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INTERNATIONAL CIVIL SERVICE
COMMISSION: ANNUAL REPORT (1980)

SUMMARY

The Director-General submits to the General Conference a summary of the deliberations emerging from the work of the International Civil Service Commission which will form the basis for its sixth report to be submitted to the 35th session of the United Nations General Assembly.

Point for decision: para. 30

INTRODUCTION

1. Article 17 of the Statute of the International Civil Service Commission provides that:

"The Commission shall submit an annual report to the General Assembly, including information on the implementation of its decisions and recommendations. The report shall be transmitted to the governing organs of the other organizations, through their executive heads, and to staff representatives."

2. The Director-General informed the General Conference at its nineteenth session of his intention to communicate regularly to the Executive Board the Commission's reports for the years in which the General Conference did not meet. The reports for even years are submitted to the General Conference itself, together with any important matter that the Executive Board might decide to refer to it concerning a previous report of the Commission.
3. The Commission's fifth annual report for 1979 (official Records of the United Nations General Assembly, 34th Session, Supplement No. 30 (A/34/30)) reached the Secretariat too late to be submitted to the autumn session of the Executive Board in 1979. Consequently, the Director-General submitted a summary of the report to the Spring session of the Executive Board (30 April - 6 June 1980) in document 109 EX/48.

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The Executive Board after discussing the document adopted the following resolution:

"The Executive Board,

1. Having examined document 109 EX/48 and in particular the remarks of the Director-General on the subject of the repatriation grant,
2. Takes note of the annual report of the International Civil Service Commission for the year 1979 (official records of the General Assembly, 34th session, supplement No. 30),
3. Invites the Director-General to report to the Executive Board at its 110th session on all the relevant questions arising from the discussions of the United Nations Joint Staff Pension Board and the International Civil Service Commission and to provide it with any additional information relating to these matters."

4. The twelfth session of the International Civil Service Commission met at Geneva (14 July - 8 August 1980). It is likely that its sixth annual report for 1980 to be submitted by the Commission to the 35th session of the General Assembly will not be available till mid-September, at the earliest. Consequently, the Director-General gives below information with regard to the various issues examined by the Commission, in particular those relating to repatriation grant and pensionable remuneration of staff.

Repatriation grant

5. It will be recalled that the United Nations General Assembly had adopted at its 33rd session (in 1978) the International Civil Service Commission's recommendation that payments of the repatriation grant should be subject to the provision by the staff member of evidence of relocation away from the country of the last duty station, in accordance with the terms of application to be established by the Commission. The ICSC, on the advice of the legal advisers of several organizations, had decided that the requirement of relocation, as a pre-condition of entitlement to the repatriation grant, should apply only to that part of staff members' entitlement which was earned after the date on which the rule was changed. In promulgating the terms of application (CIRC/GEN/39 dated 6 April 1979), the ICSC therefore stipulated that staff members already in service before 1 July 1979 should retain the entitlement to repatriation grant proportionate to the years and months of service qualifying for the grant which had already accrued to them at that date; any additional amount to which they might be entitled after that date would, however, be paid to them only if they established residence in a country other than that of the last duty station. In accordance with the Statute of the ICSC, the Director-General had applied, with effect from 1 July 1979, the decision adopted by the ICSC on this subject as had all the other Specialized Agencies. Subsequently, at its 34th session (1979) the United Nations General Assembly had decided that, "effective 1 January 1980, no [United Nations] staff member shall be entitled to any part of the repatriation grant unless evidence of relocation away from the country of the last duty station is provided" (General Assembly Resolution 34/165).

6. All the Specialized Agencies who have adopted the ICSC Statute have continued to apply the decision of the ICSC promulgated on 6 April 1979, and have informed their appropriate legislative organs on this matter. It was felt that the action taken by the General Assembly to revise the determination made by the Commission concerning the repatriation grant was questionable from the viewpoint of acquired rights of the staff and might disturb the smooth functioning of the common system. The Commission has itself expressed concern that the General Assembly, having at its 33rd session given an explicit mandate to the Commission to take decisions concerning the repatriation grant, should,

at its 34th session, have reversed the decision taken by the Commission. It has decided to draw the attention of the General Assembly at its 35th session, to "the harmful implications of such actions for the harmonization of personnel practices in the common system as well as for the credibility and effectiveness of the Commission".

7. The Director-General will keep the Executive Board informed on this and other issues, when he submits to it the future annual reports of the ICSC. In the meantime, following the common practice by all other Agencies of the United Nations system, he proposes to continue to apply the decision of the International Civil Service Commission promulgated on 6 April 1979 and made applicable to Unesco staff by Administrative Circular No. 1113 (PER) of 28 June 1979.

