

FICSA CIRCULAR



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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: Gemma Vestal, General Secretary

***** Revision *****

**REPORT BY
THE FEDERATION OF INTERNATIONAL CIVIL SERVANTS' ASSOCIATIONS (FICSA)
ON THE 85TH SESSION OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (ICSC)
(Vienna, 10 to 21 July 2017)**

Submitted by the FICSA President, Mr. Diab El-Tabari

The 85th session of the International Civil Service Commission (ICSC) was held at the United Nations Office in Vienna (UNOV) from 10 to 21 July 2017. The Federation was represented by Diab El-Tabari, President; Gemma Vestal, General Secretary; Veronique Allain and Irwan Mohd Razali, Members of the Executive Committee; Brett Fitzgerald, Information Officer; and Imed Zaabar, President of the IAEA Staff Association. Only the FICSA President attended the full two weeks of the meeting.

The session was full of contentious issues related to the conditions of service of the staff in the UN common system. The main issues were related to elements of the new compensation package that adversely affected current staff members and the difficulty to attract new staff members; the use of categories of staff, including General Service, National Professional Officers, Field Service and Security Service; the review of pensionable remuneration; the review of hardship classification methodology and the results of the 2016 round of place-to-place surveys; and thereon the report on the last session of ACPAQ.

1. Mandatory age of separation (MAS)

The Commission reviewed the decisions of the last session of the UN General Assembly and took note that some organizations had not yet committed to implementing the mandatory age of separation by 1 January 2018.

The Commission decided to:

- (a) Underscore the need of the organizations to implement decisions of both the UN General Assembly and the Commission in a timely manner and in full compliance;
- (b) Request the organizations which had not yet already done so to take appropriate measures to implement the mandatory age of separation of 65 for staff who had joined before 1 January 2014;
- (c) Instruct its secretariat to provide a report on the implementation of decisions and recommendations on an annual basis, which would help to provide more timely reporting to the UN General Assembly on implementation dates within the organizations.

2. Use of staff categories including National Professional Officers (NPOs)

The ICSC representatives provided an overview of the work of the working group on the use of categories of staff, including NPOs. It was noted that the organizations, ICSC and staff representatives agreed on all the categories, except NPOs where the following issues remained areas of dispute between the staff representatives and the organizations: their use in the regional offices; nationality requirement; and serving in more than one duty station. These issues will be raised at the next ICSC session.

After extensive deliberation, the following guidelines were agreed to:

Guidelines for the employment of National Professional Officers (2017)

- 1. Recalling the requirement to preserve the universal character of the organizations of the United Nations common system embedded in the Charter of the United Nations, organizations shall recruit National Professional Officers in accordance with their mandates, taking into account their operational needs.
- 2. The employment of National Professional Officers by a given common system organization should be grounded in a policy framework established by that organization's legislative body, as required.
- 3. National Professional Officers should be nationals of, and be locally recruited within, the country of their employment. In their capacity as National Professional Officers, they may be subject to short-term duty assignments outside the country of their employment when this does not involve a change of duty station.
- 4. The same standards of recruitment qualifications and performance as are required for international Professional staff should apply to National Professional Officers. National Professional Officers bring national experience and knowledge to the work of their organization in their country of employment.
- 5. National Professional Officer posts are graded on the basis of the Job Evaluation Master Standard for the Professional and higher categories. Conditions of service are

established in accordance with the principle of the best prevailing conditions in the locality for functions at the same level, through the application of the local salary survey methodology promulgated by the ICSC.

6. The organizations of the United Nations common system should not recruit National Professional Officers in the eight headquarters duty stations of the common system.

All other categories remained unchanged except for that of Field staff where the criteria for their use was adopted as follows:

Criteria for the use of the Field Service category (2017)

1. Staff in the Field Service category are employed in field duty stations and are subject to rapid deployment to perform technical, logistical, security or administrative support functions, in particular in the context of setting up new or expanding operations and the maintenance and liquidation of existing operations, where impartiality, independence and neutrality is of particular concern. They qualify to serve in the context of:

- (a) Peacekeeping operations
- (b) Special political missions
- (c) Peacebuilding operations
- (d) Humanitarian operations
- (e) Emergency operations.

2. Staff in this category perform functions that may require freedom of movement within and across national borders; that may include the handling of sensitive information; where the required skills and expertise are not readily available in the local labour market or local staff are otherwise precluded from performing these functions; and where there are risks to properties, assets or United Nations personnel.

3. Employment in the Field Service category is on the basis of international recruitment. Employment of nationals of the country of duty station shall not be allowed.

The decisions of the Commission on the two categories were as follows:

- (a) Recommend to the General Assembly the guidelines for the use of the National Professional Officer category, as set out above;
- (b) Recommend to the Secretary-General of the United Nations that:
 - (i) Jobs in the Field Service category should be graded on the basis of the General Service and Professional job classification standards approved by the Commission;

- (ii) The United Nations and organizations using the Field Service salary scales should confirm, in consultations with the ICSC secretariat, the correspondence between the Field Service grades and the General Service and Professional grades;
- (iii) The criteria for use of the Field Service category, in any function and grade level, as set out above, should be adopted.

(c) Request the ICSC secretariat to seek information on the rate of implementation by the common system organizations of the global classification standard for the General Service category and present the information at its eighty-seventh session.

3. General Service salary survey in Vienna

Based on the adopted General Service salary survey methodology I, the salary scale was revised as well as the dependency allowances for the organizations of the UN common system in Vienna. An increase of 3.3 per cent was recommended.

As in previous surveys conducted at headquarters duty stations during the current round, the local salary survey committee reported difficulties in securing employer participation. In the case of Vienna, 17 employers, including the national civil service, were surveyed. The number of employers was short of the standard requirement of 20 and was complemented by the use of external salary movement data.

4. Base/floor salary scale

The Commission decided to recommend to the UN General Assembly, for approval with effect from 1 January 2018, the revised unified base/floor salary scale as well as the updated pay protection points for the Professional and higher categories, reflecting a 0.97 per cent adjustment, to be implemented by increasing the base salary and by commensurately decreasing post adjustment multiplier points, resulting in no-loss/no-gain in net take-home pay.

