

Report of the International Civil Service Commission for the year 2015



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Note

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

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Glossary of technical terms

Average	Context: United States federal civil service/United Nations system salary comparisons. A single number representing a set of numbers, computed such that it is not smaller than the smallest or larger than the largest number in that set.
Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world are those given in this scale.
Common scale of staff assessment	Scale used for adding taxes to the pensionable remuneration scale for both Professional and General Service categories of staff; rates are derived from average taxes at the eight headquarters duty stations. This is different from the tax assessment rates used in conjunction with the Tax Equalization Fund.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The United States federal civil service has been used as the comparator since the inception of the United Nations. See also “highest paid civil service” and “Noblemaire principle”.
Competencies	A combination of skills, attributes and behaviours that are directly related to successful performance on the job. Core competencies are the skills, attributes and behaviours which are considered important for all staff of an organization, regardless of their function or level. For specific occupations, core competencies are supplemented by functional competencies related to respective areas of work.
Consolidation of post adjustment	The base/floor salary scale for the Professional and higher categories is adjusted periodically to reflect increases in the comparator salary scale. This upward adjustment is made by taking a fixed amount of post adjustment and incorporating or “consolidating” it into the base/floor salary scale. If the scale is increased by consolidating 5 per cent of post adjustment, the post adjustment multiplier points at all duty stations are then reduced by 5 per cent, thus ensuring, generally, no losses or gains to staff. This method of implementation, referred to as “no gain/no loss”, results in no change in take-home pay for staff and produces no additional costs related to salary for the organizations.
Cost-of-living differential	In net remuneration margin calculations, the remuneration of United Nations officials from the Professional and higher categories in New York is compared with their counterparts in the comparator civil service in Washington, D.C. As part of that comparison, the difference in cost of living between New York and Washington is applied to the comparator salaries to determine their “real value” in New York. The cost-of-living differential between New York and Washington is also taken into account in comparing pensionable remuneration amounts applicable to the two groups of staff mentioned above.
Dependency rate salaries	Net salaries determined for staff with a primary dependant.
Federal Employees Retirement System	Defined contribution scheme for employees of the United States federal civil service hired in 1984 and thereafter.
General Schedule	A 15-grade salary scale in the comparator (United States of America) civil service, covering the majority of employees.

Group I duty stations	Countries with convertible currencies and where out-of-area expenditures reported by staff members account for less than 25 per cent of the total expenditures.
“H” duty stations under the mobility and hardship scheme	Headquarters locations and locations where there are no United Nations developmental or humanitarian activities, or locations in countries that are members of the European Union.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Madrid, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are currently used for Berne.
Highest paid civil service	Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States. See also “comparator” and “Noblemaire principle”.
Income replacement ratio	The ratio of pension to average net salary received during the same three-year period used in the determination of the pension benefit.
Net remuneration	Base/floor salary plus post adjustment.
Net remuneration margin	The Commission regularly carries out comparisons of the net remuneration of the United Nations staff at grades P-1 to D-2 in New York with that of United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington, is the net remuneration margin.
Noblemaire principle	The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those applicable in the civil service of the country with the highest pay levels. See also “comparator” and “highest paid civil service”.
Non-family duty stations	Duty stations where the Department of Safety and Security of the United Nations Secretariat decides that for reasons of safety and security all eligible dependants are restricted from being present at the duty station for a period of six months or longer.
Non-pensionable component	Context: General Service pensionable remuneration. Some outside employers used in General Service salary surveys pay, in addition to gross salaries, a number of allowances and fringe benefits, some of which they consider as “non-pensionable”, that is, not taken into account in determining the retirement benefits of their employees. Those are added together to arrive at the “non-pensionable component”. The sum of all “non-pensionable” elements is expressed as a percentage of net salary, which is reduced by the applicable threshold to arrive at the “non-pensionable component”.
Pensionable remuneration	The amount used to determine contributions from the staff member and the organization to the United Nations Joint Staff Pension Fund. Pensionable remuneration amounts are also used for the determination of pension benefits of staff members upon retirement.
Performance management	The process of optimizing performance at the level of the individual, team, unit, department and agency and linking it to organizational objectives. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations, and human resources.

Place-to-place survey	Survey carried out as part of the process of establishing a post adjustment index. It compares living costs between a given location and the base city, New York, at a specified date.
Post adjustment classification	Classification of a duty station that is based on the cost-of-living index. It is expressed in terms of multiplier points. For example, staff members at a duty station classified at multiplier 5 would receive a post adjustment amount equivalent to 5 per cent of net base salary as a supplement to base pay.
Post adjustment index	Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date.
Separation payments	Upon separation from service, staff may receive compensation for one or more of the following: accumulated annual leave, repatriation grant and termination indemnity. Death grant is payable to the survivor of a staff member.
Single rate salaries	Net salaries determined for staff with no primary dependants.
Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is a form of taxation, internal to the United Nations, and is analogous to taxes on salaries applicable in most countries.
Tax Equalization Fund	A fund maintained by, for example, the United Nations, that is used for reimbursing national taxes levied on United Nations income for some staff members.

Letter of transmittal

Letter dated 25 August 2015 from the Chair of the International Civil Service Commission addressed to the Secretary-General

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

I should be grateful if you would submit the report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

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

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

Paragraph
reference

A. Conditions of service applicable to both categories

1. Mandatory age of separation

28 The Commission recommends to the General Assembly that the implementation date for raising the mandatory age of separation to 65 years for staff recruited before 1 January 2014 be during 2016 and by 1 January 2017 at the latest, and take into account the principle of acquired rights.

B. Conditions of service of the Professional and higher categories

1. Base/floor salary scale

35 and
annex IV The Commission recommends to the General Assembly, for approval with effect from 1 January 2016, the revised base/floor salary scale for the Professional and higher categories, as shown in annex IV to the present report.