Pensionable remuneration (under Article 10 of the Statutes)

8. The question of ensuring an adequate pension to all retired staff has been the subject of long and protracted deliberations, both at meetings of the United Nations Joint Staff Pension Board and at the International Civil Service Commission.

9. The relevant background information concerning the on-going study of pensionable remuneration is contained in the Director-General's report on the United Nations Joint Staff Pension Fund (cf. Item 49 of the Provisional Agenda - doc. 21 C/54). In that document the Director-General reports on the consensus reached by the Pension Board at its June 1980 session, in Washington D.C., regarding proposals aiming at correcting anomalies in the pension system brought about by the current economic and monetary circumstances. The present document updates the information contained in 21 C/54 by giving the views of the Commission who examined this matter at its 12th session held in Geneva from 14 July to 8 August 1980.

Staff in the Professional and higher categories

10. The Commission decided to endorse the proposal formulated at the Joint Staff Pension Board session held in Washington D.C. The agreement reached by the Pension Board was considered to constitute a pragmatic solution capable of rectifying to some extent the anomalies created by currency fluctuations. The "Washington proposal" - as it came to be known - was recognized to be a fair compromise between the two opposing conceptual approaches to the problem that marked the discussions in 1979. The proposal would, in effect, maintain a universal pensionable remuneration system for staff in the Professional and higher categories but would supplement it by a selective system which would apply a cost-of-living differential factor to a participant's final average remuneration, whenever such participant retired in a country where the cost of living is substantially higher than that at the base of the system - currently New York (see 21 C/54 paras. 19.1 and 19.2).

11. On the assumption that the proposal would become effective on 1 January 1981 - as envisaged by the United Nations General Assembly - the Commission decided to recommend the following action:

- (a) the initial rates of pensionable remuneration on 1 January 1981 should be established at the level that will be reached by the application of the present index - Weighted Average of Post Adjustments (WAPA) - through September 1980. It will be recalled that, as a result of the WAPA movement through March 1980, the present rates of pensionable remuneration were last established on 1 July 1980 at 140 per cent of gross remuneration rates.

- (b) pensionable remuneration rates should be adjusted in the future by the following method:
 - (i) the United States Consumer Price index for the purpose of adjusting the rates of pensionable remuneration used to compute the basic dollar entitlement under the Pension Fund Regulations, and
 - (ii) the WAPA index for the purpose of adjusting the rates of pensionable remuneration used to determine the contributions to the Pension Fund.
- (c) The post adjustment system applicable to staff in active service should be used to measure the relative cost of living in different countries, pending the elaboration of a special index for pensioners which would possibly include income tax as an item of expenditure.

General Service staff

12. The method of determining the pensionable remuneration of staff in the General Service category differs from that used for staff in the Professional category in three aspects:
- (a) it is determined on the basis of local conditions and, as such, varies by duty station;
 - (b) it recognizes all elements of their compensation, including any language allowances, and in the case of non-locally recruited staff, their non-resident's allowance;
 - (c) all cost-of-living increases in salaries are automatically and immediately reflected in the pensionable remuneration.
13. As is done for Professional staff, the pensionable remuneration is expressed on a gross basis by the reverse application of a staff assessment scale. The existing staff assessment rates used for this purpose have been in effect since 1 January 1966 and had been derived from an averaging of the income tax rates in effect in 1964 in the seven headquarters countries, weighted by the number of staff in each such country.
14. The Commission examined two separate issues concerning the pensionable remuneration of General Service staff:
- (a) the question whether staff assessment rates should differ from duty station to duty station to reflect local tax rates, instead of the present system of universally applicable rates based on an average;
 - (b) the possible application of the "Washington proposal" referred to above to General Service staff members who retire in a country other than that of their duty station.
15. After discussing the implications of the various choices available, including the possibility of using a limited number of regional scales of staff assessment, the Commission agreed that, while such a system might be more logical than the present global scale, its application could not be justified at this time. It therefore agreed to retain a global scale of staff assessment rates for all staff in the General Service category, which would reflect the most recent tax rates in the seven headquarters countries and in ten other countries where regional offices are located. This scale would be applied at each duty station as from the date of the next revision of local salaries.

16. On the second issue referred to in paragraph 14 above, the Commission decided to endorse the application of the "Washington proposal" to staff members in the General Service category who retire in a country other than that of their duty station and devised a method of determining the cost-of-living differential factors for that purpose.

