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FINANCE COMMITTEE

Hundred and Seventy-eighth Session

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**Recommendations and Decisions of the International Civil Service
Commission and UN Joint Staff Pension Board to the General Assembly
(including Changes in Salary Scales and Allowances)**

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EXECUTIVE SUMMARY

- The purpose of this paper is to inform the Committee of recent developments in the activities of the International Civil Service Commission (ICSC) and the United Nations Joint Staff Pension Board (UNJSPB) and changes in the conditions of service of staff in the professional and higher categories as well as general service staff.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to take note of the contents of this document.

Draft Advice

- **The Committee noted the recent developments in the activities of the International Civil Service Commission (ICSC) and the United Nations Joint Staff Pension Board (UNJSPB).**

Conditions of service applicable to both categories of staff (Professional and higher and General Service)

Implementation of the principles and guidelines for performance appraisal and management for the recognition of different levels of performance

1. At its 89th session, the International Civil Service Commission (ICSC) requested its secretariat to keep it apprised of the general developments taking place in the area of performance management with a view to assessing the need for any changes to the principles and guidelines at the time of its next review in 2021.
2. The Commission encouraged organizations in the common system to conduct more formal evaluations of their performance management system in order to inform the Commission's future review.

Conditions of service of the Professional and higher categories

Base/floor salary scale

3. The Commission decided to recommend to the General Assembly that the current base/floor salary scale as well as the updated pay protection points for the Professional and higher categories be increased by 1.21 per cent through the standard consolidation procedure, namely, by increasing the base salary and commensurately decreasing post adjustment levels, with effect from 1 January 2020.
4. The current rates of staff assessment used in conjunction with gross salaries should be maintained until their next regular review in 2022, unless a change in the situation of the Tax Equalization Fund necessitates an earlier review.
5. The system-wide financial implications of this change would be limited to the revision of the separation payments schedule and estimated at approximately USD 540,000 per year. For FAO, the financial implication is estimated to be slightly less than USD 40,000 for the year 2020.

Evolution of the margin

6. Under a standing mandate, the Commission reports annually to the UN General Assembly on the net remuneration margin, which is the relative difference between the net remuneration of United Nations staff in the Professional and higher categories in New York and that of officials in comparable positions in the United States federal civil service in Washington, D.C. For that purpose, the Commission annually tracks changes occurring in the remuneration levels of both the international civil service and the United States federal civil service.

The Commission decided to report to the UNGA that the estimated margin for the calendar year 2019 amounted to 113.4.

Education Grant: review of scale and level of boarding lump sum

7. The Commission decided to recommend to the General Assembly that, from the school year in progress on 1 January 2020:

- The sliding reimbursement scale be revised as follows:

Claim amount bracket (United States dollars)	Reimbursement rate (percentage)
0–13 300	86
13 301–20 000	81
20 001–26 700	76
26 701–33 400	71
33 401–40 000	66
40 001–46 700	61
46 701 and above	–

- The boarding lump sum be increased to USD 5,300.

8. The financial implications for FAO are estimated to USD 248,000 per annum for adjusting the sliding reimbursement scale and USD 6,000 for increasing the boarding lump sum.

Post adjustment issues

9. In the Advisory Committee on Post Adjustment Questions' forty-first session report, the Committee was invited to continue with the review of the methodology underpinning the post adjustment system, in line with the project management plan, and in preparation for the next round of surveys.

The Administrative Tribunal of the International Labour Organization's (ILOAT) Judgments Nos. 4134 to 4138

10. In the judgements 4134 to 4138 of the ILOAT, it supported the complainants ILO, WHO, IOM, ITU and WIPO, which challenged the decision to apply to their salaries the post adjustment multiplier determined by the ICSC on the basis of its 2016 cost-of-living survey for Geneva, with the result that their salaries were reduced.

11. With respect to the ILOAT Judgments, the Commission:

- Expressed its disagreement with arguments and premises put forth in the consideration part of these judgments questioning the authority of the Commission regarding post adjustment;
- Recommended to the General Assembly to reconfirm the authority of the Commission to continue to establish post adjustment multipliers under Article 11(c) of the Commission's Statute;
- Requested guidance as soon as possible from the Assembly concerning the implementation of General Assembly resolutions 3042(XXVII), 3357(XXIX), 44/198, 45/259, 48/224 and 72/255;

- Drew the attention of the General Assembly to the challenge of having two concurrent independent administrative tribunals among the organizations of the United Nations common system;
- With regard to calls to implement the ILOAT judgments for all organizations, the Commission believed it was inappropriate to take any further decision, pending issuance of the United Nations Dispute Tribunal (UNDT) judgment on the Geneva post adjustment issue.

Hardship allowance: review of level

12. Most of the United Nations organizations' work is done in the field and often in countries where living and working conditions are difficult. The hardship allowance aims to compensate staff for difficult living conditions at these duty stations.

13. The amounts payable for the hardship allowance is to be revised every three years by reference to three factors:

- The average movement of net base salary plus post adjustment in the eight headquarters locations of the United Nations system;
- The movement of the out-of-area index used for post adjustment based on inflation factors in 21 countries; and
- The movement of the base/floor salary scale.

