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## Fifth Committee

### Summary record of the 17th meeting

Held at Headquarters, New York, on Wednesday, 13 November 2013, at 10 a.m.

*Chair:* Mr. Taalas ..... (Finland)  
*Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Ruiz Massieu

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*The meeting was called to order at 10.05 a.m.*

**Agenda item 141: United Nations common system**  
(A/68/7/Add.4 and A/68/30; A/C.5/68/3)

1. **Mr. Rhodes** (Chair of the International Civil Service Commission (ICSC)), introducing the Commission's report for 2013 (A/68/30), said that, as requested by the General Assembly in its resolution 67/257, ICSC was conducting a review of the common system compensation package, bearing in mind organizations' financial situation and their capacity to attract a competitive workforce. The Commission was also keenly aware of the serious financial situation facing Member States and their national civil services. The conduct of the comprehensive review required the support of all stakeholders; the aim was to reconcile competing priorities and arrive at a revised system that was coherent and sustainable and that met the concerns of Member States, organizations and staff members. Working groups had been established to consider three items in the review: the remuneration structure; competitiveness and sustainability; and performance incentives and other human resources issues. Input was being sought from the executive heads of organizations and from staff through a global staff survey. The review would also cover the methodologies for the education grant, children's allowances and the post adjustment. He noted that the effort to carry out the review using available resources had placed a significant burden on the Commission's administrative and operational capacity.

2. With respect to the mandatory age of separation, the Commission recommended that the age should be raised to 65 for current staff, considering that many national Governments had amended their retirement schemes to facilitate longer working lives. Human resources policies could address any issues relating to performance management, workforce rejuvenation, and gender and geographical balance. Moreover, the consulting actuary of the United Nations Joint Staff Pension Fund had estimated that the resulting reduction in the actuarial deficit would further enhance the Fund's long-term sustainability. The change would also reduce after-service health insurance liabilities. In order to give organizations time to implement the change, it should take effect from 1 January 2016, with the understanding that it would not affect staff members' acquired rights.

3. The margin between the net remuneration of United Nations staff in the Professional and higher categories in New York and that of the United States federal civil service employees in comparable positions in Washington, D.C., was 119.6 for 2013, with a five-year average of 115.7 for 2009 to 2013. The Commission had agreed that, in order to maintain the margin within the established range of 110 to 120, there should be no increase in the post adjustment for New York in February 2014. It would follow the margin management procedure approved by the Assembly in its resolution 46/191 to maintain purchasing power parity between salaries in New York and in other duty stations.

4. On the matter of the base/floor salary scale, the Commission recommended that the Assembly should adjust the scale by 0.19 per cent to reflect the net base salary increase in the United States federal civil service from 1 January 2012 to 1 January 2014. The standard procedure, in which the base salary was increased and the post adjustment multiplier was reduced commensurately, would result in no change in net take-home pay.

5. The report also contained information on the review of the methodology for the children's and secondary dependants' allowances and the survey of conditions of employment of General Service staff in Paris and Montreal. The Commission had not taken action on the recommendations of the Advisory Committee on Post Adjustment Questions concerning the post adjustment system, as it considered that any changes to the system should be introduced following the compensation review.

6. **Mr. Huisman** (Director, Programme Planning and Budget Division), introducing the statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly on the administrative and financial implications of the decisions and recommendations contained in the report of ICSC for 2013 (A/C.5/68/3), said that financial implications would arise from the ICSC recommendations on an increase in the base/floor salary scale; a special measure on the education grant in Belgium; and the survey of best prevailing conditions of employment for General Service staff in Paris and Montreal.

7. For the biennium 2012-2013, the recommendations would entail additional requirements

of \$17,900 under the programme budget, which would be addressed in the performance report for the biennium. For the biennium 2014-2015, there would be additional requirements of \$72,000 under the proposed programme budget and of \$5,300 and \$1,700 under the proposed budgets of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, respectively, which would be addressed in the related performance reports.

8. For the biennium 2014-2015, an additional appropriation of \$195,700 would be required in respect of the United Nations share of the proposed programme budget under section 31, Jointly financed administrative activities, and would represent a charge against the contingency fund.

9. For the budgets of peacekeeping operations, the recommendations would entail additional requirements of \$11,000 for the financial period from 1 July 2013 to 30 June 2014, which would be reported in the related performance reports; additional requirements of \$22,000 for the period from 1 July 2014 to 30 June 2015 would be incorporated into the proposed budgets.

10. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/68/7/Add.4), said that the Advisory Committee concurred with the Secretary-General's presentation of the financial implications of the ICSC recommendations. In addition, the Commission required additional resources of \$606,000 in order to report on the progress and preliminary findings of its comprehensive compensation review. The Advisory Committee had no objection to the proposal to allocate the funds, but expected that efforts would be made to achieve cost efficiencies in their use.

11. **Mr. Pace** (President of the Federation of International Civil Servants' Associations (FICSA)) said that in recent years the global economic crisis had prompted common system organizations to cut costs and seek efficiencies, and those measures had helped to ease the immediate budgetary problems. However, the lack of consistency in conditions of employment remained a barrier to inter-agency mobility for staff members and hence a truly unified common system. ICSC had made some recommendations in its report (A/68/30) that could enhance the coherence of the system. The recommendation to increase the mandatory age of separation to 65 for current staff as

of January 2016 was consistent with the need to implement a common approach to separation for all staff. It was demographically and actuarially sound and would alleviate organizations' after-service health insurance liabilities. In addition, it would result in savings from less frequent recourse to the hiring of retirees and would enhance equity, cohesion and mobility among United Nations agencies by giving all staff the possibility of retiring at the same age, without infringing their acquired rights. If handled properly by human resources management, the change would hamper neither the rejuvenation of the workforce nor the achievement of gender balance and equitable geographical distribution. He expressed the hope that the Committee would endorse the recommendation.

12. The salary management system put in place to prevent unpredictable fluctuations in United Nations salaries had served its purpose following a freeze in the remuneration of the comparator civil service. At the same time, the comprehensive review of compensation being undertaken by ICSC was raising expectations and concerns among Member States, organizations and staff. FICSA was of the view that the parameters governing compensation should not be altered until the results of that review were known. Moreover, the review should not be driven by short-term needs; a sound methodology that anchored the United Nations remuneration package in market realities would ensure that staff recruitment and retention were guided by the principles of Articles 100 and 101 of the Charter.

13. The United Nations role had evolved owing to the increasing demand for peacekeeping operations and assistance for starving populations and refugees, and operations in dangerous environments had required changes in safety and security measures and in compensation for staff working in those environments. Nevertheless, the cohesion of the common system remained fundamental to the success of the international civil service. The compensation system had proved highly flexible and the Flemming and Noblemaire principles on which it was based had stood the test of time. The system should therefore not be rebuilt completely; rather, any adjustments needed should be made within the existing framework.

14. Lastly, FICSA was concerned about the status of staff-management relations in many organizations of the common system. Noting that the Joint Inspection Unit had issued a report on staff-management relations in the United Nations specialized agencies and

common system (JIU/REP/2012/10) following its report on staff-management relations within the United Nations (A/67/136), he said that, although the matter was not on the Committee's current programme of work, he would seek to discuss the issue informally with delegations, as good staff-management relations were important for a positive and productive work environment.

15. **Ms. Analena** (President of the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA)) said that CCISUA supported the goal of ensuring consistency in conditions of employment throughout the United Nations common system, promoting equality and fostering efficiency. Technical analysis of issues and compliance with established methodologies had served the system well. Good staff-management relations based on dialogue and the exchange of ideas and information were crucial; the difficult relations that had prevailed in recent times would not help to resolve the many thorny issues under discussion.

16. CCISUA was pleased to be participating in the compensation review, despite some concerns that it might have been prompted by a dismaying tendency to view staff as financial liabilities rather than as important contributors to the values and goals of the United Nations. It would be advisable to await the results of the review before considering any change to the current compensation system, particularly the United Nations/United States net remuneration margin. Given the comprehensive nature of the review, any immediate change to the status quo might compromise the technical soundness and therefore the outcome of the review. An open and collaborative review process was essential.

17. The Coordinating Committee supported the ICSC recommendation that the mandatory age of separation for current staff members should be changed to 65 with effect from 1 January 2016. That would be consistent with the worldwide trend towards increasing the retirement age and would have a potential positive impact on the financial position of the United Nations Joint Staff Pension Fund. Staff were generally in favour of the change, provided that it did not affect their acquired rights. Giving staff members the option of remaining in service a few more years would enable them to contribute to the Pension Fund longer and offer the Organization the benefit of their skills and experience. Because only a small percentage of staff

would be affected, the change was unlikely to negatively affect the rejuvenation of the work force or efforts to improve the geographical balance.