Cost implications

17. The initial estimate by the Consulting Actuary was that the "Washington proposal" would increase the actuarial liabilities of the Fund over the years ahead by about one-third of one per cent of the future payroll of participants (this represents 1.4 per cent of the \$8.800 million liability of the Fund determined at the last evaluation, or about \$125 million in lump sum actuarial terms). The Consulting Actuary had expressed the view that the additional liability could be offset by savings if a double mechanism to index pensionable remuneration in the future were to be used, namely the United States Computer Price index to adjust pensionable remuneration which determines the dollar amount of the pension, and WAPA for adjusting the pensionable remuneration for contribution purposes.

18. The Pension Board agreed to examine this suggestion further at its special session scheduled to be held in September 1980. The Commission, on its part, recommends in fact a dual method for adjusting pensionable remuneration as envisaged by the Consulting Actuary (see para. 11 (b) above). If such a method were finally to be adopted, the Fund's actuarial liabilities involved by the eventual implementation of the Washington proposal would be reduced. At any rate, the Consulting Actuary informed the Commission that there would be no increase on the budgets of the member organizations with regard to their contributions to the Pension Fund as a result of the proposed changes in the pensionable remuneration of both Professional and General Service staff. With regard to the resulting actuarial liability, it was pointed out that it was not of a magnitude to require supplementary payments to the Fund by Member States.

Organizational questions

19. With the adherence of the International Atomic Energy Agency (IAEA), the total number of organizations of the United Nations system who have accepted the Commission's Statutes, stands at 11. In addition, two organizations (GATT and IFAD) participate fully in the Commission's work without as yet having formally accepted its Statute. Mr. Richard M. Akwei (Ghana) was appointed Acting Chairman of the Commission and Mr. Gaston de Prat Guay (Argentina) as Acting Vice-Chairman for the year 1980.

Questions concerning conditions of service of Professional and General Service categories (Articles 10 and 11 of the Statutes)

(i) Evolution of weighted average of post adjustments (WAPA)

WAPA index

20. The WAPA index stood at 134.1 in September 1979 (January 1977: 100). By September 1979, the index had reached 135. The General Assembly at its 34th session, having decided to maintain the use of this index for adjusting pensionable remuneration in 1980 (pending a comprehensive study for application by January 1981), pensionable remuneration was accordingly increased to a level of 35 per cent above the gross salary. By March 1980, the WAPA index further increased to 140 and pensionable remuneration was raised to a level of 40 per cent above the gross salary with effect from 1 July 1980.

(ii) Consolidation of post adjustments

21. The Commission decided to recommend to the General Assembly that 30 points of post adjustment be consolidated into base pay, the resulting salary scales becoming effective on 1 January 1981. This operation, which will be offset by a corresponding reduction in post adjustment rates, is not to affect the overall take home pay of the staff, although some slight and temporary gains resulting from the rounding and revision of the scale of staff assessment rates cannot be avoided. The Commission has estimated the total additional cost to all organizations for the year 1981 at approximately \$2.3 million. For Unesco, that cost would be approximately \$120,000 for the regular programme.

(iii) Methodology for comparison of total compensation and for identifying the highest paid civil service

22. The Commission is undertaking a study on this question since doubts have been cast as to whether the United States of America - the country presently being used as a comparator in applying the Noblemaire principle - was the best paying civil service in the world. Some countries paid salary supplements to their nationals and this would be contrary to the principles of an independent international service. Since comparison in different countries with different salary systems, social policies, fiscal legislation, currency values, inflation rates etc. was extremely complex, the Commission has chosen to proceed step-by-step, starting with a pilot study comparing the pay in the U.S. Civil Service with that of another country. The target date has been set for completion in 1981 and in the meantime the U.S.A. would continue to be taken as the comparator.

(iv) Review of the functioning of the post adjustment system

23. Even though the 34th session of the General Assembly asked for an urgent fundamental and comprehensive review of the purposes and operation of the post adjustment system, in view of the complexity of the matter, a complete review would be impossible in time for the 35th session of the General Assembly. The Commission has therefore decided to take a phased approach towards identifying problems and finding solutions for them. The Commission will therefore be making a progress report on:

principles, purposes and present operation of the post adjustment system in clear and concise terms;

differences between the scope of the post adjustment system and that of similar systems used by national civil services for compensating their personnel abroad;

causes for distortions in high cost of living areas and in low cost of living areas;

advantages and feasibility of separation of inflation elements and currency elements in two separate indexes.

The ACAPQ, the technical body of ICSC working on the issues related to post adjustment questions, would be fully associated with this work, with the help of qualified statisticians. It is too early to say whether a new system can be developed which would better take into account differences in cost of living between duty stations and also compensate adequately for currency exchange fluctuations.