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

The participants took note that the margin between the net remuneration of the United Nations staff in the Professional and higher categories in New York and that of officials in comparable positions in the United States federal civil service in Washington, D.C., was estimated at 113.4 for the calendar year 2017.

The Commission tasked its secretariat to continue to monitor the margin level so that corrective action could be taken through the operation of the post adjustment system should the trigger levels of 113 or 117 be breached in 2018.

6. Post adjustment

The ICSC made references to the way the cost-of-living survey was conducted and the results which concluded with -7.7 per cent for Geneva, -6.56 per cent for Rome and -6.1 per cent for Madrid. The HR Network and staff representatives explained that the

methodology was problematic and required revision, and that it was necessary to find a solution to these issues which were highly damaging, especially to staff morale. Appeals would be instigated.

Nevertheless, despite several speeches by high-level senior officials of the Geneva-based organizations, primarily the Director General of UNOG, Mr. Michael Moller; the Director-General of the ILO, Mr. Guy Ryder and his Deputy, Ms. Deborah Greenfield, as well as the Deputy Director General of WHO, Dr. Anarfi Asamoah-Baah, and the lengthy explanation by the staff federations (see the joint FICSA/CCISUA CRP.8, Annex 1), and also the technical evaluation by the team of Geneva statisticians (who had reviewed the exercise and concluded that a high margin of inconsistency existed in the calculation and methodology), the Commission remained extremely rigid.

A. Methodological aspects of the baseline cost-of-living surveys for 2016 at headquarters duty stations and in Washington, D.C.

The Commission decided to:

- (a) Reaffirm that the collection and processing of the data from the baseline cost-of-living surveys for 2016 were carried out by the secretariat in accordance with the approved methodology;
- (b) Take note of the findings in the documents prepared by the Geneva statisticians and the staff federations on various aspects of the post adjustment methodology, and the secretariat's response to those findings, and provide both documents to ACPAQ;
- (c) Request ACPAQ to continue its work on improving the methodology underpinning the post adjustment system, in collaboration with representatives of the administrations and the staff federations of the United Nations common system.

B. Results of baseline cost-of-living surveys in Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, D.C.

The Commission decided to:

- (a) Approve a margin of 3 per cent to be added to the results of all cost-of-living surveys conducted under the round for 2016 that are lower than the prevailing pay index by more than 3 per cent.
- (b) Approve the results of the baseline cost-of-living surveys for 2016 for London, Madrid, Paris, Rome and Vienna, as recommended by ACPAQ, and as summarized in the table below.

Summary of the results of the cost-of-living comparisons for 2016 between New York and Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, D.C., as of the respective survey dates

Duty station	Survey month (2016)	As of survey date		
		Survey post adjustment index (2016 system)	Updated post adjustment index (2010 system)	Difference (percentage)
		(1)	(2)	
Geneva	October	165.9	172.4	-3.8 ^a
London	September	159.6	159.9	-0.2
Madrid	September	121.9	128.3	-5.0 ^a
Montreal	October	135.3	134.3	+0.7
Paris	September	140.3	141.8	-1.1
Rome	October	127.9	133.2	-4.0 ^a
Vienna	October	136.1	136.4	-0.2
Washington, D.C.	September	144.0	142.3	+1.2

^a Results are likely to trigger the gap closure measure.

The Commission decided:

- (a) That the results for London, Madrid, Paris, Rome and Vienna be implemented on 1 August 2017, taking into account inflation and exchange rate fluctuations between the survey date and the date of implementation of the results;
- (b) To change the implementation date of the results of the 2016 cost-of-living survey in Geneva from 1 May 2017 to 1 August 2017, in order to align the implementation date with that of the other two duty stations for which the gap closure measure would be triggered (Rome and Madrid).

C. Implementation of the results of cost-of-living surveys conducted in the round for 2016

Taking into account the calls from representatives of the organizations and the staff federations, the Commission decided to approve the following modification of the gap closure measure, an operational rule designed to mitigate the negative impact on salaries following the results of any cost-of-living surveys which are significantly lower than the prevailing pay indices:

- (a) In accordance with the Commission's decision, the post adjustment index derived from the survey (updated to the month of implementation) is augmented by 3 per cent to derive a revised post adjustment multiplier for the duty station;
- (b) The revised post adjustment multiplier is applicable to all Professional staff members in the duty station. Existing staff members already at the duty station on or before the implementation date of the survey results receive the revised post adjustment multiplier, plus a personal transition allowance;
- (c) The personal transitional allowance is the difference between the revised and prevailing post adjustment multipliers. It is paid in full for the first six months after the implementation date; and adjusted downward every four months until it is phased out;
- (d) During an adjustment month, the new personal transitional allowance is calculated by taking the difference between the prevailing pay index and the pay index applicable to existing staff (that is, the prevailing pay index plus the existing personal transitional allowance), reduced by 3 per cent.

The Commission decided to request its secretariat to continue to pursue further analytical studies aimed at assessing the comparability of price data collected under the European Comparisons Programme (ECP) with those collected by the ICSC secretariat. It also requested its secretariat to identify other sources of comparable price data by the time of the next round of surveys.

The above conclusions are, however, in no way acceptable. FICSA maintains the position that the 5 per cent gap protection measure should be reinstated and not a 3 per cent softening measure. Also, the Member States need to be alerted to the litigation by staff since their concerns, as well as those of the statisticians, were never addressed technically and remain valid; an issue that would entail legal consequences. Looking into the calculations is of prime importance.

7. Study on performance management and proposals on performance incentives

Noting that not much progress had been witnessed over the last year, the Commission decided to reaffirm its earlier recommendation to the UN General Assembly with regard to the proposed principles and guidelines for performance appraisal and management for the recognition of different levels of performance with the following additions:

- (a) An overall budgetary cap for cash and non-cash awards not to exceed 1.5 per cent of an organization's projected remuneration costs (i.e. net remuneration for staff in the Professional and higher categories, and salaries for the General Service and related categories);
- (b) A limit of up to 10 per cent of net base salary (in the case of international staff in the Professional and higher categories, without post adjustment) for individual cash awards;

The revised proposed principles and guidelines for performance appraisal and management for the recognition of different levels of performance are set out in annex 2.

