

FICSA CIRCULAR



FICSA /CIRC/1163
Ref: Sal/prof/acpaq

Geneva, 25 April 2014

To: Chairs, Member Associations/Unions
Members of the Executive Committee
Chairs, Members with Associate Status
Chairs, Associations with Consultative Status
Presidents, Federations with Observer Status
Chairs and Vice-Chairs of Standing Committees

From: Brett Fitzgerald, General Secretary

**REPORT BY THE FEDERATION OF INTERNATIONAL CIVIL SERVANTS' ASSOCIATIONS (FICSA)
ON THE 36TH SESSION OF THE ADVISORY COMMITTEE ON POST ADJUSTMENT QUESTIONS
(ACPAQ)
(Budapest, 7 to 14 April 2014)**

1. The meeting was opened with a statement made by the Chairman of the ACPAQ, Mr. Wolfgang Stöckl, followed by a speech made by Ms. Rossella Pagliuchi-Lor, Head of the Global Service Center in Budapest.

ICSC/ACPAQ/36/R.2: A review of the post adjustment index structure (ICSC/ACPAQ/36/CRP.4)

2. The Committee decided to recommend to the Commission that:

- a. It found no sufficient technical reasons to justify a change in the present structure of the post adjustment index (PAI); and
- b. The Commission could consider modifications to the operational rules regulating the post adjustment system as a means of improving the stability and predictability of salaries, within the framework of the comprehensive review of the United Nations compensation package.

3. FICSA was fully satisfied with this recommendation. Elimination of any of these 5 components would have been very detrimental for the PAI.

ICSC/ACPAQ/36/R.3: Harmonization of the specification of the weight of the out-of-area component for all duty stations (ICSC/ACPAQ/36/CRP.5)

4. The Committee decided to recommend to the Commission that it:

- a. Took note of the findings presented by the secretariat in this document;
- b. Affirmed that its earlier recommendation on the matter of the specification of the out-of-area weight as contained in document ICSC/77/R.10, para. (9), and reproduced in Section III of

document ICSC/ACPAQ/36/R.3, would produce more accurate results than the current specification; and

c. Considered that the harmonized specification of the out-of-area weight (OAW) represents a reasonable trade-off between accuracy and stability of the results; and therefore recommended its use for all duty stations with effect from the next round of surveys, with possible modifications based on the results of the secretariat's research on the optimization of the number and size of the bands.

5. This recommendation corresponds to FICSA's earlier position on the OAW.

ICSC/ACPAQ/36/R.4: A review of the classification of duty stations as group I and group II (ICSC/ACPAQ/36/CRP.6)

6. FICSA was not very satisfied with the proposed regression model for the classification of duty stations as group I and group II. In this regard, FICSA made a statement saying that it is technically incorrect to use EU membership as a criterion for classifying a duty station as group I.

7. The Committee decided to recommend to the Commission that:

- a. The ICSC secretariat refine and validate the proposed regression model to be used in the classification of duty stations as group I and group II, for post adjustment purposes; and
- b. The statistical model approach be considered only as one of the tools used by the Commission in making decisions about classifying duty stations for post adjustment purposes.

ICSC/ACPAQ/36/R.5: An examination of the feasibility of using external price data for duty stations covered by the European Comparisons Programme (ICSC/ACPAQ/36/CRP.7)

8. The Committee decided to recommend to the Commission that it:

- a. Use European Comparisons Programme (ECP) average price data in the calculation of the in-area (excluding housing) index for group I duty stations where available;
- b. Retain the current method of sourcing price data for group I locations not covered under the ECP; and
- c. Do further research aimed at ensuring comparability of outlets across duty stations; and assessing the impact of the use of ECP price averages, by conducting a price survey in New York on an appropriate subset of items from the ECP market basket, to be used as benchmark data for comparisons for all group I duty stations covered by the ECP.

9. Recommendation (a) will not eliminate the responsibility of the local survey committee (LSC) because the selection of the outlets will still be done by the LSC for the approval of the Chairman of the ICSC. Only duty stations covered by the ECP will be affected.

10. Recommendation (b) concerns duty stations like Geneva.

ICSC/ACPAQ/36/R.6: A review of the rental subsidy scheme (ICSC/ACPAQ/36/CRP.8)

11. The Committee decided to:

- a. Take note that the results of the rental subsidy survey indicate that most of the policies of the Commission are being followed in the practical implementation of the rental subsidy scheme.

However, some specific areas of its implementation might benefit from further regulation or more precise guidance by the Commission, namely:

- i. The treatment of staff returning to a group I duty station where they had previously claimed rental subsidy,
 - ii. The implementation of cases of “force majeure”,
 - iii. The application of the scheme to other categories of staff,
 - iv. The determination of the exact rent, excluding utilities or other amenities, for the calculation of the subsidy,
 - v. The establishment of maximum reasonable rents on the basis of objective criteria, and
 - vi. The treatment of rental subsidies for high-level officials with representational responsibilities.
- b. Acknowledge that under the current design of the post adjustment system and rental subsidy scheme, the analysis of the secretariat is correct and therefore, for most of the duty stations currently maintained in the post adjustment system, the rental subsidy does not draw its resources from post adjustments and in fact, it reinforces post adjustments whenever the housing index is lower than the in-area (excluding housing) index, which is the case for the vast majority of duty stations;
- c. Highlight that applying unrestrictedly the group I scheme to group II duty stations would decrease most of the group II PAIs. The extent of such changes depends on individual circumstances of the duty station and may be modest or very high; and
- d. Recommend to the Commission that further research is needed to study under which conditions an effective trade-off between rental subsidy and post adjustment could be restored for all duty stations.

