A/73/30

United Nations

Report of the International Civil Service Commission for the year 2018

General Assembly
Official Records
Seventy-third Session
Supplement No. 30

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Contents

Abbreviations

CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
CEB	United Nations System Chief Executives Board for Coordination
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
PAHO	Pan American Health Organization
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNISERV	United Nations International Civil Servants Federation
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UN-Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNWTO	World Tourism Organization
UPU	Universal Postal Union
WFP	World Food Programme

WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

Glossary of technical terms

The glossary of technical terms can be found in a separate document on the website of the International Civil Service Commission at https://icsc.un.org/library/default.asp?list=AnnualRep.

Letter of transmittal

Letter dated 10 August 2018 from the Chair of the International Civil Service Commission addressed to the Secretary-General

I have the honour to transmit herewith the forty-fourth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit the present 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.

(*Signed*) Kingston P. **Rhodes**
Chair

Summary of recommendations of the International Civil Service Commission that call for decisions by the General Assembly and the legislative organs of the other participating organizations

Paragraph reference	
	A. Conditions of service applicable to both categories
	1. Review of pensionable remuneration
47 and annex III	The Commission recommends to the General Assembly a revised scale of pensionable remuneration and pay protection points for staff, as set out in annex III.
	2. End-of-service grant
65 and annex IV	The Commission recommends to the General Assembly the introduction of an end-of-service grant to be paid to staff members who separate from the organization at the expiration of their fixed-term appointment, after five or more years of continuous service, and that the grant be paid as a lump sum in accordance with the eligibility criteria and pay schedule set out in annex IV.
	B. Remuneration of staff in the Professional and higher categories
	1. Base/floor salary scale
83 and annex VI	The Commission recommends to the General Assembly, for approval with effect from 1 January 2019, the revised unified base/floor salary scale, as well as the updated pay protection points for the Professional and higher categories, as set out in annex VI to the present report, reflecting a 1.83 per cent adjustment, to be implemented by increasing the base salary and commensurately decreasing post adjustment multiplier points, resulting in no change in net take-home pay.
	2. Evolution of the United Nations/United States net remuneration margin
89 (a)	The Commission reports to the General Assembly that the margin between the net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the United States federal civil service in Washington, D.C., for the calendar year 2018 was estimated at 114.4.
	3. Children’s and secondary dependant’s allowances: review of the level
105	The Commission recommends to the General Assembly that, as of 1 January 2019, the children’s allowance be set at $3,666 per annum; the allowance for children with disabilities at $7,332 per annum; and the secondary dependant’s allowance at $1,283 per annum.
	C. Conditions of service in the field: duty stations with extreme hardship conditions
156	The Commission brings to the attention of the General Assembly its decision to grant a reduced amount of the non-family service allowance in the amount of $15,000 per year for staff members with eligible dependants in duty stations with hardship classifications of D or E in lieu of the option to install eligible dependants at the duty station.

Summary of financial implications of the decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

Paragraph reference	
	A. Conditions of service applicable to both categories
	1. Review of pensionable remuneration: comparability study of the pension schemes of the United Nations and the United States
45	The financial implications of the proposed changes in pensionable remuneration for both categories of staff were estimated at $38.4 million per annum, system-wide.
	2. End-of-service grant
64	The financial implications of introducing an end-of-service grant were estimated at $10.9 million per annum, system-wide.
	B. Remuneration of the Professional and higher categories
	1. Base/floor salary scale
80	The financial implications associated with the Commission's recommendation on an increase of the base/floor salary scale, as set out in annex VI, were estimated at approximately $802,000 per annum, system-wide.
	2. Children's and secondary dependant's allowances: review of the level
104	The financial implications related to the proposed increase were estimated at $26.8 million per annum.
	C. Conditions of service in the field: duty stations with extreme hardship conditions
155	The financial implications of the application of a reduced amount of the non-family service allowance for staff in locations with hardship classifications of D or E, assuming that no staff members install their eligible dependants in those duty stations, were estimated at $6.5 million per annum, system-wide.

Chapter I
Organizational matters

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute.

2. To date, 16 organizations have accepted the statute of the Commission and, together with the United Nations itself and its funds and programmes, participate in the United Nations common system of salaries and allowances.[1] One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.[2] Therefore, 28 organizations, agencies, funds and programmes (hereinafter "organizations") cooperate closely with the Commission and apply the provisions of its statute.

B. Membership

3. The membership of the Commission for 2018 is as follows:

Chair:
Kingston P. Rhodes (Sierra Leone)*

Vice-Chair:
Aldo Mantovani (Italy)***

Members:
Marie-Françoise Bechtel (France)*
Larbi Djacta (Algeria)**
Mohammed Farashuddin (Bangladesh)**
Carleen Gardner (Jamaica)*
Luis Mariano Hermosillo (Mexico)***
Yuji Kumamaru (Japan)***
Jeffrey Mounts (United States of America)***
Emmanuel Oti Boateng (Ghana)*
Wolfgang Stöckl (Germany)***
Vladimir A. Storozhev (Russian Federation)**
Xiaochu Wang (China)**
Eugeniusz Wyzner (Poland)*
El Hassane Zahid (Morocco)**

* Term of office expires 31 December 2018.
** Term of office expires 31 December 2020.
*** Term of office expires 31 December 2021.

[1] ILO, FAO, UNESCO, ICAO, WHO, UPU, ITU, WMO, IMO, WIPO, IAEA, UNIDO, UNWTO, the International Seabed Authority, the International Tribunal for the Law of the Sea and the Comprehensive Nuclear-Test-Ban Treaty Organization.
[2] IFAD.

C. Sessions held by the Commission and questions examined

4. The Commission held two sessions in 2018, the eighty-sixth, held at United Nations Headquarters in New York from 19 to 29 March, and the eighty-seventh, held at the headquarters of the United Nations Volunteers programme in Bonn, Germany, from 9 to 20 July.

5. At those sessions, the Commission examined issues that 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 discussed in the present report.

D. Programme of work of the Commission for 2019–2020

6. The programme of work of the Commission for 2019–2020 is contained in annex I.

Chapter II
Reporting and monitoring

A. Resolutions and decisions adopted by the General Assembly at its seventy-second session relating to the work of the Commission

7. The Commission considered a note by its secretariat on resolutions and decisions adopted by the General Assembly relating to the work of the Commission. In the note, the secretariat highlighted the presentation given by the Chair of the Commission to the Fifth Committee of the General Assembly, in which he had briefed the Committee on the work of the Commission during 2017 (see A/72/30 and A/72/30/Corr.1), highlighting items such as the use of categories of staff, the study on performance management and proposals on performance incentives, the evolution of the United Nations/United States net remuneration margin, the base/floor salary scale, post adjustment matters, diversity in the United Nations common system, pensionable remuneration and the results of the General Service salary surveys in Vienna.

8. Participants at the Commission's session were further informed that, in the weeks following the Chair's introduction of the Commission's annual report, there had been in-depth discussions on post adjustment matters relating to the results of the 2016 cost-of-living surveys and the implementation of the new mandatory age of separation.

9. Member States requested clarification on the various aspects of the post adjustment methodology, such as the gap closure measure and its historical background and how agencies were implementing the results of the baseline surveys. Following discussions on the work of the Commission, the Fifth Committee expressed serious concern about the fact that some organizations had decided not to implement decisions regarding the results of the 2016 cost-of-living surveys and the mandatory age of separation. This led the General Assembly to remind executive heads that failure to fully respect its decisions could prejudice the enjoyment by organizations of the benefits of participation in the common system, including in the United Nations Joint Staff Pension Fund. Furthermore, the Assembly invited the Secretary-General, in his capacity as Chair of CEB, to ensure that the Assembly's decisions were implemented in full and without undue delay across the common system.

10. After having reviewed the proposals of the Commission, the General Assembly adopted resolution 72/255, without a vote, on 24 December 2017.

Discussion in the Commission

11. The Human Resources Network and all three staff federations took note of the decisions of the General Assembly. The Network confirmed its commitment to the United Nations common system, highlighting that the system had been established to allow member organizations as employers to entrust matters of regulation and coordination of conditions of service and entitlements to ICSC as an independent, efficient and high-calibre expert body. Organizations expected ICSC to act as a catalyst for the ongoing United Nations reforms, which required particular attention to be given to all programmatic, administrative and managerial challenges. In the view of the Network, the coherent, efficient and timely implementation of the ICSC-related decisions would be further strengthened by the continuation and enhancement of an open and thorough dialogue among all parties involved.

12. Speaking on behalf of the specialized agencies, the spokesperson of the Network noted the authority of both the General Assembly and ICSC under its statute, while

highlighting that according to the jurisprudence of the ILO Administrative Tribunal, those agencies were obliged to take the extra step to check the specific impact and lawfulness of the ways the decisions of the common system were to be implemented prior to promulgating them. This additional step should therefore not be seen as unwillingness to implement common system decisions. With this in mind, it was emphasized that, given the importance of the decisions taken, it was incumbent on all parties involved to work collaboratively and constructively to ensure that the thrust and rationale of the decisions taken were fully understood and could be communicated clearly.

13. The representative of FICSA voiced similar sentiments and also questioned the legality of proceeding with the decision to implement the 2016 cost-of-living surveys despite what he believed to be flaws and errors in the methodology and its application. The representative of CCISUA also supported the agencies, adding that they could not blindly implement ICSC decisions without ensuring that the decisions would not lead to legal actions on the part of staff. The representative added that, while the General Assembly had asked for compliance with the post adjustment system, it did not place any restrictions on reconsideration by ICSC of the 2016 survey results. The representative of UNISERV, while agreeing that the Assembly made the final decisions, was of the view that there was a need for ICSC to discuss more thoroughly the effect of its recommendations before submitting them to the Assembly.

14. Members of the Commission recalled that, in its resolution 72/255, the General Assembly took note with appreciation of the work of ICSC, reaffirmed the role of the Assembly in approving conditions of service and entitlements for all staff, recalled articles 10 and 11 of the statute of the Commission and reaffirmed the central role of the Commission in regulating and coordinating conditions of service. Members expressed their apprehension that organizations had made the choice not to implement decisions taken by the Assembly; they believed that such action would undermine the decisions of the Assembly. Accordingly, organizations had no choice but to fully implement the decisions of the Assembly. This was a unanimous decision and, if anyone was of the view that the Assembly was wrong, it was imperative for them to revert to Member States. Members of the Commission called upon executive heads to heed the reminder expressed by the Assembly, namely, that failure to fully respect the decisions taken by the Assembly on the Commission’s recommendations could prejudice claims to enjoy the benefits of participation in the common system. Furthermore, in the resolution, the Assembly requested the Commission to recommend appropriate measures to deal with those organizations which did not cooperate fully with the Commission and to report thereon no later than its seventy-fourth session. While one Commission member requested a report from its secretariat on the implementation among organizations, participants were reminded that the Commission was not a policing organization and that it was necessary to await the decisions of the respective governing bodies.

15. Despite the dissatisfaction expressed by some organizations and staff, it was pointed out by members of the Commission that there were some very good decisions in the resolution unrelated to compensation, such as the outcome on the use of other categories of staff, performance incentives, specifically, recognition of different levels of performance, and the fact that the study on diversity had been broadened.

16. The Chair of the Commission concluded the discussion on the agenda item by describing the process and efforts that the secretariat had made over the past year to provide the information requested by all parties. He stated that there had been open discussions and that the end results at times had not been favourable to all, but that the secretariat staff was well qualified and well equipped to consider all options. A lot of time had been spent with Member States explaining various aspects of the post adjustment methodology and why certain decisions had been made. He explained why

an increase in the pay of United States staff would not result in an automatic, corresponding increase in salaries for common system staff. Consideration had to be given to the United Nations/United States net remuneration margin. He reassured staff that the Commission had followed an approved process and that it was willing to engage in further discussions.

Decision of the Commission

17. The Commission decided to take note of General Assembly resolution 72/255.

B. Monitoring of implementation of decisions and recommendations of the International Civil Service Commission, the General Assembly and the legislative or governing bodies by organizations of the United Nations common system

18. The Commission considered a note by the secretariat of ICSC on the implementation of decisions and recommendations of the Commission adopted by the General Assembly and the legislative or governing bodies of the organizations of the United Nations common system as provided for under article 17 of the statute of the Commission. In prior years, this item followed a two-year reporting cycle on the Commission's agenda; at its eighty-fifth session, however, it was decided that the secretariat would report annually to the Commission on the item. The Commission was presented with information from 22 common system organizations. While all organizations had implemented most aspects of the new common system compensation package, only seven had implemented the incentive payment for the recruitment of experts, while two organizations had decided to implement only parts of the education grant scheme as approved. It was also noted that with regard to the mandatory age of separation for staff who had joined the organizations prior to 1 January 2014, while many of the organizations had implemented the mandatory age of separation as approved, some organizations had decided to use different implementation dates. Additionally, it was mentioned that one organization, WIPO, had decided to pay a one-off cash lump sum for organizational performance to staff members in all categories in the organization subject to satisfactory individual performance.

Discussion in the Commission

19. The Human Resources Network expressed its appreciation that the monitoring of its decisions would now be done annually.

20. With regard to the decision of WIPO to pay an organizational performance incentive to all staff, the representative of WIPO explained that the award was in no way related to the recent pay cut which applied to staff in the Professional and higher categories in Geneva, but was based on the excellent performance of the organization in the biennium ending in December 2017, where income from WIPO services exceeded expectations while economies and prudent management resulted in lower-than-forecasted expenditure. WIPO had launched a rewards and recognition programme in 2013 which had been refined several times and which included team and individual recognition and both cash and non-cash rewards, as had been reported to ICSC in the past. In the organization's view, the recent enhancement of the rewards and recognition programme adhered to principles and guidelines of ICSC, which had recently recommended performance incentives that were approved by the General Assembly in December 2017. WIPO expressed its appreciation for the flexibility provided by that proposal in allowing it to recognize performance and to respond to its organizational need. The award was highly appreciated by WIPO staff, who

continued to apply outstanding effort and commitment in achieving excellent business results for the organization.