The Commission also decided that the organizations should use the measures in annex 2 as guidelines, subject to their approval by the General Assembly, and urged the organizations to continue their efforts in the area of performance management with a view to improving organizational performance as a whole.

8. Report on diversity, including gender balance and geographical distribution in the United Nations common system

The report did not bring any new developments and the targets remained at a standstill. The organizations really need to step up if improvements in achieving the desired targets are to be met.

The Commission decided to urge organizations to:

- (a) Establish measurable outcomes with regard to employment, advancement, retention and participation of diverse groups;
- (b) Increase their efforts and invest time and resources to deal with all aspects of diversity, including training for managers and staff;
- (c) Establish an overall strategy on diversity that included concrete action plans, specific targets and timelines towards achieving gender balance and equitable geographical representation if they had not yet taken the initiative to do so;
- (d) Continue to review periodically all aspects of diversity.

9. Danger pay

After considering the various changes over the last five years, the Commission decided to continue with the same methodology and same calculations. However, the Commission did agree to update the level of danger pay using the 2016 salary scales instead of the ones from 2012.

The Commission decided to:

- (a) With regard to the methodology for the adjustment of danger pay levels:
 - (i) For internationally recruited staff: use as a reference the three indicators applied for the hardship allowance and the relationship between danger pay and the net midpoint of the base/floor salary scale in effect in the year of the scheduled review;
 - (ii) For locally recruited staff: confirm that the level would be set at 30 per cent of the applicable General Services salary scales and use as a reference the net midpoint of the applicable scales in effect in the year prior to the scheduled review;

(b) With regard to the level of the allowance:

- (i) Maintain the level of danger pay for internationally recruited staff at \$US 1,600 per month until the next review;
- (ii) Update the level of danger pay for locally recruited staff by updating the reference year of the salary scales on which the calculations were based, from 2012 to 2016, and applying 30 per cent to the net midpoint of those scales;

(c) Conduct the next review of danger pay in 2020 in accordance with the established schedule.

10. Review of children's and secondary dependents' allowance

The ICSC secretariat explained that a new calculation method including additional duty stations (either larger duty stations and/or the two new HQ duty stations) may be adopted by the Commission. The discussions did not warrant any merit for change. Accordingly, the Commission decided to:

(a) Maintain the current methodology for the dependent children's allowance but keep the methodology under review and revert to it as appropriate;

(b) Request its secretariat, during the review of the level of dependent children's and secondary dependent's allowances, to present for its decision the calculation results with regards to two options for the reference income level at which the child benefit was compared (one based on the unified scale rate only and one that also included the spouse allowance).

11. Pensionable remuneration

The ICSC secretariat stated that in line with the changes to the salary scale and the long period since the last revision, as well as taking into account that various stake holders needed to participate in the work, the best way forward would be to create a working group, which would take into account acquired rights.

The Commission decided to:

(a) Establish a working group, with the participation of Commission members, representatives of the organizations and staff federations, to be supported by the ICSC secretariat in coordination with the secretariat of the United Nations Joint Staff Pension Fund;

(b) Request the working group to pursue further all the options proposed with regards to the grossing-up factors and the alignment of pensionable remuneration with the revised salary structure, in close interrelationship with the review of the common scale of staff assessment, and to report on its findings to the Commission at its eighty-sixth session.

12. Review of hardship classification methodology

FICSA stressed that the objective of the review of the hardship classification methodology should be to introduce sound and practical changes in order to better reflect the real conditions of life and work of UN staff in the field. FICSA stressed that it was important for the Commission to recall that, apart from the ratings attributed by the Department of Safety and Security and the UN Medical Services, there were other important factors such as the level of isolation, the local conditions in general, unavailability of proper education systems, unavailability of housing, isolation of family members, unavailability of goods and services and the impact of the climate on daily life. A revised hardship classification methodology should also facilitate the recruitment and retention of UN staff. FICSA also stated that the review should help to better assess the inconsistencies across duty stations. FICSA expressed its view that the proposal for the revision to the methodology addressed the notion of duty of care whereby the organizations had a duty to inform staff about the accurate conditions on the ground, and agreed that the proposed Model 2 would be the best model to be tested.

The Commission decided to:

- (a) Take note of the report and the hardship classification methodology review roadmap;
- (b) Approve the adjustments to the current criteria for the overall hardship categorization in line with Model 2;
- (c) Request its secretariat to conduct the next hardship review (November 2017) applying the revised criteria and inform the Commission of its impact;
- (d) Continue to work with the Medical Services Division of the UN to improve the evaluation of the health factor;
- (e) Reaffirm that “H” category duty stations were not subject to hardship classification;
- (f) Request the organizations to provide information on the work on duty of care initiatives, through the CEB secretariat, at its eighty-sixth session.

The meeting concluded in presenting the programme of work for the ICSC for 2018-2019 (Annex 3).

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10 July 2017

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International Civil Service Commission
Eighty-fifth session
Vienna, 10– 21 July 2017
Item 5 (c)

2016 COST-OF-LIVING SURVEYS AND POST ADJUSTMENT

Submitted by the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee of International Staff Unions and Associations (CCISUA)

Executive Summary

1. The purpose of this document is to request the International Civil Service Commission (ICSC) to review and reconsider its recent proposals for post adjustment indices for the headquarters duty stations. Although the primary focus of this note is on the one for Geneva, several elements also apply to surveys conducted in other headquarters duty stations with particular concern for the European Union duty stations where the ECP data was used.
2. As explained below, the staff federations' requests are based on: (i) serious concerns expressed by the staff of the UN common system, as well as management, about the baseline cost-of-living surveys conducted in 2016 which has led to significant staff unrest; (ii) conclusions of a team of senior statisticians which found numerous errors or statistically invalid application of the methodology requiring immediate correction; (iii) the need to mitigate an elevated margin of error through the re-introduction of a gap closure measure; and (iv) the need for a formal peer review of the methodology and mechanisms used for place-to-place surveys.
3. Against this background, the staff federations respectfully request the Commission to:
 - a) Freeze the April 2017 post adjustment multiplier for headquarter duty stations and continue to apply interim adjustments following the method applied for those since the previous place-to-place surveys in 2010/2011;

- b) Conduct a review, by external independent experts, of the methodology for purposes of either correcting or replacing the current methodology, followed by the conduct of new headquarters surveys;
- c) Reintroduce the operational rule relative to the 5 per cent gap closure measure to address margins of error when the survey results produce PAIs more than 5 per cent lower than existing pay indices;
- d) Institute a formal review mechanism for all place-to-place surveys allowing interested stakeholders access to the raw data and calculations; and
- e) Initiate a reform process to increase transparency, accountability and two-way dialogue between the ICSC, the organizations and staff.

