no mandate for taking action on increasing the index of post adjustment in New York. In accordance with its Statute the Commission was entitled to adopt decisions on increasing the class of post adjustment only on the basis of the movement of current local consumer price indices for the United Nations system duty stations. But the case under consideration was not related to the current index. Besides, as arguments had been put forward in support of the increase of New York post adjustment, which were connected with past decisions of the United Nations General Assembly, and the increase itself would cause heavy financial implications and would affect the whole United Nations system of post adjustment, the case under consideration lay within the competence of the United Nations General Assembly.

# ANNEX VIII

## Salary scales recommended by the International Civil Service Commission for the General Service, Trades and Crafts, Security Service and Public Information Assistants categories in New York

Table A

### RECOMMENDED NET GENERAL SERVICE SALARY SCALE

Grades	Steps									
	I	II	III	IV	V	VI	VII	VIII	IX	X
1	12 997	13 491	13 985	14 479	14 973	15 467	15 961	16 455		
2	14 362	14 908	15 454	16 000	16 546	17 092	17 638	18 184	18 730	
3	15 870	16 473	17 076	17 679	18 282	18 885	19 488	20 091	20 694	21 297
4	17 536	18 202	18 868	19 534	20 200	20 866	21 532	22 198	22 864	23 530
5	19 377	20 113	20 849	21 585	22 321	23 057	23 793	24 529	25 265	26 001
6	21 411	22 225	23 039	23 853	24 667	25 481	26 295	27 109	27 923	28 737
7	23 660	24 559	25 458	26 357	27 256	28 155	29 054	29 953	30 852	31 751

#### Dependency allowances

\$

Dependent spouse	1 200 a/
Dependent child	706
Secondary dependent	630 b/

#### Language allowance (to be included in pensionable remuneration):

First additional language	\$876 net per year
Second additional language	\$438 net per year

a/ \$938 for new entrants appointed after the implementation of this salary scale.

b/ \$484 for new entrants appointed after the implementation of this salary scale.

Table B

RECOMMENDED NET TRADES AND CRAFTS SALARY SCALE

Grades	Steps					
	I	II	III	IV	V	VI
1	15 565	16 063	16 561	17 059	17 557	18 055
2	17 068	17 614	18 160	18 706	19 252	19 798
3	18 569	19 163	19 757	20 351	20 945	21 539
4	20 072	20 714	21 356	21 998	22 640	23 282
5	21 574	22 264	22 954	23 644	24 334	25 024
6	23 077	23 815	24 553	25 291	26 029	26 767
7	24 579	25 366	26 153	26 940	27 727	28 514
8	26 081	26 916	27 751	28 586	29 421	30 256

Dependency allowances

\$

Dependent spouse

1 200 a/

Dependent child

706

Secondary dependent

630 b/

a/ \$938 for new entrants appointed after the implementation of this salary scale.

b/ \$484 for new entrants appointed after the implementation of this salary scale.

## RECOMMENDED NET SECURITY SERVICE SALARY SCALE

Grades	Steps											
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
1	16 450	16 944										
2	18 358	18 909	19 460	20 011	20 562	21 113	21 664	22 215	22 766	23 317	23 868	24 419
3	20 265	20 873	21 481	22 089	22 697	23 305	23 913	24 521	25 129	25 737		
4	21 567	22 343	23 119	23 895	24 671	25 447	26 223	26 999				
5	23 469	24 314	25 159	26 004	26 849	27 694	28 539	29 384				
6	25 328	26 240	27 152	28 064	28 976	29 888	30 800	31 712				
7	27 187	28 166	29 145	30 124	31 103	32 082	33 061	34 040				

Dependency allowances

\$

Dependent spouse	1 200 a/
Dependent child	706
Secondary dependent	630 b/

Language allowance (to be included in pensionable remuneration):

First additional language	\$876 net per year
Second additional language	\$438 net per year

a/ \$938 for new entrants appointed after the implementation of this salary scale.

b/ \$484 for new entrants appointed after the implementation of this salary scale.



Table D

RECOMMENDED NET PUBLIC INFORMATION ASSISTANT SALARY SCALE

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Public Information Assistant	16 373	17 040	17 708
Public Information Assistant (half-time)	8 187	8 520	8 854
Tour Co-ordinators	18 530	19 402	20 273

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<u>Dependency Allowances</u>	<u>\$</u>
Dependent spouse	1 200 <u>a/</u>
Dependent child	706
Secondary dependent	630 <u>b/</u>

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a/ \$938 for new entrants appointed after the implementation of this salary scale.

b/ \$484 for new entrants appointed after the implementation of this salary scale.

ANNEX IX

Salary scale recommended by the International Civil Service Commission  
for the General Service Category in Rome

(Thousands of Italian lire)

Grades	Steps														
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
1	16 940	17 296	17 651	18 007	18 363	18 719	19 074	19 430	19 786	20 142	20 497	20 853	21 209	21 565	22 018
2	17 945	18 376	18 806	19 237	19 668	20 098	20 529	20 960	21 390	21 821	22 251	22 682	23 113	23 544	24 109
3	19 244	20 764	20 283	20 803	21 322	21 842	22 362	22 881	23 401	23 920	24 440	24 959	25 479	25 999	26 701
4	20 986	21 595	22 203	22 812	23 420	24 029	24 638	25 246	25 855	26 463	27 072	27 681	28 289	28 898	29 736
5	23 078	23 770	24 463	25 155	25 847	26 540	27 232	27 924	28 617	29 309	30 001	30 694	31 386	32 078	33 040
6	26 634	27 406	28 179	28 951	29 724	30 496	31 268	32 041	32 813	33 585	34 358	35 130	35 903	36 675	37 739
7	30 597	31 484	32 372	33 259	34 146	35 034	35 921	36 808	37 696	38 583	39 470	40 357			

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