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

41 The Commission reports to the General Assembly that the margin between the net remuneration of United Nations officials in the Professional and higher categories in New York and that of officials in comparable positions in the comparator civil service in Washington, D.C., for the calendar year 2015 amounted to 117.2 and that its five-year (2011-2015) average also amounted to 117.2.

C. Review of the common system compensation package

1. Unified base/floor salary scale

210 The Commission recommends to the General Assembly: the proposed unified base/floor salary scale structure, as shown in annex II, section A, to the present report; staff assessment rates to be used in conjunction with gross base salaries upon implementation of the unified salary scale, as shown in annex II, section C; the resulting pensionable remuneration scale, as shown in annex II, section D; and the establishment of a dependent spouse allowance at the level of 6 per cent of net remuneration.

211 The Commission also recommends to the General Assembly: that the proposed unified salary scale be updated to reflect any adjustments in base/floor salaries that may be approved before its implementation; that the proposed pensionable remuneration scale be updated to reflect any changes in net remuneration that may occur in New York before its implementation; that the staff assessment rates used in conjunction with gross base salaries be reviewed two years after the implementation of the revised compensation system to ensure that there continues to be no adverse impact on the Tax Equalization Fund; and that the pensionable remuneration scale continue to be updated on the same date and by the same percentage as net remuneration changes in New York upon implementation of the unified salary scale.

2. Measures resulting from implementation of the unified base/floor salary scale

249 The Commission recommends the following to the General Assembly: the grade and step conversion from the current salary scale structure to the unified salary scale structure, as shown in annex II, section B, to the present report; that serving staff members with a dependent spouse be paid a spouse allowance at the time of conversion to the unified salary scale; and that staff members in receipt of the dependency rate of salary in respect of a dependent child at the time of conversion to the unified salary scale structure receive a 6 per cent transitional allowance in respect of that dependent child, and that no child allowance be paid concurrently in that case. The allowance would be reduced by one percentage point every 12 months thereafter. When the amount of the allowance becomes equal to or lower than the amount of the child allowance, then the child allowance would be payable in lieu. The allowance would, in any case, be discontinued if the child in respect of whom the allowance was payable were to lose eligibility. The salary levels of staff members that were higher than the maximum steps of their grade upon conversion to the unified salary scale should be maintained as a pay protection measure. Those salaries should be adjusted for any consolidation of post adjustment to base salaries approved by the General Assembly. The pensionable remuneration corresponding to those salaries when the pensionable remuneration scale is adjusted should also be maintained and adjusted. A personal pensionable remuneration should be established for staff members whose pensionable remuneration immediately prior to the conversion to the unified salary scale was higher than their pensionable remuneration on the unified salary scale.

3. Step increments

279 The Commission recommends that the General Assembly: modify the granting of within-grade step increments annually from step I to step VII and biennially thereafter; maintain biennial steps at the D-1 and D-2 levels as per the current system; and replace the current practice of granting accelerated step increments as an incentive with other cash or non-cash awards.

4. Margin methodology and margin management

302 and 303 The Commission recommends to the General Assembly that: the margin comparisons be based on the assumption of a single official without dependants; the calculation of United States federal civil service gross salaries be netted down by the continued application of the "married filing jointly" tax schedule with the resulting averages for each grade reduced by a factor representing the United Nations spouse allowance; and performance-related payments not be included in the margin comparison. The Commission also recommends to the Assembly that appropriate action be taken through the operation of the post adjustment system if the proposed margin trigger levels of 113 or 117 were breached.

5. Education grant356, 357
and 360

The Commission recommends to the General Assembly that: the criteria of the coverage of post-secondary education be revised to make the grant payable up to the end of the school year in which the child completed four years of post-secondary studies or attained the first post-secondary degree, whichever was earlier, subject to the upper age limit of 25 years; that the cost-sharing principle be maintained; expenses considered admissible under the scheme be tuition (including mother tongue language tuition) and enrolment-related fees, as well as assistance with boarding expenses; tuition and enrolment-related expenses be reimbursed under a global sliding scale consisting of seven brackets, with declining reimbursement levels ranging from 86 per cent at the lowest bracket to 61 per cent at the sixth bracket and zero per cent at the seventh bracket; boarding-related expenses be paid with a lump sum of \$5,000 only to staff serving at field locations whose children were in a boarding school at the primary or secondary level, while recognizing that, in exceptional cases, boarding assistance could be granted to staff at "H" duty stations under the discretionary authority of the executive head; education grant travel be provided for each scholastic year for the child of staff in receipt of assistance with boarding expenses; capital assessment fees be covered outside of the education grant scheme by organizations; the global sliding scale be reviewed for possible adjustment, based on movements in tuition fees tracked biennially for a list of representative schools and upon assessment by the Commission; and the amount of assistance for boarding expenses be reviewed for possible adjustment, based on the movements in fees charged by boarding facilities of International Baccalaureate schools tracked biennially and upon assessment by the Commission.

6. Special education grant for children with a disability

358 to 360

The Commission recommends to the General Assembly that the scheme be maintained in terms of the conditions of entitlement, the list of admissible expenses, the eligibility for boarding assistance and the provision of education grant travel. With regard to the amounts of reimbursement, it recommends that the maximum admissible expenses be synchronized with the education grant to set the maximum at equal to the upper limit of the top bracket of the applicable global sliding scale. For boarding assistance, actual expenses should be used in the calculation of total admissible expenses for reimbursement up to the overall grant ceiling, equal to the upper limit of the top bracket of the global sliding scale plus the amount of \$5,000 (equivalent to the boarding lump sum provided in the education grant scheme). It also recommends that the proposed education grant scheme for both the education and the special education grants be implemented a full school year cycle after the one in progress at the time when the scheme is approved.

7. Repatriation grant

375

The Commission recommends to the General Assembly that: the rationale for the repatriation grant be confirmed as an earned service benefit payable to expatriate staff members who leave the country of the last duty station upon separation; a threshold of five years of expatriate service be established as an eligibility requirement for the repatriation grant; and current staff retain their eligibility to the current grant schedule up to the number of years of expatriate service accrued at the time of implementation of the revised scheme.