21. The three staff federations found it disconcerting that some organizations had not implemented the mandatory age of separation or had not implemented all aspects of the compensation package. IFAD continued to pay for boarding costs at the primary and secondary level regardless of whether the staff member was posted in the field or at headquarters, and, with regard to the education grant, had not implemented the new limitation with respect to the attainment of the first-level university degree. The International Seabed Authority had not made any changes to the education grant scheme. Regarding the recruitment incentive for experts, CCISUA was of the view that the incentive had been talked about a lot but in reality was difficult to implement, which was why only seven organizations had done so. FICSA and CCISUA fully supported the initiative of WIPO to offer all staff who had worked at the organization during the 2016–2017 period a lump-sum cash bonus, the amount of which was the same for all eligible staff.

22. Members of the Commission expressed appreciation for the information contained in the note, but expressed serious concern about the cash bonus that was paid to the staff of WIPO. They questioned the effect that this action could have on the rest of the common system. Regarding the explanation provided by the representative of WIPO, Commission members were of the view that the reason given for paying the cash bonus was not in line with the framework for the recognition and rewards programme. The Commission urged organizations to implement fully its recommendations and decisions and concluded its discussion on the item by recalling General Assembly resolution 72/255, in which the Assembly reminded executive heads and governing bodies of the United Nations common system that failure to fully respect the decisions taken by the Assembly on the Commission's recommendations could prejudice claims to enjoy the benefits of participation in the common system, including organizations' participation in the United Nations Joint Staff Pension Fund, as stated in article 3 (b) of the Fund's regulations.

Decision of the Commission

23. The Commission decided to take note of the document, expressed serious concern at the decision of WIPO to pay an organizational performance bonus to all staff members and urged organizations to fully implement decisions of the General Assembly and the Commission in a timely manner.

Chapter III
Conditions of service applicable to both categories of staff

A. Review of pensionable remuneration

24. The comprehensive review of pensionable remuneration was included in the programme of work of the Commission for 2017–2018. At its eighty-fourth session, held in March 2017, the Commission approved a list of items and a timeline for this review. In accordance with the approved road map, at its eighty-fifth session, held in July 2017, the Commission conducted an initial review of options for changes to the grossing-up factors applicable to the Professional and General Service categories, as well as options for recalculating the pensionable remuneration scale of Professional staff and revising the formula for the calculation of pensionable remuneration for ungraded officials based on the unified salary scale. It also examined the incidence of income inversion. Recognizing the complexity and interdependence of the various elements involved, the Commission decided to establish a working group on pensionable remuneration to further explore all of the options proposed and conduct a study of the common scale of staff assessment in close interrelationship with the other items.

25. The working group consisted of five members of the Commission and representatives of the organizations and staff federations, assisted by the secretariats of the United Nations Joint Staff Pension Fund and the Commission. Its findings and recommendations were presented to the Commission at its eighty-sixth session. At its eighty-seventh session, the Commission reviewed the results of a comparability study of the pension schemes of the United Nations and the United States federal civil service. The study had been completed by the ICSC and Pension Fund secretariats utilizing a tool prepared by the consulting actuary of the Pension Fund. The study compared the income replacement ratios (ratio of pension to net salary) provided under both schemes for staff members with similar service and earnings history.

26. As was done in the previous study, in 2012, the replacement ratio comparison included the defined benefit plan of the United Nations and the three sources of retirement income provided by the United States to federal workers hired after 1983, known as the Federal Employees Retirement System, namely, two defined benefit plans (a plan similar to that of the United Nations Joint Staff Pension Fund, and United States Social Security) and a defined contribution plan (the Thrift Savings Plan). Thus, under the comparator's scheme, the amount received upon retirement depended on how much the employee had accumulated through personal contributions, employer contributions and investment returns. Accordingly, the income replacement ratios presented for the Federal Employees Retirement System scheme were based on estimated investment income earned ranging from 3 to 10 per cent per year.

Discussion in the Commission

27. The Human Resources Network concurred with the recommendations of the working group and took note of the findings that the United States Federal Employees Retirement System scheme provided higher comparable benefits than the United Nations Joint Staff Pension Fund under the range of investment returns included in the comparability study. It agreed with the proposed changes for a new pensionable remuneration scale and noted that the sustainability of the Pension Fund should not be compromised. The Network highlighted the importance of establishing a dedicated communication strategy prior to the implementation of any changes, in order to ensure transparency and address potential questions. It also referenced the acquired rights of staff and requested that any negative impact on staff members with regard to their pensionable remuneration be avoided.

28. The staff federations also supported the recommendations of the working group, with the understanding that staff would not experience any negative consequences in pensionable remuneration. FICSA recalled that its acceptance of the recommendation to use single rates of staff assessment for staff in the Professional and higher categories was premised on the assumption that there would be no negative consequences for staff in the General Service category in particular. It noted that the replacement ratios for the benefits provided under the Pension Fund scheme remained comparable to, although slightly lower than, the benefits provided under the United States Federal Employees Retirement System scheme, and endorsed the proposed changes for the recalculation of the pensionable remuneration scales. CCISUA also referred to its understanding that no staff in the General Service category would be negatively affected and welcomed bringing the pensionable remuneration of Professional staff closer to that of staff in the General Service category, in the case of Professional and General Service staff who receive the same final salary and have completed the same number of years of service. It was of the view that increasing pensionable remuneration for staff in the Professional and higher categories was a work in progress as the income replacement ratio remained below that of the comparator. The representative of CCISUA also noted the importance of ensuring that the revision of the formula for the pensionable remuneration of ungraded officials would not result in any windfall gains. UNISERV supported the proposed recommendations and changes to pensionable remuneration and reiterated the objective of protecting the current levels of pensionable remuneration for all staff.

Alignment with the unified salary scale

29. Recalling the methodology for establishing pensionable remuneration, the Commission noted that the formula for the Professional and higher categories had originally been based on the dependency rate of salary. With the introduction of the unified salary scale for those categories of staff, the link between net salary and pensionable remuneration needed to be re-established. The Commission was informed that some members of the working group preferred the addition of the spouse allowance to net remuneration and the continued use of the dependency rates of the common scale of staff assessment so as to remain consistent. Other members of the working group expressed a preference for streamlining the calculation of pensionable remuneration levels by referring only to net remuneration of the unified salary scale without including the spouse allowance and using the single rates of the common scale of staff assessment. It was noted that the Commission recommended changes to the compensation structure for staff in the Professional category to establish salary levels that corresponded to the job for which they were hired and not their personal status. The application of the single rates of the common scale of staff assessment would therefore represent a tax element for salary earned and not dependency status. It was also noted that the move to one set of rates for both the Professional and the General Service categories would further reduce income inversion, given that the single rates of the common scale were already used for the calculation of the pensionable remuneration levels of the General Service category. The working group recommended the application of the single rates of the common scale of staff assessment to net remuneration under the unified salary scale, without the addition of the spouse allowance.

30. The Commission noted that the adoption of the unified salary scale reinforced the notion of payment of salary for work. Consistency in approach was favoured over the option of adding the spouse allowance to the unified salary scale, as the latter approach would de facto revert to referencing two rates of net remuneration. Members of the Commission supported the recommendation of the working group, finding it to be consistent with the approval by the General Assembly of the unified salary scale.

Grossing-up factors

31. The Commission considered the rationale for establishing different grossing-up factors for General Service and Professional staff, namely, the different average years of service. It was noted that, for the Professional category, the average age of entry, the mandatory age of separation, the difference in career span between the United Nations and the United States federal civil service and the taxes paid on pension had also been considered when establishing the factor in 1986. At that time, the Commission decided that it would be reasonable to use 46.25 per cent as the grossing-up factor, which corresponded to 25 years of contributory service. With no significant change in the average length of contributory service, this factor was maintained in subsequent reviews. When considering a grossing-up factor for staff in the General Service category, the Commission considered the average length of service, the difference in career spans between staff in the General Service and Professional categories, the previous calculation of pensionable remuneration based on 100 per cent of net salary levels for this category and the variance of levels of pensionable remuneration within the category. Upon the recommendation of the Pension Board, the Commission implemented a grossing-up factor of 66.25 per cent in 1994 for staff in the General Service and related categories.

32. The working group reviewed options for changing the factors, taking into consideration the average length of service, the recent changes in the mandatory age of separation and the increase in the maximum benefit accumulation rate. It was noted that the average number of years of contributory service had not changed significantly over time and that the recent changes in the mandatory age of separation had not yet been implemented by all organizations and had therefore not yet affected the separation patterns in the organizations. Accordingly, the option to adjust the grossing-up factors based on the changes in the mandatory age of separation was deemed premature and was not pursued.

33. The working group also considered adjusting the grossing-up factors to reduce the difference in representative years of contributory service from 10 to 5 years or reflecting the same maximum number of years of service for both categories of staff. It was noted that, while these options would reduce income inversion, they resulted in a grossing-up factor for staff in the Professional category that did not approximate reality, as there would be a wider gap between the average years of service and the representative years embedded in a higher grossing-up factor. It was further noted that reducing the difference in the grossing-up factors would result in pensionable remuneration levels that were higher than what the income tax levels at the reference locations would prompt. Based on the cost implications and the small number of staff affected by income inversion, these options were not considered to be feasible. Given the disadvantages of the options proposed, the working group recommended maintaining the current grossing-up factors for both categories of staff for the time being. The Commission supported the recommendation of the working group.

Common scale of staff assessment

34. The common scale of staff assessment, together with net remuneration and the grossing-up factors, directly affects the levels of pensionable remuneration. It was established on the basis of the levels of taxation from the headquarters duty stations and has been used in the calculation of pensionable remuneration for all categories of staff. Noting that the addition of common system member organizations resulted in two duty stations (Hamburg, Germany, and Kingston, Jamaica) becoming headquarters, the Commission recalled its decision taken in 2017 to examine the recently added headquarters locations in a broader context, with a view to ensuring a consistent approach to their treatment under various common system groupings. Accordingly, the working group reviewed the merits of including the two new countries for the purposes of measuring and using their taxation schemes to update

the common scale of staff assessment. It was understood that any recommendation to include new reference countries would not affect the current review of tax levels but rather would feed into the comprehensive review of the treatment of the two new duty stations in general.

35. Given the small number of staff in those locations, the working group questioned whether the representative tax systems should be those of headquarters or should instead include the countries where most staff retired. It was noted that seven of the eight representative tax systems were the same top seven countries where staff retired. While Germany and Jamaica were not among the top 10 locations, greater consideration was given to including Germany as a reference tax system given the increasing number of staff in that country. The working group concluded that there was merit in considering only "major headquarters", as had been previously advised by pension review bodies, and recommended that this reference be maintained and that consideration be given to the inclusion of headquarters based in Germany in due course. The Commission agreed that the inclusion of Germany as a reference country should be considered for all compensation elements where headquarters were relevant.

36. The Commission then considered the rates of the common scale of staff assessment and noted that the working group had conducted its review in accordance with the decision of the Commission in 2012 to establish a baseline and to measure the average differences at the referenced income tax levels since the most recent adjustment of the rates. A comparison of the average tax rates for 2010 and 2017 of eight headquarters duty stations found that the tax rates had been lower in 2017 than in 2010 and that the taxes in 2017 had also been lower than the current common scale of staff assessment. Given the need to re-establish a link between net remuneration and pensionable remuneration of staff in the Professional and higher categories, it was noted that a recalculation using the present common scale of staff assessment would produce pensionable remuneration levels that would be higher than what the reference external tax rates would justify. It logically followed that the common scale of staff assessment, if adjusted, needed to be reduced to more closely reflect external tax rates.

37. Further to the working group's recommendation to apply the single rates of the common scale of staff assessment to both categories of staff, it was also recommended to reduce rates only at the higher income brackets, with the objective of protecting the pensionable remuneration at the lower net income levels. It was noted that the vast majority of the General Service category had a net pension of $60,000 or less. Accordingly, the working group recommended retaining the staff assessment rates for the first $60,000 of assessable income and introducing an additional income bracket, as reflected in the table below, to further minimize the negative impact on pensionable remuneration levels for General Service staff, while following the trend resulting from the baseline analysis of taxes and maintaining the progressive nature of the scale.

Recommended common scale of staff assessment

	Staff assessment rates used in conjunction with pensionable remuneration (percentage)		
Total assessable payment (United States dollars)	*Current dependency rates*[a]	*Current single rates*	*Recommended single rates*
First 20 000	11	19	19
Next 20 000	18	23	23
Next 20 000	25	26	26
Next 20 000			28
Remaining assessable amount	30	31	29

[a] Recommended for abolishment.

38. Taking the proposed rates into consideration, only staff in the General Service and related categories at grades and steps with net pensions higher than $60,000 could be affected. This was the case for 27 General Service staff members and 331 National Professional Officers. In this regard, a representative of the Pension Fund secretariat confirmed that protecting the levels of the pensionable remuneration for this small number of staff would not change the actuarial or financial estimates provided. The Commission agreed with the application of the single rate of the common scale of staff assessment for all staff categories with the introduction of an additional bracket and the adjustment of the rates as reflected in the table above, with paramount consideration given to any unintended negative consequences on the levels of pensionable remuneration.

39. The Commission considered a suggestion to undertake the review of the common scale of staff assessment every three years, which is more frequent than at the time of the comprehensive review of pensionable remuneration, so as to minimize the number of interim adjustments between reviews and allow for more regular recalculations of the pensionable remuneration based on the movement of external taxes. However, as the potential impact of such a change had not been analysed in advance, the Commission agreed that the frequency of the review cycle should not be changed.

