

**NINETEENTH ITEM ON THE AGENDA****Report of the International  
Civil Service Commission**

1. This report outlines recommendations and decisions of the International Civil Service Commission (ICSC) that have been submitted to the United Nations General Assembly (UNGA) in its annual report for 2003. The document also outlines changes proposed to certain other conditions of service and policies, some of which may have further financial implications.
2. The Committee will not be able to consider the decisions of the UNGA on the ICSC's recommendations at the present session of the Governing Body, as those decisions are unlikely to be made before mid-December 2003. A report on the outcome of the discussions in the UNGA will be provided to the Committee in March 2004.

**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 UNGA with a desirable mid-point of 115. The net remuneration margin for 2003 was forecast at 111.9 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, D.C. The ICSC recalled the UNGA's decision to adopt, with effect from January 2003, a different base/floor salary scale than the one recommended by the Commission. Consequently, the overall margin had not been restored to its desirable level of 115.

**Hazard pay for local staff**

4. The Committee was informed at its March 2003 session that the UNGA had requested the Commission to reconsider its decision to increase the level of hazard pay granted to locally recruited staff. The Commission nevertheless decided to uphold its decision that the level of hazard pay should be increased to 30 per cent of the mid-point of the local base salary scales, with effect from 1 January 2004.

## Other issues

### Review of the pay and benefits system

5. The UNGA, in its resolution 57/285 of 20 December 2002, took note of the concrete progress made by the ICSC in the review of the pay and benefits system in the context of the approved framework for human resources management. The Commission continued to review, on a priority basis, the following issues:
  - (1) validation and promulgation of the revised Master Standard;
  - (2) broadbanding/pay-for-performance;
  - (3) introduction of a Senior Management Service (SMS).
6. Following the endorsement of the conceptual model of the new job evaluation system at the Commission's 56th session, validation exercises were conducted which showed that the new standard was ready for application. In order to allow organizations the time to complete their internal consultative process before introducing changes in the system, however, the Commission decided that it would delegate its authority for the promulgation of the new system comprising the: (i) Master Standard; (ii) Grade Level Descriptors; and (iii) a new job description format, to its Chairman with a view towards promulgation as of 1 January 2004.
7. The Commission also decided that its secretariat would pursue further research on the proposal to reform the job evaluation system for the General Service and related categories.
8. It was decided at the 56th session that only one broadbanded structure should eventually be applied to the entire common system, but that three different models would be tested at the pilot stage. Pursuant to this decision, the Commission decided to move forward with the pilot study as soon as the preparatory work was complete. The Commission noted that a credible performance appraisal system was critical to the success of any broadbanding and/or pay-for-performance scheme and expressed its appreciation for the work completed by the secretariat on the review of the organizations' performance appraisal systems as part of the measures to evaluate their readiness to link pay to performance. It was agreed that weaknesses in the appraisal systems should be identified and resolved prior to the launch of the broadbanding system.
9. To guide the preparation for and conduct of the pilot study, the Commission requested that its secretariat present proposals that would, inter alia, develop measures to assess the readiness of the volunteer organizations to undertake the pilot study and adjust the commencement date for the pilot accordingly; determine how long the pilot study should continue; and permit a real rather than a virtual test of pay-for-performance that would address any legal and/or administrative impediments.
10. Taking note that the developmental work on the SMS was proceeding under the auspices of the United Nations System Chief Executives Board for Coordination, with a view to, inter alia, validating the core competencies and the further development of the criteria for the determination of the SMS membership, the Commission requested the organizations to inform it of progress made, with a report to be submitted at its 58th session.

## **Contractual arrangements**

- 11.** The Commission was presented at its 57th session with an analysis of the experience as regards contractual arrangements in the ILO, ITU, UNHCR and WHO, and proposals for developing a general framework within which organizations could operate. The Commission noted that, while there was agreement that the number of contracts should be reduced across the common system, more information was required and more work needed to be done before making a recommendation to the General Assembly.

## **Mobility**

- 12.** On the basis of information collected from a range of organizations, the Commission examined various rationales for mobility, constraints to and a framework for the enhancement of mobility in the common system. The Commission recognized that mobility, both internal and inter-agency, was a key element in the reform efforts of the organizations and decided that it should approach mobility in a comprehensive manner, in harmony with contractual arrangements, conditions of employment, work/life agenda and spouse employment.
- 13.** In the context of pay and benefits review, the Commission also decided to review the current mobility and hardship scheme in order to assess its effectiveness in meeting the organizations' needs and to make alternative proposals to enhance mobility.

## **Financial implications**

- 14.** Any changes in hazard pay for locally recruited staff would be covered by provisions made for that purpose in the Programme and Budget for 2004-05.
- 15.** When it is clear that the ICSC decision is to be implemented, the Director-General will amend the Staff Regulations as provided for under the provisions of article 14.7 of the Staff Regulations and inform the Governing Body accordingly.

Geneva, 2 October 2003.