Cost-of-living surveys – Deferring implementation pending review of the methodology and the conduct of new surveys

4. The staff federations recognize the mandate of the ICSC and fully support its important work. The federations are aware of the theoretical objective of the post adjustment system to establish purchasing power parity of UN staff in the Professional and higher categories irrespective of the country and city of their duty station. The federations are also aware of the changes to the methodology and operational rules implemented by the ICSC prior to the conduct of the 2016 round of surveys.

5. This being said, a sound and robust methodology for conducting place-to-place surveys for purposes of establishing post adjustment indices should lead to a new baseline PAI relatively close to the Pay Index in place at the time of the survey and the implementation of its results, especially in a duty station such as Geneva where the cost of living has been relatively stable since the last survey in 2010. Unfortunately, as independent reviews of the 2016 survey for Geneva demonstrate, this is not the case.

6. The staff federations note that the executive heads of Geneva-based organizations, questioning the results of the survey, wrote to the Chair of the ICSC requesting more explanations, and the Human Resources Network (HRN) sent **a team of three senior statisticians** to the offices of the ICSC secretariat in New York to review the application of the methodology and the data processing work.

7. The federations are aware of the findings and conclusions of the HRN statisticians, which were presented at the 39th session of the Advisory Committee on Post Adjustment Questions (ACPAQ) and submitted for the 85th session of the ICSC as a conference room paper entitled “Considerations regarding cost-of-living surveys and post adjustment matters, Note by Geneva-based organizations”.

8. In particular, the federations note that **HRN statisticians found issues requiring immediate attention**, including the following:

- a) Incorrect data used to determine costs of rentals, domestic, education and medical services;
- b) Lack of documentation and insufficient review mechanisms to detect and correct errors. Indeed, the HRN team stated that more time and better accessibility to the data would be needed to fully identify and evaluate all issues;
- c) Methodological issues impacting on other duty stations in an unpredictable manner. The proposed post adjustments to the European headquarter duty stations, including potential cuts in remuneration of 6.6 percent in Rome and 7.3 percent in Madrid, reinforce this;
- d) In light of these findings, the federations believe that as with all changes to a methodology, post adjustment results should be evaluated to understand whether the new methodology has met its purpose and whether there are lessons to be learned which require refinement of the changes in order to reduce the margin of error. The fact that the ICSC is responsible for salaries and conditions of all categories of staff highlights the importance of ensuring that staff and organizations have confidence in the technical integrity of the methodologies.

9. In light of the serious concerns about the methodology and results of the 2016 surveys of headquarter duty stations as well as the difficulty of making comprehensive retrospective corrections, the staff federations have come to the conclusion that the only due-diligent course of action is to continue using the April 2017 post-adjustment multipliers with normal monthly adjustments until a methodological review is conducted followed by new cost-of-living surveys.

10. As noted in the HRN report, there is urgent **need for a review of the cost-of-living surveys methodology and thorough reconsideration of the results of the 2016 surveys of headquarters duty stations**. In light of this need, the staff federations request that implementation of the proposed pay cut is deferred pending the outcome of such review and reconsideration.

Observations from the Independent Observers who accompanied the price collection teams in Geneva, Paris and New York

11. The independent observers from Geneva and New York both expressed their concerns that optimum use of their time spent on reviewing the data and its treatment at the ICSC secretariat in New York was not possible. The New York independent observer noted in his report that “There was not much time to look into housing data” while the Geneva observer noted that while she was at the ICSC secretariat in New York “the first iteration of price data cleaning was not complete, and the second iteration would take place after the departure of the Experts; the household and housing questionnaires was not in a readily-accessible format for analysis purposes”.

12. With regard to the household questionnaire the Geneva independent observer wrote that “Apart from looking at percentages generated from the data which showed an

overall pattern of expenditure in each duty station, it was not possible to examine this portion of the data in depth, partly because the data were not ready to be analyzed and partly because of the time available to the Experts”. She also wrote that “It is not possible to avoid subjective decisions on the question of matching/balancing...”.

13. The independent observer from Geneva also wrote in her report that “The items falling within the clothing category were almost all problematic, regardless of duty station” and that “more guidance needs to be developed in this regard”.

14. The above observations noted in the reports of the independent observers confirm the need for the senior statisticians of the HRN to look into these other aspects and components of the surveys.

Use of European Comparison Programme (ECP) data

15. Another major issue in this round of surveys has been the use of European Comparison Programme (ECP) data for the EU countries. ICSC usually has data collection teams for the collection of prices at the duty stations. During this round, the ICSC secretariat made the decision that they would not collect price data but use the data provided by the ECP for the determination of relative costs of living. The ICSC made assurances that the items and the collection methods were similar between ICSC methods and ECP methods, and it would therefore be cheaper and more consistent to buy the data rather than collect it themselves.

16. This turned out to be incorrect. The ECP and ICSC collect prices in significantly different ways, and there was a noticeable and drastic decline in post adjustment for all the European duty stations (Geneva was not included in the use of ECP data as outside the EU). This inconsistency relative to prices collected by the ICSC in New York and other non-European HQ duty stations would have severely hurt all European Union duty stations.

17. The ICSC recognized the problems and the evidence that the methodologies were “not properly aligned”. The post adjustment changes were therefore suspended pending further study. The further study involves comparison of the two methodologies at the base of the European system (Brussels) with the idea of coming up with an adjustment factor, that could then be applied to correct the discrepancies between the two methodologies.