Paragraph
reference

8. Relocation-related elements

399 The Commission decided to establish a new relocation package comprising relocation travel, relocation shipment and a settling-in grant.

9. Hardship allowance

413 The Commission recommends to the General Assembly an adjusted hardship system, with five categories. No transitional measure would be required for the hardship allowance. The new amounts should be effective immediately from the approved implementation date as there would be no major change from the current system and no decrease in amounts to any staff member.

10. Additional hardship allowance/non-family service allowance

421 The Commission decided to rename the existing additional hardship allowance the “non-family service allowance” and to differentiate the amount for the allowance by staff with and staff without dependants in order to establish a rational and balanced field package (see table 8). It also recommends not to introduce transitional measures.

11. Mobility incentive

431 and 432 The Commission recommends to the General Assembly that a mobility incentive be introduced in lieu of the current mobility allowance to encourage the mobility of staff to field duty stations, with annual payments for a maximum period of five years at the same duty station. The mobility incentive would be applicable only to staff with five consecutive years of prior service in the common system and from their second assignment (that is, their first geographical move). Category “H” duty stations would be excluded from the mobility incentive and the past moves of staff members would no longer be taken into account. The Commission also recommends, as a transitional measure for staff members who moved before the implementation date, continuation of the current mobility allowance amounts for up to five years at the same duty station or until the time at which staff moved to a different duty station.

12. Accelerated home leave travel

443 The Commission recommends to the General Assembly the discontinuation of accelerated home leave travel, in keeping with its previously expressed view regarding the overlap between accelerated home leave and rest and recuperation travel. No transitional measure would be required for the discontinuation.

Summary of recommendations of the International Civil Service Commission to the executive heads of the participating organizations

Paragraph reference

Conditions of service of the General Service and other locally recruited categories

As part of its responsibilities under article 12, paragraph 1, of its statute, the International Civil Service Commission conducted surveys of best prevailing conditions of employment for:

- | | |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 67, 68 and annex VII | (a) Staff in the General Service and related categories and other locally recruited staff in Kingston and recommends the resulting salary scale to the executive heads of the Kingston-based organizations, as shown in annex VII to the present report; |
| 73, 74 and annex VIII | (b) Staff in the General Service and related categories and other locally recruited staff in New York and recommends the resulting salary scale to the executive heads of the New York-based organizations, as shown in annex VIII to the present report; |
| 75 and annex IX | (c) Staff in the General Service and related categories and other locally recruited staff in London and recommends the resulting salary scale to the executive heads of the London-based organizations, as shown in annex IX to the present report. |
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Summary of financial implications of the decisions and recommendations of the International Civil Service Commission for the United Nations and other participating organizations of the common system

*Paragraph
reference*

A. Conditions of service applicable to both categories

Comprehensive review of the common system compensation package

462 The financial savings associated with the Commission's recommendations on the comprehensive review are estimated at \$113.2 million per annum, system-wide (see table 14).

B. Remuneration of the Professional and higher categories

Base/floor salary scale

31 The financial implications associated with the Commission's recommendation on an increase of the base/floor salary scale, as shown in annex IV to the present report, are estimated at approximately \$550,000 per annum, system-wide.

C. Remuneration of the General Service and other locally recruited categories

1. Surveys of best prevailing conditions of employment in Kingston

67 The recommended salary scale for staff in the General Service and related categories in the Kingston-based organizations, as shown in annex VII to the present report, is 5.1 per cent higher than the current scale. The total financial implications of implementing the recommended salary scale are estimated at \$66,992 per annum at the September 2014 exchange rate.

68 The recommended salary scale for National Professional Officers in the Kingston-based organizations, as shown in annex VII to the present report, is 9.5 per cent higher than the current scale. The total financial implications of implementing the recommended salary scale are estimated at \$76,424 per annum at the September 2014 exchange rate.

2. Surveys of best prevailing conditions of employment in New York

73 The recommended salary scales for all five categories of locally recruited staff in New York are 5.8 per cent lower than the current scales. The notional savings as a result of implementing the salary scales are estimated at \$12.13 million per annum.

3. Surveys of best prevailing conditions of employment in London

78 The total financial implications of implementing the recommended salary scale for staff in the General Service and related categories in the London-based organizations are estimated at \$243,202 per annum at the May 2015 exchange rate.

Part one
Issues taken up by the Commission in 2015 (outside of the comprehensive review of the common system compensation package)

Chapter I

Organizational matters

A. Acceptance of the statute

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

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

2. To date, 14 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances.¹ One other organization, although not having formally accepted the statute, participates fully in the work of the Commission.²

B. Membership

3. The membership of the Commission for 2015 is as follows:

Chair

Kingston P. Rhodes (Sierra Leone)***

Vice-Chair

Wolfgang Stöckl (Germany)**

Members

Marie-Françoise Bechtel (France)***

Larbi Djacta (Algeria)*

Minoru Endo (Japan)**

Carleen Gardner (Jamaica)***

Sergey V. Garmonin (Russian Federation)*

Luis Mariano Hermosillo (Mexico)**

Aldo Mantovani (Italy)**

Emmanuel Oti Boateng (Ghana)***

Mohamed Mijarul Quayes (Bangladesh)*

Curtis Smith (United States of America)**

Xiaochu Wang (China)*

Eugeniusz Wyzner (Poland)***

El Hassane Zahid (Morocco)*

* Term of office expires 31 December 2016.

** Term of office expires 31 December 2017.

*** Term of office expires 31 December 2018.

¹ International Labour Organization, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, World Health Organization, Universal Postal Union, International Telecommunication Union, World Meteorological Organization, International Maritime Organization, World Intellectual Property Organization, International Atomic Energy Agency, United Nations Industrial Development Organization, World Tourism Organization and International Seabed Authority.

² International Fund for Agricultural Development.