14. With regard to the levels, the Commission decided:

- To grant a 2 per cent increase in hardship allowance for implementation with effect from 1 January 2020; and
- To conduct a study on the hardship allowance to explore the possibility of changing the payment matrix to flat amounts, regardless of grade levels, and to assess its impact on staff movements and programme delivery in the near future.

Mobility incentive: review of level

15. The concept of mobility in the United Nations common system (UNCS) includes movement within and across organizations in the UNCS, occupations and geographic locations. For the purposes of the mobility incentive, mobility is the geographic reassignment of an internationally-recruited staff member for a period of one year or more from one duty station to another.

16. With regard to the levels, the Commission decided to set the lower limit of the mobility incentive to USD 6,700 (the previous lower limit was USD 6,500) per year, with effect from 1 January 2020, as outlined below.

Number of Assignment	Group I (P-1 to P-3)	Group 2 (P-4 to P-5)	Group 3 (D-1 and above)
2 to 3	6,700	8,375	10,050
4 to 6	8,375	10,469	12,563
7+	10,050	12,563	15,075

17. The levels of the mobility incentive will be revised again in three years, subject to the outcome of the review of its purpose in 2021.

18. With the increase in hardship allowance of 2 per cent and the increase in mobility incentive of 3 per cent, the financial implications for FAO are estimated to a total of approximately USD 126,500 per annum for the two items.

Non-family service allowance: review of level

19. The non-family service allowance is an incentive for staff to undertake assignments at non-family duty stations and it recognizes the increased level of financial and psychological hardship incurred by mandatory separation from family members, including additional service-related costs.

20. The Commission decided to maintain the current levels of the non-family service allowance at USD 19,800 per year for staff with eligible dependants and USD 7,500 for staff without eligible dependants. The level of the allowance will be reviewed again in three years in accordance with the established schedule, i.e. in 2022.

Relocation shipment: review of the ceiling for payments

21. In 2015, the Commission concluded its comprehensive review of the United Nations compensation system, in which it had, inter alia, identified a need for streamlining and simplifying the various elements relating to relocation. Hence, the Commission decided, at its eighty-first session, to establish a new relocation package consisting of three main features: relocation travel, relocation shipment and a settling-in grant.

22. In terms of shipment, the Commission had decided the following:

- To provide full removal of household goods for relocation shipment if that option was available, and, if not, to provide the option of full removal up to the established entitlement, which would be reimbursed to staff upon presentation of an invoice. In lieu of full removal, one of the following options could apply:
 - a) Lump-sum option established at 70 per cent of the actual cost of relocation shipments;
 - b) Lump sum set by organizations based on 70 per cent of costs of past shipments, not exceeding USD 18,000.
- To provide an entitlement for relocation shipment of household goods for staff with assignments of two years or more up to a standard 20-foot container for single staff and a 40-foot container for staff with eligible family members, regardless of the weight of household goods, via the most cost-effective route and mode of transportation.

23. The Commission decided to:

- Maintain the ceiling for the relocation shipment-related lump-sum payments, in lieu of full removal by organization, at the current level of USD 18,000;
- Review the ceiling for relocation shipment-related payments every three years using actual shipment cost data obtained from the organizations of the United Nations common system; and
- Request the organizations to report to it every three years on the actual annual costs of relocation shipment in order for it to conduct its review.

United Nations Joint Staff Pension Board (UNJSPB)

24. The Sixty-sixth session of the United Nations Joint Staff Pension Board (UNJSPB) was held at the United Nations office in Nairobi, Kenya, from 18 July to 26 July 2019.

25. H.E. Ambassador Philip Richard Owade from Kenya was elected Chair of the UNJSPB.

26. During its 2019 session, the Board considered a range of matters and made the following decisions.

Investment management and audit matters

27. The Representative for the Secretary-General who oversees the Investments and the Assets of the United Nations Joint Staff Pension Fund (UNJSPF) stated that the asset value of the Fund had decreased by USD 3.4 billion to USD 60.8 billion at end of 2018 but had recovered to USD 67.4 billion on 30 June 2019. He stressed the importance of focusing on long-term investment returns. Over the long-term, the Fund continues to exceed its Long-Term Investment Objective of a 3.5% real (net of inflation) return by a healthy margin.

28. On Audit, the Board approved the 2018 audited financial statements.

Administrative and governance matters

29. Following the extended absence of Chief Executive Officer (CEO), the UNJSPF Board formed a Succession Planning Committee and requested that it identify a suitable candidate for appointment by the Secretary-General as Acting CEO from January 2019 for as long as required. In January 2019, Ms. Janice Dunn Lee was appointed to the position of ACEO and Secretary to the UNJSPB.

30. After a competitive recruitment process conducted by the Board's Succession Planning Committee, candidates were interviewed in a closed session, and the Board approved the selection of a new CEO/Pension Benefits Administrator (PBA). On 28 August 2019, the Secretary-General, following the recommendation of the UNJSPB, has appointed Ms Rosemarie McClean of Canada as PBA of the UNJSPF.