Comparability study

40. The income replacement ratios presented for the United Nations system were based on the proposed parameters for the pensionable remuneration of staff in the Professional and higher categories, as determined by the recommendations of the working group and agreement of the Commission as described in the paragraphs above. The representative of the Pension Fund informed the Commission that the replacement ratios for the benefits provided under the Pension Fund scheme remained comparable to the benefits provided under the Federal Employees Retirement System scheme for similarly compensated staff members even under the most conservative investment return scenarios, with the United States scheme having potentially higher benefits depending on the investment returns under the Thrift Savings Plan.

41. The Commission took note of the differences in the pension schemes of the United Nations and United States and the income replacement ratio comparisons for staff with 20, 25, 30 and 35 years of service who retired in 2017. The results of the study were largely similar to those reported in 2012. The study revealed that, with the exception of "long service" staff who had stayed in the organization for 35 years or more at the P-2 level, the Federal Employees Retirement System scheme provided higher comparable benefits than the Pension Fund under the range of investment returns studied. At 35 years, the Pension Fund benefit level was similar to that obtained under the Federal Employees Retirement System when assuming a 3 per cent annual investment return. It was also noted that the Federal Employees Retirement System had recently implemented changes to its scheme for new staff hired after 2012, and that more changes could be implemented in the near future. Subsequent comparability studies would take those changes into account, as appropriate.

Ungraded officials

42. The Commission also reviewed the formula for calculating the pensionable remuneration of ungraded officials under the revised compensation package, that is, calculating the percentage difference between the net remuneration of an ungraded official and a staff member at the D-2/VI level, applying 90 per cent of the percentage difference to the pensionable remuneration of a staff member at the D-2/VI level and adding the resulting amount to the level of pensionable remuneration of a staff member at the D-2/VI level. It took note of the introduction of additional steps at the

D-2 level under the unified salary scale and recalled its previous decision in 1991 to maintain the reference to the top step of the D-2 level under a revised scale. The Commission agreed with the working group's recommendation to maintain the reference to the top step of the D-2 level of the unified salary scale and revise the parameters of the formula to minimize any unintended increase in the levels of pensionable remuneration of ungraded officials. This would imply calculating the pensionable remuneration of ungraded officials by applying 85 per cent instead of 90 per cent of the percentage difference between the two net remuneration amounts in the formula described above.

Acquired rights and financial implications

43. The Commission took note of the impact analysis of the proposed changes, including the financial implications for the organizations and the number of General Service staff who may be affected by changes in the common scale of staff assessment. The Commission was informed that the average proposed increase to the scale of pensionable remuneration for the Professional and higher categories was approximately twice the average interim adjustment applied to the scale in recent years as a result of movements of net remuneration in New York. Given the difference in the mechanisms of interim adjustment, that is, revising the level of pensionable remuneration by the same increase in net remuneration in New York, and the comprehensive review of the pensionable remuneration scale, that is, revising the level of pensionable remuneration by applying the approved formula, it was deemed reasonable to expect corrections to the scale at every review. It was further noted that interim adjustments to the pensionable remuneration of staff in the Professional and higher categories would continue in periods between comprehensive reviews.

44. The working group's findings and recommended changes to the elements of the pensionable remuneration methodology had been shared with the Contact Group of the United Nations Joint Staff Pension Board, which informed the Commission that the proposed changes were estimated to increase the Pension Fund's required contribution rate by 0.12 per cent of pensionable remuneration. At present, the contribution rate of 23.7 per cent of pensionable remuneration is paid by staff and member organizations (one third and two thirds, respectively). The Contact Group also noted that the most recent actuarial valuation of the Pension Fund, as at 31 December 2015, reported a small surplus whereby the contribution rate of 23.7 per cent was slightly higher (0.16 per cent) than that required to be made to support benefit promises. After the application of the proposed changes, the Pension Fund's required contribution rate would be very close to the contribution rate of 23.7 per cent and would have a very limited effect on the long-term funding. It was further noted that the proposed changes in pensionable remuneration did not create additional administrative work for the Pension Fund.

45. Given that the proposed scale of pensionable remuneration for staff in the Professional and higher categories resulted in an increase, there was no need to address the issue of acquired rights for this category of staff. However, grandfathered levels of pensionable remuneration for staff in the General Service and National Professional Officer categories were supported as fundamental to any changes in the common scale of staff assessment. The financial implications of the proposed changes in pensionable remuneration for both categories of staff were estimated at $38.4 million per annum, system-wide.

Conclusion of the comprehensive review

46. The Commission concluded that: (a) pensionable remuneration for staff in the Professional and higher categories should be calculated using the unified salary scale, without the addition of the spouse allowance; (b) the current formula for calculating

the pensionable remuneration of staff in the General Service and related categories should be maintained; (c) the current grossing-up factors should be maintained; (d) the current levels of pensionable remuneration should be protected for any staff members who would otherwise have a lower level of pensionable remuneration following the revision of the common scale of staff assessment; (e) a five-year review cycle of the common scale of staff assessment should continue; (f) the major headquarters locations should be maintained for purposes of tax systems referenced for the calculation of the common scale of staff assessment; and (g) the inclusion of Germany as a reference country should be considered in due course and for all elements where headquarters are relevant.

Decisions of the Commission

47. The Commission decided to recommend to the General Assembly that:

(a) Pensionable remuneration for all categories should be based on the single rates of the common scale of staff assessment;

(b) The common scale of staff assessment should be revised, as set out in annex II;

(c) The scale of pensionable remuneration and pay protection points for staff in the Professional and higher categories should be revised, as set out in annex III;

(d) Pensionable remuneration for ungraded officials should be calculated with reference to the top step of the D-2 level, and the adjustment factor should be revised to 85 per cent.

B. End-of-service grant

48. In its resolution 71/264, the General Assembly requested the Commission to undertake a comprehensive analysis of the effect of the adoption of its recommendation on the establishment of end-of-service severance pay for staff serving under a fixed-term contract and separating from the Organization upon the expiration of that contract after 10 or more years of continuous service, including the updated financial implications and the distinctions between temporary, fixed-term and continuing contracts, and to report thereon to the Assembly at its seventy-third session in order for a decision to be taken on the recommendation.

49. As part of the comprehensive analysis requested by the Assembly, the Commission reviewed the distinctions between the three contractual arrangements for the employment of staff in the common system, current jurisprudence on the renewal of fixed-term appointments and the prevailing practices of other regional and international organizations, as well as the practice of the comparator civil service. Noting that the same proposal for an end-of-service grant had been recommended in 2010 and 2016, the Commission considered the merits of the proposal as well as alternative eligibility criteria and payment amounts. For the purpose of updating the financial implications, the Commission also reviewed statistics on staff separations during the period 2015–2017, based on data provided by 21 organizations of the common system.

Discussion in the Commission

50. The Human Resources Network continued to support the introduction of an end-of-service grant, and was of the view that such a compensation element was needed as a human resources tool in the current environment of restructuring and realignment exercises within CEB organizations and the peacekeeping missions. The Network recalled that in a climate of financial austerity, a range of situations was likely to

occur in which reductions in contributions from Member States would happen in an ad hoc and unforeseen manner not allowing for anticipatory planning of the staffing levels. In its view, providing staff who had served the United Nations system for a not insignificant period of their career with a financial “buffer” upon their departure was the right thing to do, reflected good outside practice and would enhance organizational productivity and positively contribute to staff engagement. The Network supported providing an end-of-service grant for all staff categories after a minimum of five years of continuous service, with some flexibility in the application for organizations with explicit tenure limits. The Network also favoured a grant based on progressive rates recognizing the years of service to provide a meaningful and gradual element.

51. The staff federations supported the introduction of an end-of-service grant for staff after a minimum period of five years of continuous service. CCISUA noted that almost every national legislation required end-of-service grants from employers and that these were generally higher when no unemployment benefits existed. It was of the view that an end-of-service grant would not blur the distinction between fixed-term and continuing appointments, as the latter conferred greater job security, but instead would provide some form of basic social security to give time for staff to find a new job. It further noted that in many organizations, continuing appointments had not been implemented or quotas were full, and that the provision of an end-of-service grant would consolidate the role of the United Nations as a socially responsible employer for its long-serving staff. It favoured an end-of-service grant based on a sliding scale, noting that it would be consistent with external practices and make the grant analogous to an earned benefit. FICSA recalled the justifications for and the rationale applied by the Commission when it had previously considered the issue of an end-of-service grant for this group of staff. FICSA expressed the view that the introduction of an end-of-service grant would be in line with best practices of other organizations, including the World Bank. It further noted that the salary, allowances and benefits of staff holding either fixed-term or continuing appointments were the same, and recalled that the General Assembly had considered five years of satisfactory service to be sufficient for an open-ended appointment; it could therefore be reasoned to be equally sufficient for the expectation of renewal of a fixed-term appointment. FICSA believed that an end-of-service grant amount, as part of the organizations’ duty of care to staff, should be based on a progressive scale. UNISERV also supported a progressive payment modality and stressed the urgent need for an end-of-service grant in the light of shorter career expectancy owing to mission closures, downsizing and budget restrictions. It stated that not all organizations were issuing continuing appointments, in accordance with General Assembly resolutions, and favoured a grant provided to all categories to ensure equality and assist with gaps in employment. UNISERV noted that losing employment as a result of non-renewal, termination or any other reason was a significant issue.

Consideration of previous proposals

52. The Commission recalled that the first time it had recommended the introduction of an end-of-service grant payable to a staff member holding a fixed-term appointment was in 1976, having recognized that when staff members had been retained for a number of years, they acquired some moral expectancy that their services would continue to be retained. At the request of the General Assembly, the Commission re-examined its recommendation, with particular attention paid to the conditions that would justify payment. In 1978, the Commission considered the situation of staff members whose fixed-term appointments had been regularly renewed and whose employment lasted 10, 15 or 20 years, and noted that a staff member with a fixed-term appointment would acquire a virtual expectation of continued employment but would never acquire the entitlement to payment upon the

unexpected loss of employment, as was provided to staff with permanent appointments, whatever their length of appointment. The Commission recalled that although had it renewed its recommendation for an end-of-service grant, the Assembly had requested further examination of the relationship between career staff and fixed-term staff.

53. The Commission noted that the next time it had recommended the introduction of an end-of-service grant was in 2009, specifically for fixed-term staff in those organizations which had introduced and implemented the new contractual framework that had been adopted by the Commission in 2005. The Commission recalled its belief that an end-of-service grant would help to ensure that staff remained in the organization until their services were no longer required, and noted that with every successive year of employment, staff had a firmer mindset for continuing a career with the organization and developed skills and expertise more closely tailored to the nature of the functions in the organization while losing links with the outside labour market. Following the decision of the General Assembly to revert to the issue at its seventy-first session, the Commission renewed its recommendation for an end-of-service grant in 2016. Given the Assembly's request for a comprehensive analysis, the Commission noted that it had been presented with an opportunity to re-examine its previous recommendation in the light of additional information on the implementation of the contractual framework and practices of other organizations and the comparator civil service, in consultation with its stakeholders.

Distinctions by contractual arrangements

54. The Commission recalled that the contractual framework adopted in 2005 set out the distinctions between temporary, fixed-term and continuing appointments. It noted that the maximum amounts payable to staff with fixed-term and continuing appointments were the same in the case of termination indemnity and agreed termination, and that staff members with fixed-term and continuing appointments accrued the same number of annual leave days per month of service; equity in payment therefore existed in the form of salary and several allowances, pension benefits and social security provisions.

Jurisprudence

55. The Commission has long held the view that an end-of-service payment should not be construed as giving any legal expectation of the renewal of a fixed-term appointment. This is in accordance with General Assembly resolution 63/250, in which the Assembly decided that there would be no expectations, legal or otherwise, of renewal or conversion of a fixed-term contract, irrespective of the length of service, and requested the Secretary-General to reflect that provision in the rules and regulations as well as offers and letters of appointment. With reference to current jurisprudence, it was noted that the case law of the ILO Administrative Tribunal had established that a person employed on a fixed-term appointment did not have the right or legitimate expectation to an extension and that an organization enjoyed wide discretion in deciding whether to extend a fixed-term appointment. However, it was clear that there could be no breach of a rule or procedure or abuse or misuse of authority, and that the reason not to renew a fixed-term appointment needed to be valid and provided to the staff member when requested. Similarly, the United Nations Appeals Tribunal consistently found that the renewal of the appointment of a staff member on successive contracts did not, in and of itself, give grounds for an expectancy of renewal, unless the Administration had made an express promise in writing that gave the staff member an expectancy that the appointment would be extended. The Commission noted that the decision to recommend an end-of-service grant would not be based on legal requirements, but rather represented a best practice

in support of organizations' duty-of-care initiatives. Similarly, the representatives of the organizations and staff federations saw an end-of-service grant as a good business practice that encouraged staff engagement.

End-of-service grants and unemployment benefits provided by others

56. The Commission referenced the practices of the United States federal civil service and other international organizations. It noted that severance pay was not provided to term appointments; however, unemployment benefits were granted after one year of continuous service in the case of the United States federal civil service. An end-of-service grant was provided after five years for term appointments in the World Bank and after six years for open-ended and fixed-term appointments in the Organization for Economic Cooperation and Development. It recalled that WHO had introduced an end-of-service grant in 1977 following the Commission's initial proposal to the General Assembly and in anticipation of approval of a grant for the common system. It was noted that WHO provided a payment to staff after five years of completed service, in an amount based on a progressive schedule. The Commission recalled that in two duty stations, Rome and Vienna, organizations provided end-of-service payments to locally recruited staff to align with local legislation, but it came to the conclusion that existing practices within the common system were of a different scope and nature.