C. Sessions held by the Commission and questions examined

4. The Commission held two sessions in 2015, the eightieth, which was held from 16 to 27 March at United Nations Headquarters in New York, and the eighty-first, which was held from 27 July to 7 August at the International Atomic Energy Agency headquarters in Vienna.

5. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

D. Programme of work of the Commission for 2016-2017

6. The programme of work of the Commission for 2016-2017 is contained in annex I to the present report.

Chapter II

Reporting and monitoring

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

7. The Commission considered a note by its secretariat on resolutions and decisions adopted by the General Assembly at its sixty-ninth session relating to the work of the Commission. The note highlighted the presentation to the Fifth Committee by the Chair of the Commission of the annual report of the Commission to the Assembly for 2014 (A/69/30). The Chair provided the members of the Fifth Committee with a detailed progress report on the review of the common system compensation package. After having concluded its review of the Commission's report, the Assembly adopted its resolution 69/251 on 29 December 2014.

Discussion in the Commission

8. The Human Resources Network of the United Nations System Chief Executives Board for Coordination and the three staff federations took note of the decisions of the General Assembly. With regard to the mandatory age of separation, the staff federations insisted that the Commission recommend an implementation date as soon as possible, contending that it had made one the previous year and should therefore adhere to that recommendation.

9. The representative for the United Nations, while stating that the Organization was in favour of increasing the mandatory age of separation, reminded participants that in its resolution 69/251 the General Assembly had requested the Commission to revert to the Assembly with an implementation date at its earliest opportunity, but no later than at the seventy-first session of the Assembly. He emphasized that an implementation date should be decided in consultation with all organizations of the common system, and the United Nations wished to be a part of that process.

10. The discussion in the Commission on the mandatory age of separation can be found in paragraphs 20 to 27 of the present report.

Decisions of the Commission

11. The Commission decided to:

- (a) Take note of General Assembly resolution 69/251;
- (b) Continue to monitor progress in achieving gender balance and report thereon in compliance with the decision contained in paragraph 137 of the annual report of the Commission for 2014;
- (c) Continue periodic reviews on diversity in the common system and report on all diversity-related issues to the General Assembly;
- (d) Continue to examine issues relating to margin management in the context of the review of the common system compensation package.

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

12. Under article 17 of its statute, the Commission submits to the General Assembly information on the implementation of its decisions and recommendations. The Commission considered implementation by organizations of its recommendations made in 2013 and 2014. It had before it information from 22 organizations. It was also informed about relevant decisions taken by seven governing bodies of common system organizations. In its decision C-DEC 201/1 of 24 February 2014, the International Civil Aviation Organization Council requested the Commission to study the impact of the recommendations of the review of the common system compensation package on the budgets of the common system organizations before recommending further system-wide increases. The governing body of the World Intellectual Property Organization met in September 2014 and defined the legal framework governing the terms and conditions of employment of National Professional Officers as a category of staff new to that organization.

Discussion in the Commission

13. All stakeholder groups took note of the information provided. The Human Resources Network reiterated its support for the Commission and its activities and the commitment on the part of the organizations to comply with information and reporting requirements.

14. The representative of the United Nations International Civil Servants Federation expressed concern that continuing appointments had not been implemented by the United Nations funds and programmes, although they followed the Staff Regulations of the United Nations and Staff Rules. There were other areas in which the organizations whose staff it represented had failed to implement decisions of the Commission. For example, the United Nations Development Programme, the United Nations Population Fund, the United Nations Office for Project Services and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) had not introduced continuing appointments despite their formal introduction through the General Assembly's approval of the Staff Regulations of the United Nations and Staff Rules. The representative requested that the Commission monitor the coherence of the common system and the implementation of its decisions more forcefully.

15. The Commission expressed concern that not all organizations had responded to the questionnaires sent by its secretariat, and requested that they do so in future. The Chair recalled resolution 61/239, by which the General Assembly had invited the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination (CEB), to urge the heads of the organizations of the United Nations common system to fully support the work of the Commission, including by providing the Commission with relevant information in a timely manner for studies conducted under its statutory responsibilities for the common system.

16. With regard to the Standards of Conduct for the International Civil Service endorsed by the Commission and subsequently approved by the General Assembly

in its resolution 67/257, the Commission noted that not all organizations had implemented the new standards. The Commission considered that the standards deserved due attention and compliance, especially in the light of new concepts introduced, such as accountability at all levels. Although members noted that there was normally a time lag between decisions of the Commission and full implementation by all organizations, they emphasized that decisions needed to be implemented.

Decisions of the Commission

17. The Commission underscored the need for organizations to implement its decisions in a timely manner and to submit information when sought. It also requested that organizations that had not yet done so take appropriate measures to implement the Standards of Conduct for the International Civil Service and report back on their status before the next session of the Commission.

Chapter III

Conditions of service applicable to both categories of staff

Mandatory age of separation

18. In its resolution 69/251, the General Assembly decided to raise the mandatory age of separation to 65 years for staff recruited before 1 January 2014, taking into account the acquired rights of staff, and requested the Commission to revert to it with an implementation date at its earliest opportunity, but no later than the seventy-first session of the Assembly, after consultations with all the organizations of the common system.

19. The Commission was informed that the Chair of the Commission had written to the executive heads of the organizations informing them of the decision of the General Assembly and inviting them to present their views on the matter, including on a suitable implementation date. The executive heads pointed to the negative impact that an increase in the mandatory age of separation for current staff would have on efforts within organizations to rejuvenate and reprofile their workforces in terms of skills, gender parity and geographical distribution, as well as efforts to reduce staff costs. The executive heads considered a range of implementation dates from 2017 to 2020, with the majority stating that the date could not be earlier than 1 January 2018, given that the budgets and work programmes of their respective organizations for 2016 and 2017 had already been approved by their governing bodies.