18. Conditions of service were of critical importance to morale and the ability of staff to perform their duties. It was therefore disappointing that the post adjustment system had not been allowed to function according to the agreed methodology. There was insufficient focus on concepts such as the Noblemaire principle, which aimed to ensure competitive remuneration in order to attract a diverse and talented work force. Staff members were a critical asset, not an expense. Every day, staff risked their lives and sacrificed their family relationships in order to carry out the work of the United Nations as determined by the Member States; they deserved to be recognized for their dedication and to be compensated accordingly. For field-based staff members who served the less privileged, sometimes at the risk of losing their own lives, security was not a form of compensation but a necessity and therefore a critical part of agencies' operations.

19. Staff-management relations were in serious crisis, following the Secretary-General's unilateral withdrawal of the right of staff representatives to negotiate with management. Staff unions were not asking to co-manage the Organization or to veto change; rather, they were asking for due process and the right to negotiate on matters of safety in the field, at a time when record numbers of civilian staff — over 200 in the previous 10 years — were being killed in attacks.

20. **Mr. Thomson** (Fiji), speaking on behalf of the Group of 77 and China, said that ICSC played a crucial role in the harmonization of conditions of service of United Nations staff under General Assembly resolution 63/250. The Group would seek further information on the implementation of the resolution. It would also seek the views of representatives of the staff, the common system organizations and the United Nations Joint Staff Pension Fund on the ICSC recommendation on raising the mandatory age of separation for current staff.

21. With respect to the development of the United Nations/United States net remuneration margin, the Group would need to see the updated figures for December 2013 and those projected for February 2014 in order to better assess the situation. In addition to the

change in the post adjustment index for New York to take effect in February 2014, some data used in calculating the margin would be available only after that date. Noting that ICSC had considered probable trends in the major variables and their effect on the margin, he said that the Group wished to have clarification from the Commission regarding the impact of those variables on the figures for February 2014 and on the post adjustment cycle that would begin that month.

22. The Group had serious concerns about the insufficient progress made by common system organizations in achieving gender balance, particularly at senior levels. It supported the ICSC recommendations aimed at improving the representation of women and maintained that greater efforts should be made to recruit women from developing countries.

23. **Mr. Van den Akker** (Observer for the European Union), speaking also on behalf of the candidate countries Montenegro, Serbia and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania and Bosnia and Herzegovina; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the European Union supported the independence of ICSC, which had a significant role to play in enhancing the effective functioning of the organizations of the common system, especially at a time of financial and economic crisis.

24. The staff were the core of the United Nations. The Secretariat must continue to find ways of improving the Organization's functioning, as only motivated staff members, confident that good work would be rewarded and mediocrity would not be tolerated, would perform to the highest standard. The European Union was committed to providing staff with appropriate support that would enable them to work effectively and safely, especially in dangerous conditions. At the same time, it was necessary to operate within the same constraints that many Member States imposed on their own civil services as a result of the financial difficulties they faced. United Nations staff could no longer be insulated from current economic realities without jeopardizing the sustainability of the system. The fact that the net remuneration margin had moved away from the desirable midpoint of 115 was a reason for concern and must be addressed.

25. With respect to the possibility of raising the mandatory age of separation to 65 for current staff, he noted with concern that ICSC and the representatives of common system organizations had not reached agreement on how to proceed. Further information would be needed on the merits and potential shortcomings of such a step.

26. The European Union would examine carefully the issues of the remuneration of staff in the Professional and higher categories, the proposed revision of the base/floor salary scale and the conditions of service of General Service and other locally recruited staff. The ICSC review of the compensation package would be vital in ensuring the sustainability of the common system. A more realistic and simplified system that better responded to organizations' needs must be established.

27. **Mr. Haque** (India) said that ICSC had made a significant contribution to human resources reform by harmonizing the conditions of service of United Nations staff and institutionalizing the complex compensation management mechanisms. It had helped to ensure that the Organization attracted a talented workforce that received proper remuneration. The Commission's review of the compensation package would shape the quality of the future workforce and, it was to be hoped, improve its geographical and gender diversity.

28. The Assembly's deferral of decisions on the common system, included on post-related recosting, had led to distortions in the compensation arrangements and the level of the net remuneration margin was fast approaching the acceptable limits. Given the current pay freeze for the comparator civil service and the uncertainty as to whether it would continue beyond December 2013, measures should be put in place to maintain the margin at the desirable midpoint of 115. The post adjustment system should be allowed to function normally in accordance with the methodology approved by the Assembly.