Other business

12. The Chairman informed the Committed that the 37th session of the ACPAQ will be held in January 2015 in order to give its recommendations to the ICSC spring session which is expected to be held in March 2015.

Post adjustment classification of Ghana, March 2014

13. The representative of FAO informed the Committee of staff concerns about the income of the latest four-month review that led to the reduction of the post adjustment multiplier (PAM) of Ghana from 43.6 to 34.2. She presented a letter to the Committee on behalf of the UN Country Team in Ghana addressed to the Chairman of the Commission and accompanied by a detailed cost-of-living report prepared by the UN Economists Group in Ghana.

14. The secretariat confirmed that it was aware of several communications on the matter, not only from the UN Country Team in Ghana but also headquarters of all Ghana-based organizations, adding that a response was being prepared. An explanation of the operational rules that govern the movement of the PAM was provided. It was explained that the main driver for the sharp reduction in the PAM for Ghana was the even sharper devaluation of the local currency.

15. Regarding specific measures that could be taken to address the issue, the secretariat stated that under certain circumstances the Chairman of the Commission might allow for conducting an additional survey at the appropriate time. The secretariat was prepared to expedite the analysis of the data collected from the recent place-to-place survey, adding that the implementation of the results of the survey might have a positive impact, since it is expected that the continuing

devaluation of the local currency would be accompanied by steep increases in the prices that might not be fully captured by local consumer price indices.

16. It was noted that the results of the survey would probably be announced by the end of this month, and that it would seem that the results will be positive and will hopefully capture the devaluation of the currency. However, as this information is unofficial, staff representatives shall need to remain alert when the results are announced.

17. Nevertheless, the Chairman of the ICSC had sent a less than encouraging reply to the Country Team, but also wrote that it would be necessary to wait for the results before considering further measures.

18. A new, quick survey could be requested as an exceptional measure, and such a request could eventually be entertained if the current survey does not capture the appropriate data. The ICSC representative indicated that they had intended to take action even without the petition.

19. The representative of FICSA asked whether an interim measure could be taken to alleviate the concerns of the staff. The representative of PAHO enquired if a personal transitional allowance (PTA) might be applied in this kind of situation. The secretariat explained that a PTA could only be applied upon implementation of a survey. This led some of the participants to question the validity of the operational rules, citing specifically the 10-point rule and questioned whether this rule could be adapted to react more flexibly to such situations as observed in Ghana. A Committee member also suggested the secretariat revisit the threshold levels for implementing some of the operational rules, such as using the intervals rather than absolute levels. The representative of UNHCR requested that the secretariat offer an explanation to the staff of Ghana as soon as possible.

20. It was stated that, in any case, FICSA would need to write to the Chairman of the ICSC once the results are known, either to thank him or to request further action. FICSA questioned why problems of this kind, which have already occurred on numerous occasions in the past, have not been addressed through a general rule, instead of waiting for a severe situation such as a 10-point inflation rate before taking any action (9.6 as in the case of Ghana should trigger immediate action). FICSA requested that this matter be seriously looked into, and that it should perhaps be considered that a rise of 5 points should warrant exceptional measures. This issue in general should be raised with the Commission. FICSA indicated that it would include this item in its letter to the Chairman of the ICSC once the results are available.

Joint statement by CCISUA, FICSA and UNISERV

“Dear Mr. Chairman, Members of the Committee, dear colleagues,

“Mr. Chairman, in response to your introductory speech where you mentioned, if I remember correctly, “the upper limit is set, not the lower one”, and in response to the new trend that refers to the fact that “tax payers are concerned about UN staff salaries”, I would like to say the following:

“The paramount consideration in establishing the UN compensation package has been - historically – to attract the best qualified candidates from the entire world.

“Although this might be considered as a costly principle, it allows UN staff members to leave their country, their job, sometimes their family, in order to join the United Nations under acceptable conditions of employment.

“To date, the General Assembly has not yet amended Article 101 of the UN Charter, therefore the principle I mentioned still applies and - as my colleague from FICSA mentioned - tax payers will continue to receive very good value for money.

“As such, the only consideration in creating a new or amending the existing methodology should be the necessity to making the UN a competitive place to work. Staff continue to be highly motivated to maintain a high level of performance and even to risk their life while fulfilling the noble objective of the United Nations. However, the amount of work the staff can do with less has long been exhausted.

“Attracting the highest qualified staff should be the paramount element at this stage of the procedure for reviewing the compensation package.

“Unfortunately, from what we hear from time to time, Mr Chairman, it looks that a new, or not so new, criterion has been inserted into the methodology, a criterion that has nothing to do with the Noblemaire principle, namely, saving money for the sake of saving money.

“The role of Unions and Staff Associations is, of course, to defend the interests of the staff they represent and thus to defend the Noblemaire principle – which is obviously being questioned.

“For us, simplification and rationalization must lead to fairness and equity and not merely cost cuts and savings.

“This being said, and given the level and tone of the discussions which took place during this week, we are confident that the Committee will make the right recommendations in the best interests of the staff and of the Member States.

“Thank you very much for your attention.”

Conclusion

21. In general, the work of the 36th session of the ACPAQ was very satisfactory for the FICSA representatives. For information, the three Federations worked together and had the same voice on all issues.

Diab El-Tabari, FICSA President

Christian Gerlier, Chair, FICSA Standing Committee on Professional Salaries and Allowances

Varghese Joseph, FICSA Resource Person representing the ITU Staff Union
