



NINETEENTH ITEM ON THE AGENDA

Report of the International Civil Service Commission

1. This report outlines a number of recommendations of the International Civil Service Commission (ICSC) concerning the base/floor salary scale for staff in the Professional and higher categories that have been submitted to the United Nations General Assembly (UNGA) in its annual report for 2002.¹ The recommendations have financial implications for the Office and are submitted to the Programme, Financial and Administrative Committee for early consideration so as to avoid the need for costly retroactive adjustments. The document also outlines changes proposed to certain other conditions of service, some of which have further financial implications.
2. The Committee will not be able to consider the decisions of the United Nations General Assembly on the ICSC's recommendations at the present session of the Governing Body, as those decisions are unlikely to be made before mid-December 2002. A detailed report on the outcome of the discussions in the General Assembly will be provided to the Committee in March 2003.

Evolution of the margin

3. The ICSC regularly carries out comparisons of the net remuneration of the United Nations staff in grades P.1 to D.2 in New York with that of the United States federal civil service employees in comparable positions in Washington, DC. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington is the net remuneration "margin". A margin range of between 110 and 120 has been regularly reaffirmed by the General Assembly with a desirable mid-point of 115. The net remuneration margin for 2002 was forecast at 109.3 between the net remuneration of the United Nations staff in grades P.1 to D.2 in New York and that of the United States federal civil service in Washington, DC. Concern was expressed, both by members of the ICSC as well as by organizations, at the low levels of margin particularly at the higher UN grades.

¹ General Assembly, Official Records, Fifty-seventh Session, Supplement No. 30 (A/57/30).

Base/floor salary scale

4. Given the evolution of the margin (see paragraph 3 above), the ICSC considered three remedial options:
 - (1) the standard adjustment of the base/floor salary scale on a no-loss/no-gain basis;
 - (2) an across-the-board salary increase of 5.7 per cent to bring the overall margin to its appropriate level, and in order to keep the base/floor scale in line with the comparator; and
 - (3) a differentiated salary increase that would address the overall margin level and the low levels of the margin at the upper grades of the scale and the high margin levels at the lower end of the scale.
5. The Commission considered that to propose an adjustment of the scale on a no-loss/no-gain basis was a moot point. On an earlier occasion, it had already decided that if it became evident that the margin would drop below the lower limit of 110, it would make a recommendation to the General Assembly for a real salary increase, to bring the overall margin to its desirable level of 115. It noted that an across-the-board increase would result in an overall margin level of 115 for 2003, but that the imbalances in the margin would remain.
6. The Commission therefore decided to recommend to the General Assembly, for implementation effective 1 March 2003, a differentiated real increase of the base/floor salary scale to address the low level of the margin at the upper grades of the salary scale and to restore the overall level of the margin to the desirable mid-point of 115. The increases range from 0.45 per cent at the P.1 grade, to 13.30 per cent at the D.1 grade (10.70 per cent at D.2 and above).
7. Consequential increases in the mobility and hardship allowance and separation payments would also result from this salary adjustment.

Other issues

8. The ICSC continued its consideration of issues involved in the *comprehensive review of the pay and benefits system*. It established a timetable of prioritized activities through to 2006, and decided to inform the General Assembly of its approach, while continuing further study on particular activities. The priorities focused on the following issues:
 - revision of the current job classification system;
 - introduction of broad-banding;
 - introduction of reward for contribution;
 - introduction of a senior management service.
9. At the request of the General Assembly, the ICSC considered the issue of mobility and its implications for the career development of staff members in the UN system. A programme of work for the future would be developed, which should address, inter alia, links between career development and mobility, and provide an analysis of the advantages, disadvantages and obstacles to mobility both for the organizations and staff members. Any future work

should be developed in accordance with the ongoing work on the review of pay and benefits.

10. The ICSC recommended to the General Assembly that increases be approved in the levels of maximum *education grant* and maximum admissible expenses in duty stations where education-related expenses were incurred in certain specified currencies (a consequential adjustment would also be required in the amount of the special education grant paid for each disabled child). The ICSC also proposed increases in flat rates for boarding costs and the additional amounts for reimbursement of boarding costs over and above the maximum education grant payable to eligible staff members at designated duty stations. These increases are proposed to take effect from the school year in progress on 1 January 2003.
11. The Commission decided that with effect from 1 January 2003, the level of hazard pay granted to locally recruited staff should be increased to 30 per cent of the mid-point of local base salary scales. This decision falls within the mandate of the ICSC and does not require General Assembly approval.

Financial implications

12. The Programme and Budget for 2002-03, as approved by the International Labour Conference at its 89th Session (June 2001), does not include a provision for implementing the ICSC's recommendations for a differentiated increase in the base/floor salary scale and in related allowances/payments for the Professional staff. It is estimated that the cost of the increases in the salary scales for the Professional staff would be some \$3,228,000 for the 2002-03 biennium. It is proposed that these costs would in the first instance be financed from savings under Part I of the budget or failing that, be charged to Part II (Unforeseen expenditure).
13. The changes in family and education grant limits (paragraph 10) and in hazard pay for locally recruited staff are covered by provisions made for that purpose in the Programme and Budget for 2002-03.
14. *The Committee may wish to recommend that the Governing Body, subject to the approval by the United Nations General Assembly –*
 - (a) *accept the recommendations of the ICSC on the following entitlements:*
 - (i) *an increase in the base/floor salary scale;*
 - (ii) *consequential increases in the mobility and hardship allowance and separation payments, for staff in the Professional and higher categories, with effect from 1 March 2003;*
 - (iii) *increases in the maximum education grant and maximum admissible expenses payable to eligible staff members at designated duty stations, with effect from the school year in progress on 1 January 2003;*
 - (b) *authorize the Director-General to give effect in the ILO, through amendments to the Staff Regulations (as necessary), to the measures referred to in subparagraph (a), subject to their approval by the General Assembly; and*

- (c) *approve the financing of the increase in the base/floor salary scales for the Professional staff estimated at some \$3,228,000 for the 2002-03 biennium, in the first instance from savings under Part I of the budget or failing that, through the use of Part II (Unforeseen expenditure).*

Geneva, 3 October 2002.

Point for decision: Paragraph 14.