Eligibility criteria

57. The Commission recalled its previous recommendation that an end-of-service grant be paid to staff members who were separated from fixed-term appointments after 10 years of continuous service. It noted the findings of ILO as reported in its publication *World Employment Social Outlook*. The Commission reviewed total world and regional unemployment rates and trends and noted that high rates of unemployment in Northern, Southern and Western Europe were equal to or higher than the rate of unemployment in Arab States, Latin America and the Caribbean and sub-Saharan Africa. In view of the high rates of unemployment in developed and developing economies alike, the Commission considered that securing new employment may be more difficult for some staff members, depending on their age, experience, gender and nationality. Of particular interest was the fact that the labour market situation of older workers (55–64 years old) often differed from that of prime-age workers (25–54), and while older workers were typically less likely to be unemployed than young workers, once they became unemployed, it took longer on average for them to return to work.

58. The Commission recalled the request of the General Assembly in its resolution 71/264 that a comprehensive analysis be undertaken in consultation with stakeholders, and highlighted the importance of taking account of the views of stakeholders on the effect of adopting an end-of-service grant. In the view of the staff federations, the problem of staff being separated after serving in field locations with time-limited mandates was more pronounced for staff who were separated after 5−10 years of service. It was noted that lowering the minimum years of service would provide an incentive for staff to serve in the field duty stations with less secure positions. The representative of the United Nations Secretariat noted that the Organization had become increasingly field-focused and believed that an end-of-service grant could be attractive for service in short-lived missions.

59. In view of the preferences expressed by organizations and staff federations, as well as the practices of other organizations, the Commission favoured revising the eligibility criteria for an end-of-service grant so that it would be compatible with other decisions of the General Assembly. It noted that in accordance with Assembly resolution 65/247, staff members who had accrued at least five years of continuous

service on fixed-term appointments were eligible for continuing appointments and subsequently an indemnity upon the loss of employment. The representative of UNDP noted that the organization did not issue continuing appointments and its staff were employed primarily on fixed-term appointments by default; the introduction of an end-of-service grant would therefore support a dignified separation allowing for staff members to return to countries with high rates of unemployment. Other representatives noted that organizations had placed limitations on the total number of continuing appointments available. The representative of WFP noted his organization's limited ability to grant continuing appointments owing to its voluntary funding. He also noted that its budget for staff costs included a contingent liability for separations. The Commission recalled that when it adopted the new contractual arrangements in 2005, it did not place an obligation on organizations to grant continuing appointments, but instead left the executive heads to determine which arrangements enabled them to best respond to their changing mandates. It was for this reason that the Commission agreed that an end-of-service grant was needed to provide for staff who found themselves employed on fixed-term appointments for several years owing to the mandate or limitations of their organization.

60. The Commission noted that staff statistics showed that twice as many staff were employed on fixed-term appointments than on continuing appointments, and approximately 3 per cent of all staff with fixed-term appointments separated owing to the expiration of their appointment. Several members of the Commission observed that the practice of providing end-of-service payments existed in many organizations and national civil services and that, if paid, it would render the United Nations a more attractive employer. The Commission noted the need to ensure fair conditions of employment and supported reducing the eligibility criteria to a minimum of five years of continuous service. Several Commission members further supported an end-of-service grant payable as an unemployment benefit for staff who would not benefit from a national social security system. The Commission reiterated its support for an end-of-service payment and expressed a preference for this benefit to be referred to as a grant so as to not be confused with an element of salary or misunderstood as a monthly payment. It believed that a grant would reconcile the absence of benefits for staff who were not granted a continuing appointment despite performing the same functions as their colleagues on permanent or continuing appointments and having the same minimum years of service.

Payment amount

61. The Commission maintained its view that an end-of-service grant should not be equal to the termination indemnity amounts. It noted that the termination indemnity schedule provided a minimum of six weeks and maximum of 12 months of pay for the termination of fixed-term appointments, depending on a staff member's completed years of service. While this scheme differentiated payments by completed years of service, the Commission's previously recommended end-of-service grant did not consider different amounts for each additional year of service. Its proposal in 2016 consisted of two amounts, with five months' pay for staff separated after 10–13 years of service, and six months' pay for staff separated after 14 years of service or more.

62. As an alternative, the Commission considered a progressive scale similar to the structure of the termination indemnity. It noted that severance pay in the United States federal civil service, the World Bank Group and the Organization for Economic Cooperation and Development all accounted for years of service. The Commission recalled that a payment scheme differentiated by years of completed service was preferred by the Human Resources Network and staff federations when previously reviewed in 2016 and continued to be the preferred approach that would render the end-of-service grant an earned benefit.

63. Having reviewed its previous proposal and recommendations, and in view of the request of the General Assembly for a comprehensive analysis, the Commission noted that:

(a) The contractual framework approved by the Commission in 2005 (see A/60/30 and A/60/30/Corr.1, annex IV) set out the distinctions between temporary, fixed-term and continuing appointments;

(b) Equity in payment between continuing and fixed-term appointments existed in the form of salary and several allowances, pension benefits and social security provisions;

(c) Other international organizations provided unemployment benefits to their employees upon the expiration of their fixed-term appointments;

(d) Former civilian federal employees in the comparator civil service were eligible for unemployment benefits following the expiration of their term-limited appointments;

(e) Leaving an organization after a long period of service, irrespective of whether an appointment was terminated or not renewed, placed staff in essentially the same situation in terms of their prospects of finding new employment;

(f) Once unemployed, on average it took older workers longer to return to work than younger workers;

(g) An end-of-service grant would ensure that all staff received some form of unemployment benefit;

(h) Any end-of-service grant provided would be paid as a best practice in support of organizations' duty-of-care initiatives, and not as a legal requirement.

64. On the basis of the decision set out in paragraph 65 below, the financial implications of introducing an end-of-service grant were estimated at $10.9 million per annum, system-wide. The Commission noted that this cost was estimated on the basis of an atypical number of separations owing to the closing of multiple United Nations missions and was likely to be lower in subsequent years.

Decisions of the Commission

65. The Commission decided to recommend the introduction of an end-of-service grant to assist staff separating from the organization, subject to the following provisions:

(a) That the end-of-service grant be paid to staff members who separate from the organization at the expiration of their fixed-term appointment, after five or more years of continuous service;

(b) That the end-of-service grant be paid as a lump sum in accordance with the eligibility criteria and the pay schedule set out in annex IV.

C. Framework for human resources management: update on diversity and gender

66. At its fifty-first session, the Commission adopted a framework for human resources management to guide policy and practice in the organizations of the United Nations common system (see A/55/30, para. 19). At its seventy-first session, the Commission decided to review the human resources framework in the light of trends and changes in organizations of the common system over the decade since the framework had been adopted. At its eighty-third session, in 2016, the Commission

approved a revised framework and decided that it should continue to be updated as new issues emerged.

67. At its eighty-third session, the Commission also considered a report on gender-sensitive policies (see A/71/30, para. 146). The Commission recognized that, in the international civil service, geographical distribution and gender parity of staff were priority issues. In addition, other aspects of staff composition, including age distribution, language capacity and cultural diversity, needed to be managed through policies that encouraged inclusiveness and prevented discrimination, harassment and abuse. At its eighty-fifth session, the Commission considered all aspects of diversity (see A/72/30 and A/72/30/Corr.1, para. 148) and expressed the need to promote a better appreciation of the broader concept of diversity through the human resources management framework. This would provide the organizations with a common frame of reference to establish their policies on workforce diversity.

68. At its eighty-sixth session, the Commission considered a note by its secretariat on workforce diversity for possible inclusion in the human resources management framework. The Commission expressed its full support for all aspects of diversity, while noting that the paramount consideration in the employment of staff was the necessity of securing the highest standards of efficiency, competence and integrity. In that regard, the Commission agreed that the broad principles should emphasize that concept. The Commission also requested that the outcomes and indicators be further clarified and strengthened. Accordingly, at its eighty-seventh session, the diversity component was revised, taking into consideration the comments and suggestions expressed during the eighty-sixth session.

Discussion in the Commission

69. The Human Resources Network welcomed the support of the Commission in promoting a broader understanding of diversity in the United Nations system. It also welcomed the reference to persons with disabilities and made suggestions regarding the indicators. The Network was of the view that targets or indicators with regard to persons with disabilities should be focused on increasing accessibility in all its aspects and the provision of individualized reasonable accommodation in the workplace. Reducing bias, stigmatization and discrimination was a key driver for a more inclusive and diverse workplace. The Network also highlighted the importance of including references to training for staff and managers on these topics as good practice for increasing diversity across the United Nations common system. The Network was committed to advancing comprehensive diversity considerations in all activities related to human resources. The Network supported the addition of the diversity component to the human resources management framework, not only as good practice guidance for organizations, but also as a basis for further work of the Commission on the matter.

70. The representatives of FICSA agreed that, when recruiting staff, the primary focus had to be on assuring the highest levels of efficiency, competence and integrity, and fully supported the broader concept of diversity in its many forms, including, but not limited to, gender, persons with disabilities and sexual orientation. FICSA noted that studies indicated that a diverse workforce led to more creative and innovative thinking and that diverse groups tended to focus on facts, thus making better decisions. FICSA hoped that the Commission would encourage all organizations to regularly measure and monitor, by using clear metrics, the level of diversity in their respective workforce and encourage those organizations lagging behind to do more through specific and targeted actions.

71. The representative of CCISUA stated that the revised diversity component was an improvement and highlighted that the main consideration in recruiting staff in the

United Nations common system should always be merit. CCISUA provided additional suggestions to improve the proposed indicators and was of the view that with regard to gender, the different sexual orientations should be included.

72. The representative of UNISERV noted the references made to Articles 8 and 101 of the Charter of the United Nations, which provided that organizations shall place no restrictions on the eligibility of men and women to participate in their work, thus promoting a diverse workforce. UNISERV was of the view that diversity metrics should be monitored regularly to ensure that any anomalies were captured and, where possible, rectified. UNISERV proposed to include under the gender indicator a reference to transgender and gender neutral with assurances of confidentiality.

73. The United Nations Secretariat welcomed the importance and in-depth consideration given to diversity by the Commission. The Secretary-General had called for a workforce that was truly representative of, and beneficial to, all the people served by the Organization and had given high priority to the issue by introducing the system-wide strategy for gender parity in 2017. In terms of actions taken, senior managers were held accountable for delivering on parity targets through their senior managers' compacts. All Secretariat entities had developed gender parity implementation plans, which highlighted special challenges for field missions, such as retaining and recruiting women, in particular to non-family duty stations. On the issue of persons with disabilities, work had been done to improve the accessibility of United Nations premises and conferences and to provide reasonable accommodation in the workplace. The United Nations was also working on accessibility to employment within the Organization, including by making the Inspira recruitment platform and the United Nations Careers portal more accessible for applicants with disabilities. UNICEF stated that gender parity was given high priority in the organization. Although the workforce was quite balanced and there were positive aspects, some areas still needed attention, including at the senior levels and in achieving equitable geographical distribution in some country offices. UNICEF undertook a yearly staff survey to measure staff perceptions and noted that women's perceptions were less positive than men's. UNICEF also stressed the importance of inclusion and was working towards achieving a fully balanced and inclusive workplace environment. The representative of UNDP stated that the Executive Board of UNDP/UNFPA/UNOPS had approved a gender parity strategy for UNDP effective 1 July 2018 on the achievement of a gender-inclusive workforce. The organization faced problems in achieving parity at the P-5 level and above; the diversity component in the human resources management framework would strengthen its efforts. The representative of WFP stated that the organization was committed to achieving gender parity and its action plan included local staff as well as non-staff. With regard to staff with disabilities, the main consideration was accessibility and, owing to the operational realities of some deep field locations, WFP was guided by fitness for employment.

74. CCISUA provided information on the global survey it had conducted, in cooperation with the other staff federations, on disability awareness within the United Nations common system. The survey underlined barriers and prejudices and a lack of understanding of the needs of persons with disabilities. Lack of data and information on disability and the situation of persons with disabilities at the national level contributed to the invisibility of persons with disabilities, presenting an obstacle to achieving inclusive development, planning and implementation.

75. The Commission noted that in adopting a broader definition, the issue of diversity had progressed, that the organizations had broadened and deepened their discussions on many aspects of diversity and that positive actions had been taken in many areas. The Commission emphasized that the issue of diversity should not be viewed as favouring any one group over another. Stressing any one of the facets of

diversity could detract from one or more of the others and therefore should be avoided. The use of the human resources management framework provided a rationale to form a basis for future discussions. Within this broad framework, organizations could implement policies that prioritized their diversity needs.

Decision of the Commission

76. The Commission decided to approve the inclusion of the workforce diversity component in the human resources management framework, as set out in annex V.

Chapter IV
Conditions of service of the Professional and higher categories

A. Base/floor salary scale

77. The concept of the base/floor salary scale was introduced, with effect from 1 July 1990, by the General Assembly in its resolution 44/198 (sect. I.H, para. 1). The scale is set with reference to the General Schedule salary scale of the comparator civil service, currently the federal civil service of the United States. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials at the established reference point of the scale (P-4, step VI) with the corresponding base salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively).

78. A 1.4 per cent increase in the base General Schedule scale of the comparator civil service was implemented with effect from 1 January 2018. In addition, tax changes were introduced for 2018. In the federal tax system, the majority of tax brackets were expanded, while most marginal tax rates were lowered. At the same time, standard deductions were increased and the personal exemption was eliminated. With respect to itemized deductions, a cap on state and local tax deductions was introduced, while the existing cap on mortgage interest deductions was lowered. The exemption amount was increased to $4,150 in the District of Columbia. In the case of the State of Maryland, the exemption ceiling was lowered to $100,000. No changes were registered in the tax legislation of the State of Virginia in 2018.