18. The manner in which the ECP data was used and the broad application of a correction factor based on the survey in Brussels are statistically questionable. The ICSC secretariat itself has admitted that the application of ECP data in the methodology was a work in progress and that refinements were needed. There is a lack of credibility in the exercise which does not allow for implementation of those results, and which would severely hurt the salaries of staff in Madrid and Rome. The manner in which this exercise has been conducted has now introduced a lack of confidence in the results for all of the EU duty stations. Implementation of these results under these conditions would be unfair to staff and lead to a lack of confidence in the ICSC by both staff and management.

Mitigation measures: Reintroducing the 5 percent gap closure measure

19. The concerns raised by the HRN statisticians and the independent observers, together with additional questions arising from annex methodologies, such as the use of ECP data in European Union duty stations, as well as the untested nature of the new methodology and operational rules also indicate an elevated margin of error for which appropriate mitigating measures are required. As established under good statistical practice, this is particularly important when such sensitive issues as negative pay adjustments are being considered and where it is clear that a margin of error could exist.

20. When the methodology was reviewed by the ICSC after the previous round of surveys (2010), the operational rules were not part of that review. It wasn't until 2015 that the Commission decided to review them and, in so doing, abolished the **"5 per cent gap closure measure"** even though ACPAQ (the relevant technical body) had not taken a position on the matter. In other words, the rules were changed part way through the exercise. Prior to that time, there was an operational rule to address margins of error, known as the "5 per cent gap closure measure". Under this rule, which was applied when the new PAI resulting from a place-to-place survey turned out to be lower than the prevailing pay index by more than 5 per cent, the updated PAI was increased by 5 per cent. The ICSC secretariat explained this in document ICSC/81/R.9: "It should be noted that augmenting the updated post adjustment index by 5 per cent provides a margin for the error that may result from determining salaries exclusively on the basis of a single cost-of-living survey producing negative results".

21. In abolishing the 5 per cent gap closure measure the Commission reasoned that they saw no justification, at that time, "for offsetting the resulting lower post adjustment levels by a 5 per cent augmentation of the post adjustment index derived from the survey in determining the post adjustment multiplier for the duty station..." The staff federations participating in the ICSC meeting strongly voiced their disagreement with the elimination of this operational rule. The staff federations are now of the view that had the methodology been sound, predictable, transparent and foreseeable, the ICSC would have already known at that time that the abolition of the 5 per cent gap closure measure would have led to negative survey results. In this case, the issue of good faith can be drawn into question.

22. As the introduction of the new methodology has visibly introduced less predictability and stability, and there are indications that the margin of error has increased, it is now more important than ever to reintroduce this 5 per cent gap closure.

Staff unrest and collective action, starting in Geneva and now spreading to Madrid and Rome: The need to address concerns

23. The ICSC's proposed post adjustment index (PAI) for Geneva and consequential 7.7 per cent reduction in remuneration for staff based in Geneva, starting May 2017 for newly arriving staff and August for existing staff, has created significant unrest, including demonstrations, work stoppages, mass petitions and legal action.

24. When representatives of the ICSC secretariat met with staff representatives in January/February of this year, immediately prior to the ACPAQ meeting where the results of the 2016 cost-of-living surveys were to be discussed, the staff representatives were led to believe that the results of the Geneva cost-of-living survey might lead to a slight decrease. Although the ICSC secretariat representatives would already have known the results of their surveys at that time, there was no indication that the reduction would amount to over 7 percent.

25. Staff frustration has been compounded by the ICSC's unwillingness to meet with staff in Geneva to explain the results, despite repeated requests and being present in Geneva during the week of 24 April. A note entitled "Explanation of Results of the 2016 Baseline Cost-Of-Living Surveys in Headquarters Duty Stations" was only circulated by email two weeks later on 8 May.

26. On 6 April a meeting was held for all staff in Geneva, at the premises of the United Nations Office in Geneva (UNOG). **Attendance reached over one thousand.** The meeting was raucous with chants of "no pay cut". During the meeting, staff gave testimonies of how earning almost one month less of salary a year would impact their finances, especially given the high costs of housing, education and childcare in the city, and coming on top of earlier cuts from the compensation review. Concerns were also raised that the cut of 7.7 percent did not align with underlying macroeconomic indicators.

27. On 25 April, an outdoor **demonstration** was held in the grounds of UNOG. The event took place during a high-level visit by the Swiss foreign minister and United Nations Secretary-General to the compound and attracted significant media attention.

28. On 24 May, an Extraordinary General Meeting of staff from across Geneva was held, which **unanimously adopted a resolution** giving a mandate to the staff associations/unions in Geneva to work together with the staff federations of FICSA and CCISUA to "...use all legitimate means to defend staff interests" and "to convene regular, protracted and escalating collective actions including demonstrations, work stoppages and strikes, if necessary" (Annex 1, Appendix 2). The meeting was followed by a demonstration within the UN grounds.

29. On 16 June staff across Geneva participated in a **work stoppage**. The Human Rights Council was suspended during the stoppage as conference staff and interpreters walked out. A rally during the work stoppage was attended by a delegation from the International Labour Conference, led by Mr. David Boys from Public Services International and French trade union leader Mr. Bernard Thibault. Messages of support were read out from staff unions around the world.

30. The events received extensive media coverage, through television, print and online, in US, Swiss and French media outlets. A selection of photos from the events is contained in Annex 1, Appendix1.

31. A petition against the pay cuts has since been circulated and had, at the time of writing, collected over 7,000 signatures.

32. The recent ACPAQ recommendation for post adjustment levels for Madrid and Rome resulting from the questionable methodology of using the ECP data is now beginning to generate unrest in those duty stations. Staff unions in Geneva have also been contacted by counterparts in the field, concerned about how the change in operational rules and the methodology might affect their remuneration as the survey round reaches their duty station.

33. Meanwhile in Geneva, and given the legal deadlines, staff have already begun to file claims through the **internal justice system** using legal arguments related to acquired rights, requirement of duty of care by the employer, and requirement to implement a methodology respecting the principles of stability, foreseeability and transparency.

34. The nature, extent and level of participation in the above events demonstrates the level of anger and unrest at the decision. Significant time has been spent by staff at various events related to the issue, particularly in the light of earlier cuts from the compensation review and possible budget cuts down the line. It is expected that should the cut be implemented, staff will not accept this decision and there will be class actions, work stoppages and demands to reduce work hours in Geneva to the level of New York (one hour less per day). The staff federations do not believe that the current environment lends itself to a productive workplace. Importantly, in financial terms alone, continuation and escalation of protests will negate the savings generated by the cut.