29. Adequate resources should be provided to ensure the implementation of the ICSC recommendations. Senior-level posts were being established at an ever quicker pace and mandate creep across departments and entities made it difficult to monitor posts, functions and finances judiciously. Budgetary difficulties could not be attributed to staff remuneration alone.

30. **Ms. Koyama** (Japan) said that her delegation supported the goal of the common system, which was to ensure the efficiency and effectiveness of the conditions of service of staff in all participating organizations. The greatest asset of the United Nations was its staff, but rising staff costs were a major factor in budget increases. She therefore welcomed the review of the compensation package being conducted by ICSC; the net remuneration margin was also in need of review.

31. The ICSC recommendation on raising the mandatory age of separation for current staff to 65 required careful consideration, as it would have a great impact on human resources management, including with respect to the geographical distribution of posts and the rejuvenation of the Organization. Her delegation would be willing to discuss deferring application of the measure to current staff members.

32. She urged ICSC to continue informing the Assembly of any challenges it faced in guiding common system organizations towards more coherent and effective human resources management.

33. **Mr. Kim Jihoon** (Republic of Korea) said that United Nations staff deserved remuneration and benefits that adequately rewarded their contribution to the work of the Organization and addressed their unique status as international civil servants. At the same time, it was necessary to ensure that the compensation package not only attracted a competitive workforce but also inspired serving staff to excel in their careers.

34. On the matter of the net remuneration margin, his delegation was concerned that, should the margin level reach 119.8 by the end of 2014 and remain that high, the five-year average would approach the upper limit of 120, potentially further burdening Member States at a time when many were adopting austerity measures. He expressed confidence that ICSC would help the Assembly to address the issue.

35. **Mr. Lieberman** (United States of America) said that the measures being taken to address the issue of rising staff costs — an analysis by the Chief Executives Board for Coordination of the effects of growing staff costs throughout the common system, the ICSC compensation review and a pay freeze that had temporarily halted automatic cost-of-living increases — would not contain those costs quickly enough to meet the concerns of many United Nations system

organizations. In recent months, the governing bodies of the Food and Agriculture Organization, the International Maritime Organization and the World Intellectual Property Organization had all adopted resolutions requesting the Assembly and ICSC to take action to relieve the pressure of staff costs, and more organizations would likely do the same in the coming months.

36. There appeared to be broad agreement that the problem must be addressed soon. Pending the development of long-term measures, the best solution would be to adjust the margin management methodology. Under the Noblemaire principle, the compensation of United Nations staff was determined by the highest-paid, or comparator, national civil service, which was that of the United States; the difference between the two levels of pay was known as the margin. Pursuant to General Assembly resolutions 40/244 and 43/226, ICSC ensured that the one-year margin remained within a range of 110 to 120 per cent of comparator pay and that the average margin over a five-year period was at the desirable midpoint of 115.

37. The problem at present was that the one-year margin had risen from 113.3 in 2010 to a projected 122.4 in 2014, owing to a freeze in comparator pay. As a result, the five-year average had risen above 115 for the first time in history, reaching 115.7 in 2013. The projections provided by ICSC in its report (A/68/30) indicated that the average would rise to 116.9 in 2014, 118.2 in 2015 and 119.4 in 2016. Only a reduction in the post adjustment would return the five-year average to the desirable midpoint; otherwise, every year that the comparator pay was frozen, organizations would continue to pay more for professional staff than the Assembly had intended.

38. The Assembly had set the policy goal, but it should also provide guidance to ICSC on the duration over which corrective action should take place. It was his delegation's view that the downward correction should take place over a short duration in order to give organizations immediate relief. The shorter the duration, the faster those organizations could redirect resources away from overpayments to United Nations professionals and towards the strengthening of their mandates.

39. The hard work, dedication and leadership of United Nations professionals were crucial to the work of the common system. His delegation's focus on staff

costs was in part an effort to preserve the central role of staff, as many organizations had cut staff or replaced them with consultants in response to budget pressures. The Joint Inspection Unit, in its report on individual consultancies in the United Nations system (A/68/67), had indicated that the cost of hiring a consultant was less than half the cost of establishing a Professional post. Unless Member States and the Administration fulfilled their obligation to manage responsibly, staff would continue to be supplanted in an era of fiscal austerity.

*The meeting rose at 11.25 a.m.*