79. In order to reflect the movement of gross salaries under the General Schedule and the tax changes in the United States, and to maintain the common system salaries in line with those of the comparator, an increase of 1.83 per cent in the base/floor salary scale with effect from 1 January 2019 was proposed. In addition, in accordance with General Assembly resolution 70/244 (sect. III, para. 9 (a) and (b)), the adjustment to the salary scale should also be applied to the pay protection points for staff whose salaries were higher than those at the maximum steps of their grade upon conversion to the unified salary scale. The proposed salary scale and pay protection points are shown in annex VI to the present report.

80. The annual system-wide financial implications resulting from an increase in the base/floor salary were estimated as follows:

(United States dollars)

(a) For duty stations with low post adjustment where net salaries would otherwise fall below the level of the new base/floor	0
(b) In respect of the scale of separation payments	802 000

Discussion in the Commission

81. The Human Resources Network took note of the proposal. The representatives of the staff federations, noting the increase in the comparator civil service base salaries, supported an increase in the base/floor salary scale.

82. The Commission noted that an increase in the base/floor salary of 1.83 per cent as at 1 January 2019 would be implemented through the standard no-loss/no-gain procedure, that is, by increasing the base/floor salary scale and commensurately decreasing post adjustment multipliers. The Commission also took note of the

proposed adjustment of the pay protection points, in accordance with resolution 70/244. Finally, the Commission recalled that, while generally cost neutral in terms of net remuneration, the base scale adjustment procedure would have implications in respect of separation payments, as indicated in the table above.

Decision of the Commission

83. The Commission decided to recommend to the General Assembly, for approval with effect from 1 January 2019, the revised unified base/floor salary scale, as well as the updated pay protection points for the Professional and higher categories, as set out in annex VI to the present report, reflecting a 1.83 per cent adjustment, to be implemented by increasing the base salary and commensurately decreasing post adjustment multiplier points, resulting in no-loss/no-gain in net take-home pay.

B. Evolution of the United Nations/United States net remuneration margin

84. Under a standing mandate from the General Assembly, the Commission reviews the relationship between the net remuneration of United Nations officials in the Professional and higher categories in New York and that of United States federal civil service officials in comparable positions in Washington, D.C. For that purpose, the Commission tracks, on an annual basis, changes occurring in the remuneration levels of both civil services. In addition, in its resolution 71/264, the Assembly requested the Commission to include information on the development of the margin over time in an annex to its annual reports.

85. As at 1 January 2018, the comparator civil service implemented a 2.29 per cent increase in the General Schedule in the Washington, D.C., locality, consisting of a 1.4 per cent increase in base salaries and an increase in the locality pay from 27.10 to 28.22 per cent. Other developments relevant to the comparison were:

(a) Revisions to the federal tax brackets and reduction of marginal tax rates. At the same time, standard deductions were increased and the personal exemption was eliminated. With respect to itemized deductions, a cap on state and local tax deductions was introduced, while the existing cap on mortgage interest deductions was lowered. The exemption amount was increased to $4,150 in the District of Columbia. In the case of the State of Maryland, the exemption ceiling was lowered to $100,000. No changes were registered in the tax legislation of the State of Virginia in 2018;

(b) Increase of the post adjustment multiplier for New York, from 64.5 for January to 66.9 as of 1 February 2018, owing to the normal operation of the post adjustment system, that is, the evolution of the cost of living at the duty station;

(c) Update of the cost-of-living ratio between New York and Washington, D.C. The cost-of-living differential of 112.5 was calculated by an outside consulting firm in 2018 according to the established procedure.

86. On the basis of the above, the Commission was informed that the estimated net remuneration margin for 2018 amounted to 114.4. The details of the comparison and information on the development of the margin over time are shown in annex VII to the present report.

Discussion in the Commission

87. The representatives of the Human Resources Network and the staff federations took note of the findings of the latest margin comparison.

88. The Commission noted that the updated margin had been estimated on the basis of the latest statistics available at the time of consideration. It was agreed that, should further data updates become available, a revised margin estimate would be presented to the General Assembly during the introduction of the Commission's annual report.

Decisions of the Commission

89. The Commission, noting that its Chair would provide an updated margin estimate to the General Assembly, as might be required on the basis of the availability of the most recent staff statistics, decided to:

(a) Report to the Assembly that the margin between the net remuneration of United Nations officials 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., was estimated at 114.4 for the calendar year 2018;

(b) Request its secretariat to continue to monitor the margin level so that corrective action could be taken as necessary through the operation of the post adjustment system should the trigger levels of 113 or 117 be breached in 2019.

C. Children's and secondary dependant's allowances: review of the level

90. Under the existing methodology, the dependent children's allowance is established on the basis of the values of tax abatements and payments made under social legislation at a reference income corresponding to the P-4/VI level (previously calculated at the dependency rate of pay) at eight headquarters locations (Geneva, London, Madrid, Montreal, New York, Paris, Rome and Vienna). These values are converted to United States dollars using the average exchange rates over the 12 months preceding the review and aggregated to a global flat rate weighted by the number of staff members at those duty stations. At hard-currency locations, in order to protect the allowance from exchange rate fluctuations, the global amount is converted to local currency using the official United Nations rate of exchange as at the date of promulgation. The local currency amounts at those locations remain unchanged until the next review. The secondary dependant's allowance is set at 35 per cent of the children's allowance and could be provided to those staff who do not receive allowances for primary dependants. In accordance with the decision taken by the Commission in 2013, the general trend in the provision of child benefits should also be taken into consideration as a factor for adjusting the levels of children's and secondary dependant's allowances (see A/68/30, para. 104 (b)).

91. In 2017, the Commission reviewed the methodology and decided to maintain it but to keep it under review. At the same time, it recognized that the calculation procedure needed to be aligned with the new salary structure in terms of the reference salary level at which child benefits were established because the previous reference level, that is, the dependency rate of pay, had been discontinued as of January 2017. In this connection, the Commission requested its secretariat to explore two calculation options — one based on the unified salary scale rate plus the spouse allowance and the other based on the unified salary scale alone — and to present both for its consideration at its eighty-seventh session (see A/72/30 and A/72/30/Corr.1, para. 144 (b)).

92. Accordingly, and given that the general trend had shown an increase in child benefits in the majority of the reference locations, the Commission was presented with the two options to calculate the children's allowance as specified above. Under option 1 (the unified salary rate and the spouse allowance), the revised level of the

children's allowance would amount to $4,108 per annum, while option 2 (the unified salary rate alone) would produce a children's allowance of $5,934 per annum.

Discussion in the Commission

93. The Human Resources Network welcomed the review of the level of the dependency allowances, given that their previous adjustment had been made eight years ago. It also noted the upward trend in the level of child benefits in most headquarters locations. In its view, the scope of the proposed adjustment should be viewed in the context of the long timespan between the previous and the current review of the allowance levels. The Network considered that the approach based on the unified salary rate plus the spouse allowance would reflect child benefits received by married couples, while the second option was essentially based on a single parent's situation that had been addressed in the common system through a dedicated allowance. It therefore supported the first approach and the resulting levels of $4,108 for the children's allowance and $1,438 for the secondary dependant's allowance, to be implemented as of 2019.

94. The representative of FICSA, also speaking on behalf of UNISERV, recalled the Commission's recognition of the need to align the children's allowance calculation procedure with the new salary structure in terms of the reference salary level at which child benefits were compared during its review of the methodology in 2017. Therefore, in the view of FICSA and UNISERV, it was only logical that the children's allowance should be calculated on the basis of the unified salary scale alone without the spouse allowance. In this regard, the representative of CCISUA also pointed to a potential inconsistency if the children's allowance level was to be set in reference to the unified salary scale plus the spouse allowance, while other elements of the compensation package were established on the basis of the unified salary scale alone. He further recalled that the children's allowance had not been adjusted for eight years, which explained the significant increase proposed for its level. On the basis of the above, the staff federations favoured the option of calculating the children's allowance without the spouse allowance.

95. The Commission recognized that the calculation had been done in accordance with the approved methodology and reflected the fact that child benefits had gone up in the majority of locations. Members therefore believed that while the current review of its level should proceed, certain elements of the methodology should be revisited in the future before the level of the allowance was reviewed again. It was noted in this regard that the methodology allowed for the inclusion of all child-related financial assistance provided by governments irrespective of underlying policy considerations. Some of those social payments, however, might be geared to specific domestic demographic policy considerations pursued by individual governments where the headquarters were located, which may not be of direct relevance to the dependency allowances of the common system.

96. It was also suggested that the uniform global level of the children's allowance could be another issue for a future review, given diverse practices observed at the headquarters locations in terms of child-related financial assistance. Most members considered, however, that the allowance should continue to be set as a single global amount given its fundamental nature as well as its relatively low absolute level. They believed that the children's allowance should be seen as a universal social benefit rather than compensation associated with the conditions of the location of duty. One Commission member did not agree that the children's allowance should be based on a weighted average of the eight headquarters duty stations.

97. Some members further considered that in a future review of the methodology, ways of further reducing the dominance of larger locations in the overall result should

be explored. While the present methodology already included a feature to address this, it was felt that the weighting technique used to calculate the overall average amount of the allowance should be reviewed in this context.

98. With regard to the two calculation options, the Commission noted that the inclusion of the spouse allowance in the calculation would establish the children's allowance level with reference to the child benefit received by married couples, whereas the use of the unified salary rate alone would reference the benefit received by those who were single parents. As many national Governments provided greater assistance to single parents through social legislation payments or tax systems, this fact was reflected in the higher rate under option 2. Thus, the choice between the two options consisted of determining which of the two groups should serve as the reference for the children's allowance.

99. In that context, the Commission observed that the new common system compensation package already recognized single parents through a separate allowance which was set higher than the standard children's allowance. In particular, the decision of the General Assembly to introduce a single parent allowance was seen as recognition by the Assembly of the need to provide additional support to single parents compared with married couples. It was therefore believed that, with the introduction of the single parent allowance, the children's allowance should not reflect the situation of single parents. Doing so would result in offering the relatively higher single parent benefits to all staff, including those who were not single parents. Most members considered this as conceptually inappropriate.

100. Regarding the concern expressed by staff federations, the Commission agreed that one of the fundamental principles of the new compensation package was that salary should be provided for work done, and not for the staff member's family status. It was pointed out, however, that the new package should and did recognize family status outside of the salary scale. In particular, the family status was the only distinguishing factor between the single parent and the children's allowances: the former was applicable to the first child of a staff member without a spouse and the latter was in respect of the child of a married couple. Thus, if the common system package differentiated levels for essentially the same allowance (provided in support of dependent children) by family status, it would only be logical to reference the allowances against external beneficiaries with similar family status. Since the standard children's allowance conceptually excluded single parents, it would not be unreasonable to apply the same approach to the reference groups by excluding the additional single-parent benefits. Accordingly, such an approach to the children's allowance should not be seen as a departure from the conceptual basis of the revised compensation package.

101. The Commission recalled its concerns regarding the dominance of larger duty stations in the calculation of the children's allowance and its earlier decision to use the general trend in the provision of child benefits as a factor for adjusting its level. However, the specific approach as to how this general trend should be taken into account had not been defined at that time, with the understanding that it would be applied pragmatically.

102. In reviewing the calculation results, the Commission observed that the general trend had only been used as a precondition for allowing the application of the calculation procedure, that is, since the general upward trend had been recorded in the majority of locations, the established calculation procedure was applied without any further adjustment. The Commission considered, however, that such an adjustment was required given the specific details of the trend data.

103. In this connection, it was noted that, at the reference income level, child benefits had increased in five of the eight locations referenced. The Commission therefore

believed that the increase originally proposed should be adjusted proportionately, by a ratio of 5 to 8. The representative of CCISUA questioned an additional calculation aimed at discounting the increase, given that the weighted average procedure used to achieve the original figure had already taken into account the non-growth in child benefits at three duty stations. He also stressed that less importance should be given to the small staff numbers in London, Madrid and Paris when the general trend was taken into consideration. The Commission was of the view that assigning equal weights to the reference locations in the adjustment process would help to reduce the dominance of the larger duty stations. As the general trend reflected developments outside the common system, the number of common system staff in each location did not appear to be of immediate relevance.

104. The Commission noted that the application of the above-mentioned approach would produce a children's allowance of $3,666 per annum. The financial implications were estimated at $26.8 million. It acknowledged that the significant increase proposed was, inter alia, due to the fact that the children's allowance had not been adjusted since 2010, while the child benefits in the reference locations continued to grow. The Commission therefore considered it important to conduct future reviews of the allowance in a timelier manner.

Decisions of the Commission

105. The Commission decided to recommend to the General Assembly that, as of 1 January 2019:

(a) The children's allowance be set at $3,666 per annum and the allowance for children with disabilities at $7,332 per annum;

(b) The secondary dependant's allowance be set at $1,283 per annum;

(c) The United States dollar amount of the allowance, as established in subparagraphs (a) and (b) above, be converted to the local currency using the official United Nations exchange rate as of the date of implementation and remain unchanged until the next biennial review;

(d) The dependency allowances be reduced by the amount of any direct payments received by staff from a Government in respect of dependants.

106. The Commission decided to revisit the methodology for establishing the children's allowance prior to the next review of its level.

D. Identification of the highest-paid national civil service (Noblemaire study): phase I

107. In accordance with the mandate provided to it under General Assembly resolution 44/198, the Commission periodically conducts studies to determine the highest-paid national civil service. These exercises, known as Noblemaire studies, represent a comparison of compensation packages of national civil services which could potentially become an alternative to the current comparator of the United Nations common system. According to the two-phase methodology approved by the Assembly in its resolution 46/191 A, a group of possible comparator national civil services is selected on the basis of the established criteria relating to pay levels, size and structural comparability with the common system. The services thus selected are first compared in terms of net cash compensation (phase I) and then, if necessary, in terms of total compensation (phase II). Since 1995, the Noblemaire studies have been supplemented by reference checks between the common system and other international organizations. The present study had originally been scheduled for 2016,

but was postponed to 2018 owing to the comprehensive review of the common system compensation package.