35. As the HRN report outlines, UN organizations recognize the ICSC's mandate but have legal and managerial obligations that would require not implementing ICSC recommendations, either in whole or in part. Referring to established case law of the International Labor Organization Administrative Tribunal (ILOAT), the staff federations highlight that the UN organizations have a duty of care to staff and a responsibility to implement decisions based on robust evidence.

36. The staff federations are calling on the ICSC to address the staff concerns and mitigate the impact that implementation of the pay cut will have for the organizations.

Introducing formal review mechanisms

37. At the resumed 39th session of ACPAQ, the members recommended that staff federations and organizations be free to contact the ICSC secretariat in order to bring potential errors to their attention.

38. Following the ICSC's offer to the HRN statisticians to review the raw data and calculations for the place to place survey in Geneva, and the resultant findings, it would be important to consider the implementation of a **more formal review mechanism** in which all data and calculations would be made available for review, under appropriate conditions and with a sufficient timeframe. This would enable the ICSC to align itself with good practice from other statistical agencies.

Changing how the ICSC engages with staff federations and organizations

39. In light of the issues identified during the course of reviewing the cost-of-living survey methodology and 2016 results for headquarter duty stations, as well as concerns from staff regarding the need to have better and more consistent access to the data and calculations, staff federations believe that there are improvements to be made in how the ICSC engages with its key stakeholders: staff federations and organizations. Staff in particular must have confidence that the process leading to the calculation of their remuneration is undertaken in a technical manner free of any political context and pays attention to good practices in staff-management relations.

40. Recalling articles 16, 25 and 28 of the ICSC's Statutes and Rules of Procedures, which underwrite the importance of consultation and the justification of ICSC decisions, the staff federations call for measures to increase transparency, accountability and two-way dialogue between the ICSC, organizations and staff. Parallel to these efforts, it is recommended that organizations and staff identify and investigate the feasibility and appropriateness of using third parties to perform certain review functions for the ICSC.

The staff federations' request for consideration by the Commission

41. The federations hold that the new methodology and its implementation have not only had a negative effect on the survey results but also introduced a higher margin of error. UN organizations have a duty of care to staff as well as legal and managerial responsibilities that require diligent and deliberate implementation of the ICSC's recommendations and decisions.

42. For all the reasons cited in this document, the staff federations request the Commission to:

- a) Freeze the April 2017 post adjustment multiplier for headquarter duty stations and continue to apply interim adjustments following the method applied for those since the previous place-to-place survey in 2010/2011;
- b) Conduct a review, by external independent experts, of the methodology for purposes of either correcting or replacing the current methodology, followed by the conduct of new headquarters surveys;
- c) Re-introduce the operational rule relative to the 5 per cent gap closure measure to address margins of error when the survey results produce PAIs more than 5 per cent lower than existing pay indices;
- d) Institute a formal review mechanism for all place-to-place surveys allowing interested stakeholders access to the raw data and calculations; and
- e) Initiate a reform process to increase transparency, accountability and two-way dialogue between the ICSC, the organizations and staff.

Conclusion

43. In view of the above, staff of the international organizations in Geneva are not convinced of the baseline cost-of-living survey results for Geneva or the other headquarter duty stations. The staff in international organizations in the EU duty stations are not convinced of the soundness and validity of the methodologies based on the use of ECP data. The staff federations support the findings and evidence presented in the HRH paper as submitted to the 85th session of the ICSC, and call for changes to the ICSC's methods as well as new cost-of-living surveys following an independent review of the methodology.

Appendix 1

Photos of staff events

6 April staff meeting



25 April outdoor demonstration



24 May staff meeting



16 June work stoppage



Appendix 2

RESOLUTION AGAINST PAY CUTS FOR STAFF IN GENEVA

ADOPTED AT AN EXTRAORDINARY GENERAL MEETING OF STAFF FROM ALL UN-SYSTEM INTERNATIONAL ORGANIZATIONS IN GENEVA

(PALAIS DES NATIONS, Wednesday, 24 May 2017)

The staff of the UN-system international organizations in Geneva, united in solidarity and expressing continuing pride in their work as international civil servants,

Noting that the International Civil Service Commission (ICSC) has failed to address the deep concerns and questions raised by staff, the CCISUA and FICSA staff federations and the heads of the ten Geneva-based agencies over the proposed cut to post adjustment that would result in a reduction in take-home pay of 7.5 per cent (or more),

Further noting that the ICSC has refused three times to meet with staff and explain the proposed cuts despite ongoing and serious questions about its data handling and statistical analysis,

Deploring the implementation of this decision, as of 1st of May by UNOG and UNHCR, without having received clear explanations from the ICSC on the calculations,

Believing that in fighting this decision it is imperative to unite all categories of staff irrespective of grade and duty station, as these reductions come on top of other cuts and erosion in our conditions of service, including through the compensation review, the ongoing review of locally-recruited staff and upcoming cost-of-living surveys in 85 duty stations,

Emphasizing that by showing the strength of staff resolve, it is possible to convince the ICSC to review its decision at its 85th session this July in Vienna,

1. *Denounce* the decision of the ICSC to cut take-home pay in Geneva, which was not made with the transparent implementation of agreed methodologies,
2. *Call* on all UN agencies with staff in Geneva to stand firm on their decision not to implement the decision of the ICSC to reduce the Geneva post adjustment,
3. *Give* mandate to the UN staff unions and associations in Geneva to work in coordination among themselves under the aegis of CCISUA and FICSA to mobilize vigorously against the cut and use all legitimate means to defend staff interests,
4. *Call* on CCISUA and FICSA to:
 - a. *Notify* the ICSC of staff resolve to mobilize through all legitimate means,

- b. Pressure the administrations of UN agencies to continue to identify shortcomings in the ICSC's methodology and its application, and present these at the ICSC's 85th session,
- c. Establish an independent review of the methodology used and its implementation, including data and calculations, and whether correct procedures were properly followed,
- d. Continue to inform staff of the rationale behind opposing the ICSC decision and the need for solidarity across all staff categories and duty stations in order to ensure that such decisions are not repeated in the future with detrimental effect on staff in any categories and duty stations,
- e. Work with staff unions and associations in other duty stations,
- f. Convene regular, protracted and escalating collective actions including demonstrations, work stoppages and strikes, if necessary,
- g. Pursue possible legal options to continue promoting and protecting conditions of service for staff, and
- h. Continue the campaign for a full and effective recognition of the right to collective bargaining as enshrined in ILO Convention 98.