(v) Cost of living surveys at field duty stations

24. The Commission has continued, as normal part of its functions, to undertake to carry out cost-of-living surveys in Geneva and New York. Due to limited staff in the cost-of-living section of the ICSC Secretariat and in its own financial resources for meetings of ACAPQ, the Commission has not been able to carry out surveys in more duty stations, as it would have liked to.

(vi) Conditions of service in the field

25. The Commission has continued its work on establishment of criteria for classification of duty stations according to conditions of life and work. Draft questionnaires were sent to all field duty stations and on the basis of the great number of responses received, the questionnaire has been revised and sent with appropriate instructions to one responsible official (UNDP Resident Representative or other) for each duty station. The replies have been analysed and tabulated by the ICSC Secretariat and work is in progress to classify the duty stations, and for appropriate remedial action, distinguishing between that which can be taken by organizations, and that which could be decided by the Commission and that which required legislative approval to compensate for adverse conditions.

(vii) Education grant

26. The Commission had before it a proposal by the Federation of International Civil Service Associations (FICSA) to increase the rates of reimbursement of education costs to expatriate staff members (Unesco Staff Rule 103.12) and of special education costs in respect of disabled children (Unesco Staff Rule 103.12 (bis)). It decided to recommend to the General Assembly that:

- (a) the percentage of approved costs reimbursable under the provisions of the education grant should be 75 per cent up to the first \$3,000, 50 per cent for costs between \$3,001 and \$4,000 and 25 per cent for costs between \$4,001 and \$5,000;
- (b) the flat amount payable for boarding costs should be increased from \$750 to \$1,100;
- (c) the percentage of reimbursable education costs in respect of disabled children should be 75 per cent of approved costs up to \$5,000.

It these proposals are adopted by the General Assembly, and if they are applied to the staff of Unesco, the estimated extra cost under the regular budget would be \$100,000 per annum.

Questions concerning remuneration of General Service category
(Article 12 of the Statute)

27. During the period which will be covered by its sixth annual report (1980), the Commission undertook or completed best prevailing conditions surveys for New York, Rome and a second survey in Geneva. The next survey of the General Service staff in Paris, is foreseen for 1983, in time for the twenty-second session of the General Conference.

Development of common job classification standards
(Article 13 and 14 of the Statute)

28. The Commission has developed a Master Standard for various job classifications based on a point-factor evaluation system. There is, however, need to adopt a flexible approach to its implementation given the peculiarities of individual organizations. Internal tests have been carried out, with satisfactory results, to ensure that an appropriate margin of flexibility is available for the implementation of the personnel policy laid down by the Director-General.

Performance appraisal
(Articles 13 and 14 of the Statute)

29. A comprehensive study has been made by the Commission on performance appraisal techniques with help from outside consultants. There is a need to be clear as to the objectives which those techniques should be designed to meet, as this would affect the type of system or performance appraisal form to be developed.

The Commission is expected to prepare clear guidelines on performance appraisal and it is the intention of the Director-General to take into consideration such guidelines, in reviewing the performance evaluation procedures applicable to staff members of Unesco.

Action proposed

30. The Director-General has requested the Secretariat of the International Civil Service Commission to make available a sufficient number of advance copies of the Sixth Annual Report of the International Civil Service Commission to the 35th session of the General Assembly. If they are received in time, copies will immediately be made available to the General Conference at Belgrade. If any developments emerge between now and the time of the General Conference, on the issues described, he will bring them to the notice of the General Conference in an appropriate manner. In any event, however, the United Nations General Assembly will not have taken any decisions on the Commission's report till early November 1980. Consequently, the General Conference may wish to adopt a resolution along the following lines:

"The General Conference,

Having examined the information provided by the Director-General (21 C/51) concerning the sixth annual report (1980) of the International Civil Service Commission;

Having noted the explanations and data provided by the Director-General on the content of the report;

Invites the Director-General to continue to co-operate fully with the International Civil Service Commission;

Authorizes the Director-General to apply to Unesco staff such measures as he deems appropriate that may be adopted by the United Nations General Assembly at its 35th session upon the report of the International Civil Service Commission;

Requests the Director-General to report to the Executive Board on the measures taken to give effect to the present resolution.



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ANNUAL REPORT OF THE INTERNATIONAL
CIVIL SERVICE COMMISSION (1980)

After examining document 21 C/51 at its 110th session, the Executive Board adopted the following decision:

The Executive Board,

1. Having examined document 21 C/51,
2. Takes note of the information contained therein, relative to the main items to be covered by the annual report of ICSC (1980) to the 35th session of the General Assembly; and
3. Transmits the Director-General's report in document 21 C/51 to the General Conference.