108. At its eighty-sixth session, held in March 2018, the Commission reviewed the findings of phase I of the Noblemaire study. It considered, in particular, the following national civil services, which were selected using the established criteria: Belgium, Canada, France, Germany, the Netherlands and Norway. The results of the comparison of net cash compensation (adjusted for cost-of-living and exchange rate differences) in these services and the current comparator of the common system, the United States federal civil service, were as shown below.

Percentage differences in adjusted cash compensation

Country	*Percentage below the United States*
Belgium	9.1
Norway	15.7
Canada	22.0
France	28.0
Germany	30.3
Netherlands	30.8

Discussion in the Commission

109. The representative of the Human Resources Network considered regular, broad, comprehensive, diligent and objective Noblemaire studies to be the foundation of a sound approach to determining compensation in the common system. While noting the list of countries selected for the present study, the Network was of the view that size criterion should not drive decisions for early exclusion of potential comparators. A smaller staffing size could be indicative of particularly efficient public administration and corresponding remuneration, as might be the case with Switzerland, which had been excluded from the analysis for that reason. While an initial exploration of cash-based compensation might be a helpful tool, the Network believed that this alone should not result in the elimination of a large number of countries in future studies. The scope of future comparisons should be enlarged to incorporate performance pay comparability. The Network was also of the view that reasonable structural comparability between the United Nations and certain well-paying national civil services, such as Singapore, should be established in future rounds of Noblemaire studies. Finally, it believed that the next Noblemaire study should be conducted in 2021, as the present study had originally been scheduled for 2016.

110. The representative of FICSA likewise requested additional information on the reason for eliminating Switzerland from the list of potential comparators. FICSA also believed that reference checks between the United Nations and other international organizations should be conducted and the results considered in the summer of 2018. The representative of CCISUA stressed the importance of including all compensation elements in the comparison, as in some countries non-cash elements comprised a significant portion, sometimes up to the equivalent of 50 per cent, of cash remuneration. He supported the view of the Human Resources Network and FICSA that Singapore and Switzerland should be included in the consideration, as they remained competitive employers, if the Commission decided to proceed to phase II. Referring to difficulties in recruiting staff from certain countries, CCISUA encouraged the inclusion of the European Union institutions in the reference checks since those organizations had reputations as attractive employers. UNISERV took

note of the phase I analysis and steps undertaken in the study. Its representative stated that a real-time study and impact analysis of phase II results should be carried out before implementation if ICSC decided to proceed with phase II of the current Noblemaire study. Finally, the sharing of comprehensive and detailed information was requested in order to ensure understanding by all stakeholders.

111. The Commission recalled that phase I was, in essence, a strict elimination process. Starting from the broadest possible base, it focused on selecting only those services which met all the criteria of the methodology. Thus, some reputedly competitive comparators might still be excluded because they did not meet the other selection criteria, for example, they were relatively small or were undergoing reforms or structural changes, and thus did not lend themselves to comparison. In this regard, in response to questions raised about the civil services of Singapore and Switzerland, the Commission was informed that Singapore was currently in the process of revising its civil service’s job classification standards and that new grading information was not available at the time when the study had been conducted. Moreover, the study conducted in 2006 had also revealed difficulties in obtaining individual salary information for public employees, which was required for salary comparisons. Regarding Switzerland, the present study and the study conducted in 2011 had excluded it because of the size criterion. It was explained that while the size of the Swiss federal workforce was comparable to the number of Professional staff in the common system, the requirements for a proper grade equivalency study generally required a much larger starting comparison base in order to ensure sufficient matching for representative jobs and the stability of the job sample over time. In this context, it was recalled that the present comparator had over 2 million employees in central government.

112. The Commission also noted that the phase I compensation comparison was limited to cash elements and included only those elements which were available to all employees, and thus excluded individual performance pay. Moreover, it excluded other total compensation elements, like retirement, health, life/accident and other relevant non-cash schemes, which could be significant and could have an impact on the study results. In this regard, some members considered whether certain Scandinavian countries, such as Norway, should be examined more closely because of their reputation relating to generous benefits and work conditions. Reference was also made to Sweden, which was not on the list of potential comparators after phase I but had been recognized for its best practice of public employment among European countries. The view was also expressed that the Noblemaire study provided an opportunity to review best practices across the world in the area of compensation and benefits and to explore the possibility of applying them in the common system context. It was suggested that the scope of future studies could be reviewed to address those concerns.

113. In view of the above, some members believed that, should the Commission decide to proceed to phase II of the current Noblemaire study, Belgium and Norway should be included, as Belgium was the second highest paying country after the current comparator and Norway the third. Some participants considered that the relatively small number of Norwegian nationals working in the United Nations common system might be due to more favourable benefits and pay conditions in Norway. Others were of the view that the attractiveness of the common system as an employer might not be related to compensation alone. To facilitate its decisions, a suggestion was made to consider introducing a 5 per cent pay difference threshold, that is, that the phase II analysis should be conducted only for a country with a percentage difference of 5 per cent or smaller with the highest-paying country.

114. While recognizing some of the concerns expressed, most members felt that the primary purpose of phase I was to determine which services could reasonably be

expected to replace the present comparator and whether phase II was necessary to verify that. It was noted that, given the scope of the analysis, phase I had used some proxy parameters to simplify and expedite the process. These parameters included "in-area" post adjustment indices to account for cost-of-living differences, instead of specific cost-of-living differentials calculated for comparisons between locations, and the use of midpoints, instead of a full range of comparison points based on established grade equivalencies. Nevertheless, the experience of previous studies showed that phase I — despite its limited nature — had provided reliable pay comparisons over the years and reasonable estimates of the relative competitiveness of potential comparators.

115. The Commission was satisfied that the phase I analysis in the present study had been conducted in accordance with the established methodology and was consistent with the approach of the previous exercises. Accordingly, no issues arose regarding the validity of its results. The Commission recognized that the conduct of phase II would result in a need to adjust the results somewhat, but agreed that the resulting net cash compensation gaps with the present comparator — 9 per cent in favour of the present comparator compared with Belgium and over 15 per cent in the case of Norway — were highly unlikely to be reversed. It was recalled in this context that in the 2006 study, when the phase II analysis had been conducted for Belgium, the compensation gap did not change significantly compared with phase I results. Accordingly, this obviated the need to proceed to a much more labour-, time- and resource-intensive phase II, which would all but confirm that the United States federal civil service remained the highest paid national civil service and the comparator of the United Nations common system.

116. Regarding the reference checks with other international organizations for the purpose of measuring the competitiveness of the common system against them, the benefit of such studies was discussed and diverse views were expressed. Some members questioned the need for such checks as they were technically not part of Noblemaire studies. Others pointed out that the checks were authorized by the General Assembly and created a background for such studies in the light of the evolution of international organizations and their growing influence in the global labour market. An example was provided with respect to the European Union institutions, which were described as being particularly attractive to staff of the national civil services of the European Union member countries. Examining such organizations was thus perceived to be beneficial in identifying areas where the United Nations common system could improve.

117. In this context, the Commission was informed of an outside benchmarking study that had recently been launched, with the anticipated participation of several international and regional organizations. The study involved the establishment of grade equivalencies between the common system and other participating organizations for remuneration comparison purposes. It was expected that the findings of the study would be available in 2019. The Commission was therefore of the view that the issue of reference checks could be reviewed in the light of those findings.

Decisions of the Commission

118. The Commission decided:

(a) That the current Noblemaire study should not proceed to phase II, noting that the phase I comparison results demonstrated that the current comparator paid the highest level of cash compensation and that the percentage differences with other national civil services appeared to be too large to be offset when other compensation elements were considered, and thus the current comparator would be retained;

(b) To revert to the issue of reference checks with other international organizations following the receipt of the findings of the 2019 benchmarking study among several international and regional organizations, including the World Bank Group, Coordinated Organizations and the European Union.

E. Post adjustment issues

119. Pursuant to article 11 of its statute, the Commission continued to keep under review the operation of the post adjustment system, and in that context at its eighty-sixth session considered the report of the Advisory Committee on Post Adjustment Questions on its work at its fortieth session. The report included recommendations of the Committee with regard to the review of the post adjustment system by an external, independent consultant, as well as several issues regarding the housing component of the post adjustment index. After thorough discussion, the Commission decided to endorse the recommendations contained in the independent consultant's report with respect to areas of possible improvement of the methodology underpinning the post adjustment system, as outlined in the report of the Advisory Committee.

120. The Commission also considered a status report on the review of the post adjustment system, as well as a project management plan for a comprehensive review of the methodology underpinning the post adjustment system, developed by its secretariat in collaboration with organizations and staff federations and including timelines, roles of key stakeholders and resource implications. At its eighty-seventh session, the Commission endorsed the plan, called for the active cooperation of all stakeholders and invited representatives of staff and the organizations to contribute to the technical work of the secretariat by sharing their statistical expertise.

121. As a major step in the implementation of the project management plan, the Commission decided to conduct a review of the operational rules governing the determination of post adjustment multipliers, establishing a working group for that purpose with the full participation of organizations and staff federations. It also decided to establish a task force on the review of the conceptual framework of the post adjustment index. The work of the task force, together with methodological issues pertaining to the housing component of the post adjustment index, would be discussed at the next meeting of the Advisory Committee on Post Adjustment Questions, in early 2019. The Commission emphasized that the goal of the review was to revise the post adjustment system methodology and operational rules so as to enhance the accuracy, stability and predictability of salary adjustments.

Chapter V

Conditions of service of the General Service and other locally recruited categories: review of salary survey methodologies

122. The responsibilities of the Commission regarding the establishment of salaries for locally recruited staff are specified in its statute. Under article 10 (a), the Commission shall make recommendations to the General Assembly on the broad principles for the determination of the conditions of service of the staff, and under article 11 (a), the Commission shall establish the methods by which those principles should be applied. Under article 12, the Commission shall establish the relevant facts for, and make recommendations as to, the salary scales of staff in the General Service and other locally recruited categories.

123. To carry out those functions, the Commission established two methodologies, which evolved into current methodology I, applied at headquarters and similar duty stations, and methodology II, applied at all other duty stations. To ensure the efficiency and effectiveness of its methodologies, the Commission conducted a review of them in terms of the experience gained and lessons learned at the end of each round of headquarters salary surveys.

124. Upon the completion of the seventh round of surveys at headquarters locations, the Commission decided to launch a review of the salary survey methodologies for the General Service and other locally recruited categories. The secretariat of the Commission consulted stakeholders to collect information on issues experienced during the conduct of the surveys and initial recommendations on how to address them. The issues received from the organizations, staff federations and headquarters local salary survey committees were summarized in a list of broad issues and specific concerns, which was presented to the Commission for its consideration along with the proposed road map for the review.

Discussion in the Commission

125. The Human Resources Network welcomed the upcoming in-depth comprehensive review of the salary survey methodology. It pointed out the need to find more progressive and sustainable solutions to the ongoing problems, in particular those related to employer participation and the positioning of United Nations salaries in local markets. The Network suggested that if a considerable departure from the existing approach was considered, appropriate transitional measures might need to be put in place and adequate testing and simulations would have to be carried out before final decisions were taken. The Network was of the view that every effort should be made to submit the revised methodologies to the General Assembly for approval in 2019.

126. The staff federations expressed their appreciation for the launch of the review of the local salary survey methodologies, particularly in view of the concerns and issues faced by staff members in some locations. FICSA agreed with the establishment of a working group and suggested to proceed cautiously and thoroughly in the analysis of issues and solutions proposed by all stakeholders. It further suggested not to predetermine the solutions to be proposed by the working group by including them in its terms of reference. In particular, concerns were raised with regard to the use of external data, since that option had already been explored and rejected during the previous review. UNISERV highlighted the importance of immediately resolving difficult situations pertaining to the loss of purchasing power resulting from high devaluation and inflation rates in some duty stations. It felt that the review should consider strengthening the local salary survey committees by

providing professional training at subregional levels to ensure a team-building approach and consistent outputs in salary surveys. CCISUA, while highlighting the urgency of the matter, cautioned against the wholesale use of external data as it would imply outsourcing the function of the Commission and the responsible agency and might not be in line with the requirements of the methodology. It further emphasized the need for flexibility in establishing a timeline in order to ensure the proper analysis of all proposed issues.

127. The Commission confirmed the relevance of the Flemming principle in setting the salaries for locally recruited staff, despite certain difficulties in its implementation. Therefore, the focus of the current review should be on finding solutions to issues identified during the survey process after a thorough discussion by a working group to be established for that purpose. It further indicated that the working group would need to analyse the feasibility of proposed solutions and would have to model them to assess their effectiveness and impact on the salary survey process. The importance of cooperation, transparency and a consultative spirit in working group discussions was underscored. Several Commission members recalled the issue of the adjustment of salaries of other categories on the basis of the General Service survey results and the need to assess the feasibility of reinstating separate surveys for those categories, in particular the Security Service category. It was stressed that the issue should not be overlooked by the working group.

128. With regard to obtaining salary information in local labour markets, some Commission members recalled that as the most recurrent issue raised by all stakeholders was low employer participation, alternative ways of obtaining salary data should be explored, including the use of external sources. Others cautioned, however, that even if alternative sources were to be used, the data obtained might not represent the best prevailing conditions. Although this option had been considered, most Commission members thought it advisable to reassess the availability of salary data from external sources before any decision on the option could be made.