[End of Annex 1 (CRP.8 submitted to the ICSC by FICSA and CCISUA)]

Annex 2

A/72/30

Annex VI

Principles and guidelines for performance appraisal and management for the recognition of different levels of performance

(A/70/30, annex III, revised)

Principle 1: Performance appraisal is a management tool, but it is not a substitute for good management

- Performance appraisal is not an end in itself; it represents one element in a set of management measures

Principle 2: The objectives that the organization has for performance appraisal should be formulated before a system is selected or developed: the process and procedures employed should be consistent with these purposes

- Objectives should be clearly communicated to supervisors and staff
- Use information from performance appraisals for decisions, such as those regarding contract extensions, personal development and promotions

Principle 3: The purposes of performance appraisal should be clearly understood by all

- Policies and procedures should be effectively communicated to staff
- Comprehensive training should be provided on performance management

Principle 4: Performance management and appraisal must be important and meaningful to executive heads, managers, supervisors and staff at large

- The executive heads and senior management should be fully engaged and committed and act as role models for the organization
- Managers should be directly involved in devising new or modifying existing performance appraisal systems
- Performance appraisal should be part of every manager's job, and his/her own performance in this regard should be assessed accordingly
- Managers and supervisors should undergo training in performance appraisal

Principle 5: To the extent possible, appraisals should be based on agreed individual workplans emanating from organizational priorities, together with the competencies required to accomplish them

- Managers and supervisors should be fully committed to the system
- Individual workplans should be drawn up and agreed upon by the staff member and the manager
- Workplans should be realistic and achievable and stated in clear and objective terms, specifying the outcome expected at the end of the reporting period
- If included in the appraisal, competencies should correspond to the organization's competency framework
- Where no agreement is possible, the manager's decision prevails

Principle 6: Consistent with the purposes to be served, the performance appraisal process should be as simple as possible

- The appraisal system should be simple and transparent
- Complicated processes and procedures should be avoided
- Best use should be made of prevailing technology and software

Principle 7: The workplan, standards of performance and priorities should be derived from organizational objectives and agreed at a meeting between the staff member and the supervisor at the beginning of the reporting period and be subject to a midterm review and a final appraisal meeting

- Continuous dialogue between the staff member and the supervisor is encouraged throughout the reporting period
- Changes in workplans or priorities should be discussed as early as possible, but no later than at the midterm review
- Final appraisal meeting should be conducted in an open and transparent manner to ensure no surprises in the final written appraisal document

Principle 8: Performance ratings must be applied objectively and accurately

- Human resources department to monitor compliance with the performance appraisal system and provide periodic reports on overall ratings
- Establishment of performance review bodies is encouraged
- Feedback and further training and coaching as necessary to be provided for managers to ensure objectivity and accuracy in their appraisals

Principle 9: Staff members and supervisors should engage in continuous dialogue throughout the performance cycle, and staff members should be provided with an opportunity to comment on their performance ratings and to rebut their ratings in cases of less-than-satisfactory performance

- Performance appraisal systems should include a provision for staff to make comments on the supervisor's appraisal
- Staff members should be open to constructive feedback
- Use of mediation or other such service is encouraged before a formal rebuttal procedure is launched
- Rebuttal procedures must conform to the organization's rules and regulations in this regard

Principle 10: There must be different consequences for different levels of performance that are known to both supervisors and staff

- Organizations should clearly specify the administrative and other actions that address different levels of performance and communicate these to the staff
- It is desirable for human resource departments, while duly maintaining confidentiality, to provide periodic statistics on the administrative actions taken in response to different levels of performance.

A. Framework for recognition and reward programmes

General characteristics of merit awards

- They should be linked to the achievement of noteworthy accomplishments
- Merit rewards should be considered meaningful by the organization
- They should be proportionate to the achievement being recognized

Criteria for granting merit awards

- Exceptionally meritorious performance, outstanding productivity or exceptional act of service
- Applicable to individuals or teams
- All categories of staff are eligible
- Additional criteria may be established by each organization

Funding

- Appropriate budgetary arrangements should be made to ensure the long-term sustainability of the system. The overall cost of a recognition and reward programme should not exceed 1.5 per cent of an organization's projected remuneration costs (i.e., net remuneration for Professional and higher category staff, and salaries for the General Service and related categories)

Team awards

- Applicable to members of teams that made an outstanding/exceptional contribution to the work of the organization
- Team members receiving team rewards must have an individual performance rating of satisfactory or above
- Non-cash and cash rewards may be awarded

Basis for determining who receives an award

- Based primarily on ratings from performance appraisal system
- Establishment of a merit review body is encouraged to underline fairness and transparency

Types of awards

Non-cash:

- Certificate of appreciation
- Plaque/pin
- Books, electronic equipment or software
- Additional leave/sabbatical leave
- Travel/duty travel
- Other non-cash rewards as deemed appropriate

Cash:

- Flexible amounts of up to 10 per cent of net base salary (in the case of international staff in the Professional and higher categories, without the post adjustment)
- Differentiated cash rewards based on performance level to be encouraged
- Cash and non-cash rewards may be combined

B. Treatment of underperformance

General guidance

- Dealing with underperformance should be part of an organization's performance management strategy
- Early detection and corrective action are important
- Underperforming staff should be provided with opportunities to improve
- Cases of underperformance should be well documented

Specific measures to be adopted in cases of underperformance

- Withholding of salary increment until performance improves to a satisfactory level
- Performance improvement plan to be drawn up between the supervisor and the staff member, with specific performance indicators and timelines
- Appropriate training should be provided to the staff member if applicable

Consequences for persistent cases of underperformance

- Reassignment to another post or a lower level
- Non-extension/termination of appointment in accordance with organizational policy