Discussion in the Commission

20. The Co-Chair of the CEB Human Resources Network pointed to the views expressed by the executive heads of the organizations that practices should be harmonized across the common system and that the most desirable effective date of implementation of the increase in the mandatory age of separation for staff recruited before 1 January 2014 would be no earlier than 1 January 2018. The Network reiterated the views stated in the responses of the executive heads that:

(a) The change in the mandatory age of separation would have a noticeable impact on organizational restructuring exercises currently planned or under way, many of which underpinned budget submissions for the biennium 2016-2017;

(b) Implementation of the increase in the mandatory age of separation would delay or hinder the achievement of gender parity and geographical diversity targets. It was the view of the Network that in the annual report of the Commission to the General Assembly for 2014, while communicating the potential long-term positive effects on health insurance and the United Nations Joint Staff Pension Fund, the Commission had not estimated the additional associated costs to the operational budgets of the organizations;

(c) The real financial implications of the increase would not become apparent until it was implemented and agreed transitional measures for the new compensation package were known; it would therefore be advisable to delay raising the mandatory age of separation for current staff until decisions on the new compensation package had been taken by the Assembly.

21. Recalling article 16 of the statute of the Commission, the Network pointed out that any implementation date agreed for the United Nations common system would be indicative at best, as the final decision on the matter rested with the governing bodies of the organizations.

22. The representatives of the organizations recalled that the General Assembly in its resolution 69/251 requested that all organizations be consulted on the implementation date. They reiterated that the overwhelming majority of executive heads favoured January 2018, and noted with regret that the views and requests of executive heads had not been taken into sufficient account in the discussion. They also expressed confidence that the Commission would portray an accurate picture of the financial implications in its communications with the Assembly, highlighting that preliminary estimates showed that a significant share of the expected savings from the compensation review would be undermined by the added expenses associated with an early and parallel implementation of the mandatory age of separation of 65 years to current staff.

23. The representatives of the three staff federations were of the view that the implementation date should remain effective 1 January 2016, as originally recommended by the Commission. They felt that the reasons given by the Human Resources Network for postponing the effective date of implementation were not new, having already been discussed by the Commission. The representative of the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System pointed out that the Commission had twice recommended 1 January 2016, the first time being in 2013, when it had considered that since organizations had already submitted their budgets for the biennium 2014-2015, 2016 would have been appropriate. He maintained that, according to the arguments put forward by the Network, there might never be an appropriate time to implement, as organizations were always reorganizing and compensation reviews took place continuously. He cited reports of the Joint Inspection Unit which, he said, in many instances disproved points put forward by the representatives of the organizations. The reports referred to the current practice of retaining staff beyond their retirement dates and the rehiring of retirees, which, in his view, pointed to an apparent lack of workforce planning and cost analysis in the organizations. In any case, the Commission had already discussed the issues thoroughly. The current system of three separate mandatory ages of separation (60, 62 and 65 years) would be more difficult to manage and plan for than a unified separation age. He also recalled that there would be benefits to the United Nations Joint Staff Pension Fund and reductions to the after-service health insurance liabilities by some \$30 million per year. The staff federations also questioned the organizations' statement that keeping staff longer would entail significant costs, as there would also be substantial costs to organizations in recruitment unless they planned not to replace retiring staff members. Otherwise, savings should be expected from the delay of repatriation and recruitment processes. It was pointed out that recruitment costs could be at around \$60,000 per staff member. He concluded that the Commission's earlier recommendation for an implementation date of 1 January 2016 should remain.

24. The Commission noted that the General Assembly had already decided to raise the mandatory age of separation to 65 years for staff recruited before 1 January 2014; the only issue before the Commission was to recommend an implementation date.

25. The Commission noted that it had followed the request of the General Assembly and consulted with executive heads on an implementation date. Some Commission members appreciated that raising the mandatory age of separation would require the implementation of specific human resources management programmes and that organizations might encounter some challenges in implementing the policy. Given that the matter had been under discussion over the past three or four years, however, it was expected that governing bodies would already have been thoroughly briefed and had undertaken planning. One Commission member expressed the view that although the Commission had made its recommendation of 1 January 2016 in 2013 at its seventy-seventh session, the Assembly had given its approval only in 2014, without specifying an implementation date; organizations should be given more time to adjust, taking into consideration the issue of acquired rights for staff members and their right to choose. Under article 16 of its statute, the Commission could only make recommendations on the issue; the final decision rested with the governing body of each organization. Since most executive heads had indicated their preference for an implementation date not earlier than 1 January 2018, that date might be more appropriate. An earlier implementation date would place an additional financial burden on the organizations, as most of their biennial budgets had to be based on existing staff regulations, with staff retiring at the age of 60 or 62 years.

26. Other Commission members were not convinced by the reasons given by the organizations to delay implementation so as not to hinder promotion of gender parity, diversity and rejuvenation programmes, among other things, which should be ongoing human resources activities and not a reactive measure. They felt that the need to adopt human resources policies should not be used as the reason for delaying the increase in the mandatory age of separation. For organizations to maintain that they could not adapt to new mandates indicated weakness in their strategic planning and management. The policy being proposed reflected trends both in national Governments and international organizations, which would continue as life expectancy continued to increase. Organizations should have been aware and able to adapt to changing trends.

27. The Commission agreed that, considering the differing views on the matter, compromise was needed. It noted that organizations had shifted their positions with regard to the lead time needed to put the policy in place. It observed that in 2009, the Human Resources Network itself had made a proposal to the Commission to increase the mandatory age of separation. The Network had favoured a mandatory age of separation set for all staff at 62 years by 2012 and had agreed to review the possibility of raising it to 65 years for all staff and to examine innovative and flexible modalities in applying the mandatory age of separation (see [A/64/30](#), paras. 12-14).

Decision of the Commission

28. The Commission decided to recommend to the General Assembly that the implementation date for raising the mandatory age of separation to 65 years for staff recruited before 1 January 2014 be during 2016 and by 1 January 2017 at the latest, and take into account the principle of acquired rights.