129. Some members indicated that during the ongoing review of the local salary survey methodologies, the working group would benefit from considering best practices in the areas of salary surveys and job evaluation so as to determine whether any of those practices could be incorporated into the methodologies. An opinion was expressed that if the salary survey process was to remain fully participative without diluting the role of any stakeholder, more education on the methodology was required and more resources might be needed to ensure the proper implementation of the methodologies. Several Commission members considered that the actual cost of the surveys should be considered in developing a more effective and efficient data-driven methodology.

130. It was agreed that a working group would need to be established, which would submit its proposals to the Commission at its eighty-eighth session, and that every effort should be made to complete the review by the Commission's eighty-ninth session so that the revised methodologies could be submitted to the General Assembly at its seventy-fourth session. However, given the nature and scope of the issues identified, the Commission recognized that more time might be required to complete the review.

Decisions of the Commission

131. The Commission decided to:

(a) Take note of the preliminary list of issues;

(b) Establish a working group consisting of members of the Commission, up to six representatives of the organizations and up to six representatives of the staff federations, to be assisted by the ICSC secretariat;

(c) Request the working group to:

(i) Analyse and explore issues identified during the seventh round of salary surveys and propose solutions to those problems for the consideration of the Commission;

(ii) Review ways of obtaining the required data, including the possibility of purchasing data from external sources;

(iii) Study the adequate representation of the national civil service;

(iv) Examine the application of both methodologies to ensure that the choice of methodology corresponded to the conditions of the local labour market and that similarly situated staff were treated equally;

(v) Propose revisions to the text of both methodologies accordingly;

(vi) Submit its proposals to the Commission at its eighty-eighth session;

(d) Revert to the timeline of the review at its eighty-eighth session.

Chapter VI

Conditions of service in the field: duty stations with extreme hardship conditions

132. At the eighty-fifth session, during the Commission's discussion of the hardship classification methodology, the field-based organizations in the Human Resources Network raised the issue of duty stations with a hardship classification of D or E that were not designated as non-family duty stations. The Commission discussed whether the organizations could offer some flexibility to staff members in such locations, so that staff members could either take their families with them and receive installation-related allowances, or not take their families and receive the non-family service allowance instead. The Commission was also of the view that the organizations could work on those aspects alongside other duty-of-care initiatives.

133. At its eighty-sixth session, the Commission reviewed a report submitted by the Human Resources Network on duty stations with hardship classifications of D or E that were not designated as non-family. In that report, the Network pointed out the particular responsibility of United Nations organizations as employers with regard to the duty of care to staff and their families. Offering adequate alternative arrangements that supported the well-being of staff and their families was seen as an important element of the United Nations duty of care to staff members. The Commission decided: (a) to request more data from the Human Resources Network on the issue of separation from family in difficult duty stations that were not designated as non-family; and (b) that the issue should be examined by a working group.

134. At its eighty-seventh session, the Commission reviewed a report of the working group, which met in June 2018 and was composed of five members of the Commission, five organizations (the United Nations, UNHCR, UNICEF, UNDP and WFP), staff federations (FICSA, CCISUA and UNISERV) and the ICSC secretariat. The working group examined various documents and presentations, including a holistic view of the field compensation package, an overview of the history of field conditions of service and the current situation and the issues raised by the organizations, the hardship classification process and the non-family duty station designation, additional information provided by organizations through a survey, and some external practices.

135. The Commission considered the options submitted by the working group, as follows:

Option A

To provide an amount that corresponded to the full amount of the non-family service allowance to the D and E duty stations which were not designated as non-family. The allowance would apply only to those duty stations assessed by the competent United Nations medical authority as having no or minimal health infrastructures or that were characterized by severe isolation conditions and promulgated by the Commission (currently 41 duty stations), where internationally recruited staff would be precluded from installing eligible dependants. If any eligible dependant was installed in the duty station, the allowance would not be payable.

Option B

To provide the option to staff members to install or not to install eligible dependants at those D and E duty stations assessed by the competent United Nations medical authority as having no or minimal health infrastructures or that were characterized by severe isolation conditions as approved by the Commission (currently 41 duty stations). In that case, if the staff member opted not to install any eligible dependant, an allowance would be granted and the level would be set at the same amount as the non-family service allowance or at a lesser amount. If any eligible dependant was installed in the duty station, the allowance would not be payable.

Option C

To provide the option that allowed staff members to install or not to install eligible dependants at duty stations that were classified as D or E and were not designated as non-family by the Commission (currently 71 duty stations). In that case, if the staff member did not install any eligible dependant, an allowance would be granted at the level of the non-family service allowance amount. If any eligible dependant was installed in the duty station, the allowance would not be payable.

Discussion in the Commission

136. The Human Resources Network expressed its appreciation for the attention the Commission devoted to this topic, which was a central element of the duty of care that organizations had to exercise towards staff and, as such, was an area of utmost importance to the Secretary-General and the principals of organizations with a deep field presence. It was critical that organizations be able to attract the right calibre of staff to difficult duty stations. The Network recalled its earlier proposal to allow payment of the non-family service allowance in lieu of family installation benefits in all D and E duty stations not designated as non-family duty stations for security reasons, in case a staff member with eligible dependants decided not to install them at the duty stations owing to adverse conditions (with regard to health, housing, education or other local conditions). The Network therefore reiterated its support for option C.

137. The Network further highlighted that when making its proposal, it was asking for a pragmatic, efficient solution with limited budgetary impact for a small population of staff. From the Network's side, it would be important to ensure a focus on pragmatism and simplicity when finding a solution to a confined but significant problem for field-based organizations.

138. The Network recalled that the discussion in the working group centred around two important elements on which it needed to clarify its position: (a) how "voluntary" the nature of a staff member's choice was, with a corresponding justification of whether to pay the full or a reduced amount of the non-family service allowance; and (b) whether there was an existing, assumed or prescribed "hierarchy of reasons" for staff not to take their families, with a corresponding justification of whether some criteria should prevail over others.

139. The organizations pointed out that in these situations in D and E duty stations, modern employer practices and common sense suggested that staff members would have to take an informed personal decision on whether it was suitable for their family to accompany them at a new duty station. Such a decision would be underpinned by a clear understanding of the detailed local living conditions in the duty station, as reflected in the hardship classifications. This personal decision could vary depending on the concrete family situation. Varying family situations would make different aspects of living conditions more crucial than others. In the view of the Network, this meant that, while staff members took a personal decision that might differ from other colleagues, this was still not a "voluntary" choice determined by preferences of the staff members, but was rather a decision dictated by the concrete living conditions in the duty stations and their impact on the suitability of having their family join them on the basis of individual circumstances.

140. Consequently, the Network saw no rationale in reducing the amount of the non-family service allowance, given that the situation was not comparable to what would trigger a "voluntary separate maintenance allowance" in the comparator civil service, where a staff member could exercise a choice in all duty stations. The Network further stated that while local conditions for health care were undeniably a critical factor in the personal decision of staff members on whether to take their family to the new duty station, they were by no means the only essential one; absence of schooling for children could be as important for a family with children at school age, regardless of the existing medical facilities. The Network therefore was not in support of limiting the possibility of paying the allowance to only a subset of duty stations with unconducive medical facilities. In conclusion, the Network reiterated the need to urgently address the current challenges in a manner that was targeted, simple and straightforward, and with the necessary faith that staff members could and should be entrusted to make responsible choices for themselves and their families.

141. The representative of UNISERV, speaking also on behalf of FICSA, stated that some United Nations field duty stations offered a peculiar set of living conditions vastly different than those for staff at Headquarters, offices away from Headquarters and the regional commissions. Staff served in duty stations varying from difficult, with the maximum level of hardship and danger and unconducive to family life, to comfortable, with the least hardship and danger and full suitability for family life. Staff in peacekeeping operations, special political missions, agencies, funds and programmes serving at locations of crisis and on the front line were mostly posted in field duty stations ranging from severe to medium hardship and danger and with a lack of basic facilities for family life. He further stated that it was imperative that deliberations on this critical issue take into account operational and practical implications of any alternatives for staff and organizations, thus minimizing additional administrative burdens for the staff members and their families.

142. Considering the three proposed options, UNISERV and FICSA fully supported option C, the proposal put forward by the Human Resources Network at the eighty-sixth session of the Commission. This would be easily initiated and would compensate staff in situations where they had no choice but to install and financially support their families in another location. UNISERV and FICSA considered that this option would give staff in these difficult situations the means to take care of their families while focusing on their work and serving the mandates of their organizations productively. Giving staff the means by which they could make the choice, albeit a difficult one, to live and work apart from their families was, in their view, the right thing to do.

143. The representative of UNISERV further stated that the conditions in all D and E duty stations were of a high level of hardship, in line with their classification, which was determined by the ICSC Working Group for the Review of Conditions of Life and Work in Field Duty Stations and approved by the Chair of the Commission under the authority delegated by the Commission. He noted that both the hardship classification methodology and the level of compensation were directly under the authority of ICSC. Therefore, UNISERV and FICSA considered that option C did not introduce a new governance system, nor did it imply the establishment of an allowance that was outside of the compensation package. It simply recommended an adaptation of the eligibility criteria for the payment of an existing allowance so that a staff member would be able to choose whether to install eligible dependants or not install them and receive the relevant package, but not both. In their view, option C was fair and equitable as it recognized the same set of principles, purpose and circumstances of an allowance that was being paid to staff who were working and living separately from their families owing to established hardship factors. UNISERV and FICSA supported the principle of this option as it further recognized the

psychological impact and financial cost to a staff member under these circumstances. Lastly, the representative pointed out the need for option C to be initiated as soon as possible, owing to its positive effects for the staff and their families, and with very little operational impact for the organizations.

144. The representative of CCISUA stated that the current situation was affecting the organizations' ability to deliver their mandates. As the former special operations approach had fully expired in 2016, the issues in these difficult duty stations had become more apparent. He highlighted that only around 500 staff members would be affected system-wide. CCISUA felt it important that the option to avail of the non-family service allowance be provided to all staff in D and E duty stations and be used to assist staff, many of whom had chosen not to install their families because of the local conditions, to defray the cost of maintaining a second household; those costs were currently being paid by staff out of pocket. As those duty stations had already distinguished themselves by their extreme hardship, CCISUA did not support restricting the payment to only some duty stations within the D and E category. The point of the proposal was not to compensate for hardship, which was already compensated for by the hardship allowance, but additional costs. CCISUA supported option C with immediate implementation.

145. The Commission members agreed that the issue needed to be addressed and discussed the three options formulated by the working group. The Commission discussed whether the separation from family in those D and E duty stations should be treated as voluntary or involuntary; in other words, whether staff members should be precluded from installing eligible dependants, or whether an option could be granted to staff members to choose whether to install their families.

146. The Commission considered that there were differences between duty stations designated as non-family for the reasons of safety and security (where staff members were precluded from bringing their families and received the non-family service allowance), and the D and E duty stations not designated as non-family, where this preclusion did not apply. In the light of those considerations, option A was set aside.

147. The Commission was of the view that options B and C contained elements that could be considered, with some modifications, however, to ensure that there would be no duplication of allowances and that there would be a clear rationale for addressing the identified need by the compensation package. Having taken a holistic view of the field compensation package, the Commission recalled that the compensation for the degree of hardship experienced by staff in hardship duty stations was covered by the hardship allowance. In addition, the non-family service allowance had been introduced as an incentive for staff to undertake assignments at non-family duty stations and recognized the increased level of financial and psychological hardship incurred by their involuntary separation from their families, including additional service-related costs. Given the underlying considerations of security, the question of installing families in those non-family duty stations did not arise.

148. The Commission also noted that staff members who served in hardship D and E duty stations not designated as non-family duty stations faced a difficult choice between installing their families in such difficult conditions or maintaining them in a separate location, which entailed some costs in addition to separation from their families. The Commission supported the continuation of the current approach, which allowed for the installation of families in the duty stations not designated as non-family. The Commission also considered that some recognition of the additional costs involved in maintaining a separate family location would be appropriate in cases in which staff members opted not to install their families given the difficult conditions in those duty stations. In that regard, the Commission considered that an amount lower than the amount of the non-family service allowance would be appropriate in those

cases, taking into account that the option to install families would continue to be made available to staff members upon acceptance of the assignment in those duty stations.

149. Further to the discussion on the various elements of the three proposed options, a fourth option — option D — was formulated by the secretariat. Under this option, staff members could choose whether to install eligible dependants in the D and E duty stations with the most difficult level of health or isolation factors, as they faced difficult choices between installing their families in such hardship locations or maintaining them in a separate location and incurring additional costs. If the staff member opted not to install any eligible dependants, an allowance for maintaining them in another location would be granted to the staff member in lieu of relocation-related allowances. An amount of $15,000 was proposed, which was approximately 25 per cent lower than the non-family service allowance (to reflect the different circumstances applicable to duty stations where staff members had no option to install their family as compared to those where that option existed). If any eligible dependant was installed in the duty station, the allowance would not be payable.

150. The Human Resources Network stated that it could agree to an amount lower than the non-family service allowance, which applied to staff members serving in designated non-family duty stations. However, the Network reiterated its initial concerns relating to the establishment of a hierarchy of factors in these duty stations (health and isolation factors being higher) when each of the hardship factors (for example, housing, climate and other local conditions) were deemed important. Therefore, all D and E duty stations proposed under option C should be covered under the new option D.

151. The staff federations also reiterated that difficult conditions in D and E duty stations made them unsuitable for families, and each hardship factor, not only health and isolation, determined that these duty stations were not suitable for families. The representative of UNISERV expressed his concern regarding the limitation of the proposed allowance to D and E duty stations for health and isolation factors only. In his view, all aspects of the criteria that determined the hardship classification of a duty station as D or E were not conducive to family life for some staff members, thus all D and E duty stations should be included. He further stated that the full amount of the non-family service allowance should apply to those duty stations.