Enclosure**Outline of a training programme for managers**

1. Training and learning programmes are a feature of all modern organizations. Organizations in the private and public sector go to great lengths to ensure that their managers receive the most modern and up-to-date training in a variety of disciplines.
2. In recent years, the importance of "people management" skills has been highlighted and the availability of programmes in this area has increased significantly.
3. Notwithstanding the above, and as evidenced by the remarks of the High-level Committee on Management in this regard, there is a perception that managers in the United Nations system are not adequately prepared for dealing with staff and that the root of many performance management problems lies in conflicts that could have been avoided with the use of better managerial skills.
4. It is clear that organizations should continue their efforts and make adequate budgetary arrangements for the provision of improved and additional learning opportunities for managers in performance management, as well as establish coaching and support mechanisms for managers in addressing performance management issues.
5. Given the nature of performance management, learning events and training programmes in this area should be as interactive as possible. While these may be supplemented by online training programmes, face-to-face interactions and simulations should be encouraged. A case can also be made for making such training essential to progression to higher managerial levels.
6. Taking into account the trend towards further encouraging a performance culture throughout the United Nations system, consideration might be given to mainstreaming training into performance management. Induction programmes throughout the United Nations system could include modules in performance management. The United Nations System Staff College could develop a training programme in performance management or include such modules in some of its existing management development programmes. This could be supported by supplementary online training programmes which could contain in-depth background information and reading material as appropriate.
7. Given the diversity of performance appraisal systems throughout the United Nations common system, it is clear that organizations have developed, and will continue to develop, their own training programmes in this regard. This allows organizations to take into account their specific organizational culture, as well as their prevailing policies, procedures and systems.
8. Notwithstanding the above, and taking into account the proposed principles outlined in the present paper, there are certain common features or topics that should be included in all performance appraisal training programmes for managers throughout the common system. The outline provided below suggests a number of these features.

A. Overall learning objectives

9. These can be explained in general terms as follows:

At the end of the training programme, participants will be able to:

- Understand the purpose, goals and importance of the organization's performance appraisal system
- Effectively utilize the organization's performance appraisal system
- Become more proficient in giving performance evaluations
- Gain commitment from staff in achieving outputs by involving them in setting their objectives
- More effectively link staff outputs with organizational priorities and objectives

B. Organization-specific aspects

10. The characteristics of the organization's performance appraisal system, including its policies and procedures, could form a separate module and would be developed by each organization. Typical items covered would be:

- Importance of performance appraisal and its role in achieving organizational goals
- Development of performance appraisal within the organization
- Establishing a performance culture
- Importance of continuous dialogue
- Understanding the roles and responsibilities of managers and staff
- Legal/policy issues related to performance appraisal
- Description of the organization's procedures, forms and administrative measures related to performance appraisal

C. Training for effective communication and interpersonal skills

11. This review has illustrated the importance of effective communication and its role in a number of management processes. In the area of performance appraisal, where there are consequences for different levels of performance, it is crucial that a manager possess the communication and interpersonal skills necessary to manage the process effectively.

12. The following topics should be included:

- Creating a trusting environment
- Effective listening
- Asking questions
- Body language
- Providing feedback
- Dealing with awkward issues
- Dealing with difficult people

D. Performance cycle

13. The principles outlined in the framework underscore the importance of continuous dialogue between supervisors and staff throughout the reporting period. At a minimum, formal appraisal meetings should take place at the beginning of the reporting period, in the middle for a midterm review, and at the end for the final appraisal.

14. While all meetings require good communication and interpersonal skills on the part of the manager as described in section C above, each of the meetings has its own characteristics which require specific training input.

Performance planning

- Preparing for meeting — reviewing documentation, organizational priorities, role of division/department, role/job description of staff member
- Choosing an appropriate time, duration and location
- Having an agenda and setting a positive tone
- Specific, measurable, achievable, relevant and time-bound (SMART) outputs and agreeing on performance indicators
- Understanding and using the organization's competency framework (where it exists)
- Agreeing on development plan and outputs

Midterm review

- Preparing for meeting — reviewing progress reports and other data, new organizational initiatives, etc.
- Acknowledging achievements so far
- Identifying problems or obstacles and how the manager can help
- Reviewing and adjusting workplan in line with any changing organizational requirements
- Determining the need for additional resources

Final appraisal meeting

- Preparing for meeting — reviewing documentation, including annual reports, major accomplishments and difficulties
- Truthful, honest and objective communication
- Acknowledging accomplishments
- Communicating difficult messages
- Being aware of common pitfalls in concluding the appraisal process
- Training and development needs
- Drawing up performance improvement plans in cases of poor performance

15. The outline above contains those elements that could be included in training programmes throughout the United Nations common system. It is not exhaustive and can be adapted and reviewed in the light of developments and innovations in the area of performance management in international organizations.

[End of Annex 2 (Principles and guidelines for performance appraisal and management for the recognition of different levels of performance)]

Annex 3

Programme of work of the International Civil Service Commission for 2018-2019

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) Use of categories of staff (General Service, National Professional Officer, Field Service and Security Service);
 - (b) Review of pensionable remuneration;
 - (c) Contractual arrangements, discussion paper by the Human Resources Network (flexibility);
 - (d) Career development;
 - (e) Human resources framework: diversity/gender;
 - (f) End-of-service severance pay;
 - (g) Review of staff assessment rates for grossing-up purposes.
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) Post adjustment issues;
 - (d) Hardship allowance: classification methodology and review of level;
 - (e) Identification of highest paid national civil service (Noblemaire);
 - (f) Job classification standards for General Service positions: implementation by organizations;
 - (g) Children's and secondary dependants' allowances: review of levels;
 - (h) Relocation shipment: review of ceiling;
 - (i) Education grant: review of scale and level of boarding lump sum;
 - (j) Mobility incentive: review of level;
 - (k) Global staff survey on the common system compensation package.

4. Conditions of service of the General Service and other locally recruited categories:
 - (a) Review of the compensation package for locally recruited staff (use of categories of staff);
 - (b) Review of salary survey methodologies.
5. Conditions of service in the field: danger pay: methodology for adjustment and review of level of allowance.
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.

[End of Annex 3 (ICSC Programme of Work for 2018 – 2019)]