Chapter IV

Conditions of service of the Professional and higher categories

A. Base/floor salary scale

29. The concept of the base/floor salary scale was introduced, with effect from 1 July 1990, by the General Assembly in section I.H of its resolution 44/198. The scale was set by reference to the General Schedule salary scale of the comparator civil service, currently the United States federal civil service, excluding any locality pay. Periodic adjustments are made on the basis of a comparison of net base salaries of United Nations officials at the midpoint of the scale (P-4, step VI, at the dependency rate) with the corresponding salaries of their counterparts in the United States federal civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively). The adjustments are implemented by means of the standard method of consolidating post adjustment points into the base/floor salary, that is, by increasing base salary while commensurately reducing post adjustment.

30. The Commission was informed that a 1 per cent increase had been implemented in the comparator's base General Schedule scale effective 1 January 2015. Minor changes were also introduced in the United States tax schedules at the federal level for 2015. For the State of Maryland and the State of Virginia, no changes were recorded in the tax legislation for 2015. For the Federal District of Columbia, several changes were introduced with a view to lowering the tax burden. A tax bracket was introduced for taxable income between \$40,000 and \$60,000, with a lower tax rate of 7.0 per cent. Previously, taxable income between \$40,000 and \$350,000 was taxed at a rate of 8.5 per cent. In addition, the standard deduction was increased from \$4,000 to \$8,350.

31. On the basis of the considerations set out above, the annual system-wide financial implications resulting from an increase in the base/floor salary were estimated in United States dollars, as follows:

(a) For duty stations with low post adjustment where net salaries would otherwise fall below the level of the new base/floor salary	0
(b) In respect of the scale of separation payments	550 000

Discussion in the Commission

32. The Human Resources Network and the representatives of the staff federations took note of the proposal.

33. The Commission noted that, in accordance with the normal adjustment procedure, in order to reflect the salary increase in the General Schedule as well as the impact of the tax changes referred to above, the base/floor scale would need to be adjusted upward by 1.08 per cent as at 1 January 2016. This would be implemented through the standard no-loss-no-gain procedure, that is, by commensurately decreasing post adjustments. Although generally cost-neutral in terms of net remuneration, the base scale adjustment procedure would have implications with regard to separation payments, as indicated above.

34. The Commission also noted that it would need to draw to the attention of the General Assembly the proposal for a unified salary scale, which it recommends in the context of the comprehensive review of the common system compensation package (see chapter VII, section A). Should the Assembly decide to approve the unified salary scale as of 1 January 2016, no action regarding the proposal in paragraph 33 above would be required.

Decisions of the Commission

35. The Commission, subject to the decision of the General Assembly on a unified salary scale, as discussed in chapter VII, section A below, decided to recommend to the Assembly for approval with effect from 1 January 2016 the revised base/floor salary scale for the Professional and higher categories, as shown in annex IV to the present report, reflecting a 1.08 per cent adjustment, to be implemented by increasing the base salary and commensurately reducing post adjustment multiplier points, resulting in no change in net take-home pay.

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

36. Under a standing mandate from the General Assembly, the Commission reviews the relationship between the net remuneration of United Nations officials in the Professional and higher categories in New York and that of United States federal civil service officials in comparable positions in Washington, D.C. For that purpose, the Commission annually tracks changes occurring in the remuneration levels of both civil services.

37. A 1.0 per cent general increase was granted as at 1 January 2015 in the comparator civil service. Other developments relevant to the comparison were:

(a) Revisions to the federal tax brackets and standard and personal deductions, which resulted in slight reductions in overall income taxes in the Washington, D.C., metropolitan area;

(b) A post adjustment multiplier of 66.7 in New York for the period from January to December 2015 and the current net base/floor salary scale, which became effective on 1 January 2015.

38. On the basis of the above, the Commission was informed that the estimated net remuneration margin for 2015 amounted to 117.2, with the corresponding five-year average (2011 to 2015) also amounting to 117.2. The details of the comparison are shown in annex V to the present report.

Discussion in the Commission

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

40. The Commission noted that the margin level of 117.2 for 2015 was based on the latest available data. Bearing in mind the many variables that could affect the margin, the Commission also noted that a 1.3 per cent general increase was proposed for the comparator civil service in January 2016. Early estimates showed that should the increase come into effect, and provided that other factors did not

change significantly, it would result in a margin level of around 116 in 2016. The Commission was mindful of section II.D, paragraph 3, of General Assembly resolution 69/251, in which the Assembly recalled that the five-year average of the net remuneration margin should be maintained around the desirable midpoint of 115, and requested the Commission to continue action to bring the calendar year margin to around that midpoint.

Decisions of the Commission

41. The Commission decided to report to the General Assembly that the margin between the net remuneration of United Nations officials in the Professional and higher categories in New York and that of officials in comparable positions in the United States federal civil service in Washington, D.C., amounted to 117.2 both for the calendar year 2015 and for the five-year (2011-2015) average.

C. Post adjustment matters

1. Report of the Advisory Committee on Post Adjustment Questions on its thirty-seventh session

42. Pursuant to article 11 of its statute, the Commission continued to keep under review the operation of the post adjustment system and, in that context, considered the report of the Advisory Committee on Post Adjustment Questions on the work at its thirty-seventh session, in 2015. Convened as part of the review of the common system compensation package, as well as the methodological preparations for the 2016 round of cost-of-living surveys, the Advisory Committee reviewed pertinent studies and made a number of recommendations for the Commission's consideration.

43. The Commission reviewed the recommendations, which covered: the list of items and specifications in the market basket to be used for price data collection in the next round of place-to-place surveys; the redesign of all survey data-collection forms; the modus operandi for the use of price data collected under the European Comparison Programme for purposes of establishing post adjustment for the covered group I duty stations; proposals for modifications to the operational rules governing the post adjustment system; a review of the rental subsidy scheme in the context of the restoration of the trade-off between rental subsidy and post adjustment; and a review of the operation of the post adjustment system for New York in the context of the United Nations/United States net remuneration margin management mechanism.