152. The organizations and staff federations argued that the hardship allowance and the non-family service allowance were separate and served two distinct purposes. Therefore, confusion had to be avoided, as they were not advocating for the addition of any new allowances to the existing compensation package. Rather, it was only proposed that the eligibility criteria for the payment of the non-family service allowance be adjusted to address a very specific situation of D and E duty stations that were not designated as non-family duty stations.

153. The Commission agreed that the need expressed by organizations and staff federations could be met by providing an allowance to help to defray the costs of maintaining dependants elsewhere; however, the amount should be distinct from the non-family service allowance, which had been established for reasons of safety and security and was involuntary. In considering option D, the Commission was of the view that the amount of $15,000 recognized the optional nature and different circumstances than those applicable to duty stations where the installation of dependants was precluded, and therefore was lower than the amount of the non-family service allowance ($19,800). The Commission considered that this measure would also assist the organizations to deliver more effectively on their mandates by encouraging more applicants to serve in such difficult duty stations.

154. With regard to the scope of duty stations to be included, some members considered that criteria should be defined for the payment of the allowance (such as

health and isolation as the most compelling factors) and not left open to all D and E duty stations as proposed by the organizations under option C. Other members considered that it would be difficult to establish a hierarchy of factors measured (unlike security, which was a clear criterion for the designation of non-family duty stations triggering the payment of the non-family service allowance), given that all factors were important in assessing the conditions at the duty station and any of these factors could prevent staff members from bringing their family to the duty station, on the basis of their individual circumstances.

155. The number of staff in the D and E duty stations that were not designated as non-family was estimated at around 550 using the CEB data as at 31 December 2016 and the duty stations classified as at 1 January 2018. While it was difficult to estimate how many staff members would choose not to install their eligible dependants in those duty stations, the financial implications of the proposed option were estimated at $6.5 million per annum, system-wide, assuming that no staff members would install their eligible dependants in those duty stations.

Decisions of the Commission

156. After having debated the implications of various approaches in relation to the rationale, scope and level of the allowance, the Commission decided that:

(a) The option of whether to install eligible dependants in duty stations classified at hardship levels D or E that were not designated as non-family duty stations should be left to the staff member;

(b) The need expressed by organizations and staff federations should be addressed by providing a reduced amount of the non-family service allowance, in the amount of $15,000 per year, for staff members with eligible dependants to help to defray the costs of maintaining those dependants elsewhere;

(c) The above-mentioned amount would be granted to a staff member who requested such an allowance at the time of taking up an assignment in a D or E duty station not designated as non-family in lieu of the option to install the eligible dependants at the duty station;

(d) If any eligible dependant was installed in the duty station, the allowance would not be payable;

(e) The allowance would be reviewed following the full implementation of the revised hardship methodology upon the completion of the cycle, which ends in 2019.

157. The Commission stressed the importance of receiving data from the organizations on the utilization rate of the option to facilitate the review mentioned in paragraph 156 (e).

Annex I

Programme of work of the International Civil Service Commission for 2019–2020

1. Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system.

2. Conditions of service applicable to both categories of staff:

   (a) Career development;

   (b) Standards of accommodation for air travel.

3. Conditions of service of the Professional and higher categories:

   (a) Base/floor salary scale;

   (b) Evolution of the United Nations/United States net remuneration margin;

   (c) Review of staff assessment rates used in conjunction with gross base salaries;

   (d) Comprehensive assessment report, including a global staff survey, on the United Nations common system compensation package;

   (e) Post adjustment issues: status reports on the review of the post adjustment system, reports of sessions of the Advisory Committee on Post Adjustment Questions and agendas for the forty-second and forty-third sessions of the Advisory Committee;

   (f) Review of implementation of recruitment incentive;

   (g) Relocation shipment: review of ceiling;

   (h) Education grant: review of scale and level of boarding lump sum;

   (i) Hardship allowance: classification methodology and review of level;

   (j) Mobility incentive: review of level;

   (k) Non-family service allowance: review of level.

4. Conditions of service of the General Service and other locally recruited categories:

   (a) Review of salary survey methodologies;

   (b) Surveys of best prevailing conditions of employment in Kingston.

5. Conditions of service in the field:

   (a) Danger pay: review of level;

   (b) Security evacuation allowance: review of level.

6. Monitoring of the implementation of the decisions and recommendations of the International Civil Service Commission and the General Assembly by organizations of the United Nations common system.

Annex II

Common scale of staff assessment

Total assessable payment (United States dollars)	*Staff assessment rates used in conjunction with pensionable remuneration (percentage)*
First 20 000	19
Next 20 000	23
Next 20 000	26
Next 20 000	28
Remaining assessable amount	29

Annex III

Recommended pensionable remuneration and pay protection points

A. Recommended pensionable remuneration for staff in the Professional and higher categories

(United States dollars)

	Step												
Level	*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*
USG	318 725												
ASG	295 906												
D-2	242 139	247 198	252 257	257 320	262 386	267 447	272 506	277 567	282 628	287 686	–	–	–
D-1	217 729	222 175	226 622	231 070	235 503	239 951	244 396	248 834	253 284	257 724	262 167	266 608	271 053
P-5	188 905	192 685	196 470	200 245	204 030	207 805	211 592	215 369	219 149	222 929	226 711	230 487	234 271
P-4	155 742	159 340	162 937	166 535	170 132	173 738	177 391	181 040	184 686	188 332	191 987	195 626	199 276
P-3	127 566	130 834	134 165	137 492	140 823	144 152	147 480	150 816	154 142	157 471	160 807	164 133	167 467
P-2	98 970	101 868	104 764	107 660	110 560	113 460	116 361	119 252	122 153	125 049	127 945	130 878	133 853
P-1	76 537	78 902	81 264	83 629	85 990	88 432	90 891	93 351	95 810	98 270	100 729	103 185	105 646

Abbreviations: ASG, Assistant Secretary-General; USG, Under-Secretary-General.

B. Pensionable remuneration associated with pay protection points for staff whose salaries are higher than the maximum salaries on the unified salary scale

Level	*Pay protection point 1*	*Pay protection point 2*
P-4	202 927	206 577
P-3	170 793	174 138
P-2	136 833	–

Annex IV

End-of-service grant: eligibility criteria and payment schedule

A. Eligibility

This grant is to be paid only to staff members who are separated from the organization at the expiration of their fixed-term appointment, as defined by the contractual framework (see A/60/30 and A/60/30/Corr.1, annex IV). Staff members shall be eligible for the end-of-service grant if they have completed at least five years of continuous service.

No end-of-service grant shall be paid to:

(a) A staff member who elects to immediately receive a retirement benefit upon separation;

(b) A staff member who has been separated as a result of unsatisfactory service or for disciplinary reasons;

(c) A staff member who transfers to another common system organization;

(d) A staff member who returns to another common system organization upon completion of a loan or secondment assignment;

(e) A staff member who is promoted or accepts a position in a different category.

B. Payment

Eligible staff members shall receive a lump-sum amount in accordance with the schedule of rates below:

Completed years of service	*Months of net base salary*
5	1.25
6	1.5
7	2.5
8	3.5
9	4.5
10	4.75
11	5
12	5.25
13	5.5
14	5.75
15 or more	6

When a staff member receives a new appointment in the United Nations common system of salaries and allowances, or a retirement benefit from the United Nations Joint Staff Pension Fund, the amount of the end-of-service grant paid on account of separation from a fixed-term appointment shall be adjusted so that the number of complete or partial months of the grant is not greater than the duration of unemployment or non-receipt of a retirement benefit, in accordance with article 28 of the Regulations of the United Nations Joint Staff Pension Fund, and recovery made under conditions established by the executive head.

Annex V

Addition of a workforce diversity component to the human resources management framework

A. Broad principle

The promotion of a diverse workforce stems from the provisions of the Charter of the United Nations.

B. Outcomes

Staff composition throughout the organizations of the United Nations common system should reflect a workforce that is diverse from a variety of perspectives (including equitable geographical distribution and gender balance, as well as cultural, generational and multilingual perspectives and the perspectives of persons with disabilities), and this diversity should be embraced in decision-making to strengthen the performance of the organizations.

C. Indicators

- Diversity policies ensuring equal treatment for all staff members, consistent with the principle of merit, efficiency, competence and integrity.
- Regular monitoring of key workforce diversity metrics, such as geographical distribution and gender parity, and reporting thereon to governing bodies.
- Policies covering all forms of discrimination and harassment.
- Allocation of adequate resources to enhance outreach and recruitment efforts to support diversity.

Annex VI

Proposed salary scale and pay protection points

A. Salary scale for the Professional and higher categories showing annual gross salaries and net equivalents after application of staff assessment (effective 1 January 2019)[a]

(United States dollars)

Level		*I*	*II*	*III*	*IV*	*V*	*VI*	*VII*	*VIII*	*IX*	*X*	*XI*	*XII*	*XIII*
USG	**Gross**	**198 315**												
	Net	146 388												
ASG	**Gross**	**179 948**												
	Net	134 266												
D-2	**Gross**	**143 813**	**146 943**	**150 079**	**153 402**	**156 726**	**160 048**	**163 368**	**166 691**	**170 012**	**173 332**			
	Net	110 169	112 360	114 552	116 745	118 939	121 132	123 323	125 516	127 708	129 899			
D-1	**Gross**	**128 707**	**131 457**	**134 210**	**136 963**	**139 706**	**142 459**	**145 209**	**147 956**	**150 753**	**153 667**	**156 583**	**159 497**	**162 415**
	Net	99 595	101 520	103 447	105 374	107 294	109 221	111 146	113 069	114 997	116 920	118 845	120 768	122 694
P-5	**Gross**	**110 869**	**113 209**	**115 550**	**117 887**	**120 229**	**122 566**	**124 909**	**127 246**	**129 586**	**131 924**	**134 266**	**136 601**	**138 944**
	Net	87 108	88 746	90 385	92 021	93 660	95 296	96 936	98 572	100 210	101 847	103 486	105 121	106 761
P-4	**Gross**	**90 970**	**93 050**	**95 129**	**97 209**	**99 288**	**101 483**	**103 744**	**106 001**	**108 259**	**110 514**	**112 776**	**115 029**	**117 287**
	Net	72 637	74 218	75 798	77 379	78 959	80 538	82 121	83 701	85 281	86 860	88 443	90 020	91 601
P-3	**Gross**	**74 649**	**76 574**	**78 499**	**80 421**	**82 347**	**84 271**	**86 195**	**88 122**	**90 046**	**91 970**	**93 897**	**95 821**	**97 747**
	Net	60 233	61 696	63 159	64 620	66 084	67 546	69 008	70 473	71 935	73 397	74 862	76 324	77 788
P-2	**Gross**	**57 661**	**59 383**	**61 103**	**62 824**	**64 546**	**66 270**	**67 993**	**69 711**	**71 434**	**73 154**	**74 875**	**76 599**	**78 318**
	Net	47 322	48 631	49 938	51 246	52 555	53 865	55 175	56 480	57 790	59 097	60 405	61 715	63 022
P-1	**Gross**	**44 593**	**45 931**	**47 269**	**48 607**	**49 943**	**51 401**	**52 862**	**54 324**	**55 784**	**57 246**	**58 707**	**60 166**	**61 628**
	Net	37 012	38 123	39 233	40 344	41 453	42 565	43 675	44 786	45 896	47 007	48 117	49 226	50 337

Abbreviations: ASG, Assistant Secretary-General; USG, Under-Secretary-General.

[a] The normal qualifying period for in-grade movement between consecutive steps is one year. The shaded steps in each grade require two years of qualifying service at the preceding step.

B. Pay protection points for staff whose salaries are higher than the maximum salaries on the unified salary scale (effective 1 January 2019)

(United States dollars)

Level		*Pay protection point 1*	*Pay protection point 2*
P-4	**Gross**	**119 547**	**121 806**
	Net	93 183	94 764
P-3	**Gross**	**99 670**	**101 730**
	Net	79 249	80 711
P-2	**Gross**	**80 041**	**–**
	Net	64 331	–
P-1	**Gross**	**63 088**	**–**
	Net	51 447	–

Annex VII

Yearly comparison and the development of the margin over time

A. Comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades (margin for calendar year 2018)

Grade	Net remuneration (United States dollars)		United Nations/ United States ratio (United States, Washington, D.C.=100)	United Nations/ United States ratio adjusted for cost-of-living differential	Weights for calculation of overall ratio[d]
	United Nations[a,b]	United States[c]			
P-1	70 623	55 841	126.5	112.4	0.6
P-2	91 809	69 485	132.1	117.4	10.9
P-3	114 148	88 831	128.5	114.2	29.9
P-4	136 262	106 559	127.9	113.7	32.2
P-5	159 285	123 912	128.5	114.2	19.1
D-1	180 985	141 004	128.4	114.1	5.9
D-2	193 919	152 324	127.3	113.2	1.5
Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential					128.7
New York/Washington, D.C., cost-of-living ratio					112.5
Weighted average ratio, adjusted for cost-of-living differential					114.4

[a] For the calculation of average United Nations salaries, CEB personnel statistics as at 31 December 2016 were used.

[b] Average United Nations net salaries by grade, reflecting 1 month at multiplier 64.5 and 11 months at multiplier 66.9, on the basis of the unified salary scale in effect from 1 January 2018.

[c] For the calculation of the average of United States federal civil service salaries, personnel statistics as at 31 December 2017, received from the United States Office of Personnel Management, were used.

[d] 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 2016.

B. Calendar year margin levels, 2009–2018

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Margin	113.8	113.3	114.9	116.9	119.6	117.4	117.2	114.5	113.0	114.4

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