Summary of recommendations

44. The Advisory Committee concluded that there were no statistical methodological grounds to support or oppose any of the proposed modifications to the operational rules governing the post adjustment system. It recommended that the secretariat assist the Commission in making the relevant decisions in the context of its comprehensive review of the common system compensation package, without prejudice to the principles underlying the post adjustment system.

45. Regarding the review of the rental subsidy scheme, the Advisory Committee recommended that the secretariat investigate the feasibility of designing a housing assistance grant, in lieu of the rental subsidy, payable to all newly assigned United

Nations common system staff in the Professional and higher categories. The grant would be more transparent and simpler to administer than the existing rental subsidy scheme, while at the same time maintaining a competitive and cost-effective housing assistance element in the overall compensation package. The Advisory Committee also recommended that the secretariat identify objective criteria for determining which group II duty stations would be suitable for application of the group I rental subsidy scheme. It recommended that the Commission provide guidance regarding the implementation of key features of the rental subsidy scheme that should be harmonized across all organizations and duty stations.

46. The Advisory Committee informed the Commission that the proposed approach of linking the evolution of salaries for United Nations common system staff in New York rigidly with that of United States federal civil servants in Washington, D.C., in the context of the overall management of the United Nations/United States net remuneration margin, would lead to a simpler and more predictable mechanism for adjusting salaries for United Nations common system staff in the Professional and higher categories in New York. However, its implementation was likely to result in more complicated and less predictable salary adjustments for staff serving at other duty stations around the world.

Discussion in the Commission

47. The representative of the Human Resources Network expressed support for the recommendation that the secretariat investigate the feasibility of designing a housing assistance grant in lieu of the current rental subsidy scheme, but sought clarity on when and how the matter could be included in the comprehensive review of the common system compensation package at such a late stage. He also expressed support for some of the proposals for modifications to the operational rules governing the post adjustment system, but not for the others.

48. The representatives of the staff federations expressed support for maintaining the status quo in terms of the methodology for setting the post adjustment for New York, as opposed to linking the salaries of United Nations common system staff in the Professional and higher categories in New York rigidly with those of United States federal civil servants. Regarding the question of using a housing assistance grant in lieu of the rental subsidy, they underscored the importance of the rental subsidy in staff compensation at a time when post adjustment alone was not keeping pace with significantly rising housing costs, leading many staff members to reside further and further away from their place of work. They stressed that the use of a housing assistance grant must be studied carefully to ensure that it did not have a detrimental effect on staff. In response to concerns raised by staff federations regarding housing costs, the secretariat clarified that staff-reported rents were used only for the estimation of the relative weight of the housing component in the overall structure of the post adjustment index, but not for rent parities, which were based on market rent data.

Decisions of the Commission

49. The Commission approved the recommendation of the Advisory Committee to further revise the data-collection forms and the list of items and specifications for the 2016 round of cost-of-living surveys.

50. The Commission approved the agenda for the thirty-eighth session of the Advisory Committee, as outlined in annex VI to the present report, and requested the secretariat to conduct further analysis aimed at submitting specific proposals regarding modifications to the operational rules governing the post adjustment system and key features of the rental subsidy scheme that should be harmonized across all organizations and duty stations.

2. Modifications to the operational rules governing the post adjustment system

51. In response to the above-mentioned decision of the Commission, the secretariat reviewed all the operational rules governing the post adjustment system and concluded that only four rules merited consideration for modification:

(a) The 5 per cent rule under the existing regime of synchronization of post adjustment classification review cycles for group I duty stations;

(b) The gap closure measure, specifically the 5 per cent augmentation of the survey-based post adjustment index in setting the new post adjustment classification for a duty station following negative place-to-place survey results;

(c) The 0.5 per cent rule establishing the benchmark level of net take-home pay in the local currency at group I duty stations;

(d) The establishment of rental subsidy thresholds.

52. The objective of the proposed modifications was to make salary adjustments more predictable and sustainable, following the conduct of cost-of-living surveys and the calculation of the post adjustment index. The secretariat presented a detailed analysis of the options proposed for each operational rule, along with their advantages and disadvantages, in order to assist the Commission in assessing the efficacy of the proposed modifications relative to the status quo and with regard to the overall goals of the comprehensive review of the common system compensation package.

53. The Commission noted that the secretariat highlighted revisions to the calculation of the post adjustment index already approved by the Commission at its seventy-ninth session, in 2014. Those revisions pertained primarily to the use of a harmonized specification of the out-of-area weight for all duty stations and a new methodology for calculating the rent index for group I duty stations. The modifications produced a post adjustment index that was more accurate, transparent and cost-effective than currently.

54. The Commission recalled the rationale for the 5 per cent rule, which allowed for the adjustment of salaries before the date of statutory review of the post adjustment classification as a result of excessive inflation of 5 per cent or more in the cost of living at group I duty stations. Under current arrangements, the reference date for monitoring inflation was not reset unless there was a real increase in salaries, which meant that the rule could be triggered over periods longer than one year and in times of low or moderate inflation. The data presented showed that the rule had been triggered within one year or earlier only in around 54 per cent of the 72 instances of its application in the past 14 years (from 2002 to 2015). The Commission reviewed three options for modification of the rule. One option was to abolish the rule, which meant that all group I duty stations would have the same post adjustment classification review date as New York, regardless of their specific

macroeconomic circumstances. The second option was to retain the rule, but reset the reference date for monitoring inflation to the date of statutory review of the post adjustment classification, whether or not the review led to a real increase in salaries, which would address only situations of excessive inflation occurring within 12 months, not of low or moderate inflation over longer periods of time. The third option was a slight modification of the second, to apply the rule only if it were triggered more than three months before the date of statutory review of the post adjustment classification, synchronized with New York. That option would eliminate the possibility of more than one post adjustment classification review within three months and, at the same time, enhance the synchronization of post adjustment classification review cycles for all group I duty stations.

55. Regarding the gap closure measure, the option of eliminating the 5 per cent augmentation of the survey-based post adjustment index in setting the new post adjustment classification for a duty station following negative place-to-place survey results was discussed. This option would better align post adjustment indices and pay indices over time, but would lead to lower salaries, particularly in duty stations with weak and volatile local currencies.

56. The Commission addressed the potential for loss of purchasing power of salaries paid in the local currency in some group I duty stations where salaries were set in the local currency, but where staff members were obliged to spend a significant proportion of income on expenditures in non-local hard currencies (for example, rents paid in euros and tuition fees paid in United States dollars). It considered a modification of the 0.5 per cent rule, under which net take-home pay in the local currency was stabilized from month to month by adjusting the post adjustment classification to account for fluctuations in the exchange rate. Under the modification, net take-home pay would be split into two parts, one in the local currency and the other in United States dollars; each part would be stabilized within a band of plus or minus 0.5 per cent. Although the modification would produce marginal increases in salaries during periods of depreciation of the local currency relative to the United States dollar, depending on the assumed proportion of expenditures in non-local currencies (the higher the proportion, the higher the salary increases), the opposite could arise when the local currency appreciated relative to the United States dollar. Furthermore, the modification could lead to complications in the post adjustment index calculation and in updating it for group I duty stations.

57. Two options were reviewed for establishing rental subsidy thresholds within the framework of a unified salary scale. The first would establish a threshold for staff without dependants, which would be divided by the factor 1.06 to arrive at the threshold for staff with dependants. That option would produce two separate thresholds for staff with and staff without dependants, reflecting the differential in net remuneration between the two (6 per cent spouse allowance), consistent with current arrangements. The second option would apply the same threshold to all staff, but would allow a higher maximum reasonable rent level for staff with dependants than for staff without dependants.

Discussion in the Commission

58. The representative of the Human Resources Network expressed appreciation for the secretariat's analysis of the operational rules governing the post adjustment system and for the underlying work of the members of the Advisory Committee on

Post Adjustment Questions. He stressed that even though the 5 per cent rule was expected to be applied very rarely under the current macroeconomic climate, it was nevertheless a sound safeguard against a possible loss of purchasing power of staff serving in duty stations with exceptionally high inflation, and should therefore not be abolished. Furthermore, in the interest of minimizing the administrative workload, he expressed preference for the option that avoided conducting two reviews within a three-month period. He also expressed support for: the elimination of the 5 per cent augmentation of the survey-based post adjustment index in the application of the gap closure measure, in the event of significantly negative place-to-place survey results; the proposed modification of the 0.5 per cent rule; and the application of the rental subsidy threshold calculated on the basis of the unified salary scale to staff with no dependants and dividing it by 1.06 to derive the threshold for staff with dependants. He agreed with the secretariat that this procedure of establishing rental subsidy thresholds was more transparent and more consistent with current practice than the alternative of using a differentiation in terms of maximum reasonable rent levels.

59. The representatives of the staff federations expressed the view that the current operational rules governing the post adjustment system should be retained because they were sound and had proven their value over time with regard to the protection of staff salaries from fluctuations in inflation and exchange rates and to the equalization of the purchasing power of salaries of staff members serving at all duty stations. They expressed support for the retention of the 11 per cent differential between the thresholds for staff with and staff without dependants under the current scheme, instead of the 6 per cent differential under the proposed modification. They also expressed opposition to the alternative option granting flexibility in the determination of the maximum reasonable rent levels to the organizations, as this could lead to unhealthy competition between different organizations with a presence at the same duty station. They further stressed that for some duty stations, including New York, the rental subsidy was an important component of compensation; it was very important to account for rental costs accurately, including the calculation of correct thresholds and ceilings based on the actual rental costs at the duty station itself, not at locations far away from it. They also suggested that the Commission undertake a comprehensive review of the rental subsidy scheme and of the classification of duty stations for the purposes of the post adjustment.

60. Members of the Commission affirmed the critical role of the post adjustment in equalizing the purchasing power of salaries in all duty stations as well as the need to have a system that allowed for its proper calculation. They concurred with the rationale for the 5 per cent rule and agreed with the organizations and staff federations that it should be retained, but modified in such a way as to address only excessive inflation within a 12-month time frame. In the interest of simplifying the work of the secretariat and enhancing the existing synchronization of post adjustment classification review cycles for all group I duty stations, application of the rule should be limited only to situations when it was triggered more than three months before the date of statutory review of the post adjustment classification.

61. Most Commission members noted that the gap closure measure was intended to ease the transition to a lower salary level for staff already serving at a duty station prior to the date of implementation of the lower post adjustment multiplier. They saw no justification, however, 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, which would be applicable to staff assigned to the duty station after the date of implementation of the lower post adjustment multiplier. They stressed that the post adjustment was designed to compensate for the actual cost of living at a duty station and thus that the results of a cost-of-living survey, even if significantly negative, should be considered as an accurate reflection of reality. They called for the abolition of the 5 per cent augmentation of the survey results, as this was tantamount to compensating staff at levels in excess of those warranted by the evolution of the cost of living. In response to requests for clarification, the secretariat pointed out that the proposed modification would lead to significant reductions in salary levels in duty stations with weak and volatile local currencies. As an illustration, the secretariat presented the results of the most recent application of the 10-point rule, which showed that subsequent cost-of-living surveys conducted in the affected duty stations led to reductions in post adjustment multipliers of up to 23 percentage points under current arrangements, and up to 30 points under the proposed modification.

62. Regarding the adjustment of the post adjustment classification of group I duty stations under the 0.5 per cent rule, some Commission members observed that although the problem of the negative impact of a weak local currency on the purchasing power of net take-home pay in group I duty stations, with significant staff expenditures in non-local currencies, was currently most pronounced in Hungary, it was of general concern for duty stations in Eastern Europe as a whole. The economies in Eastern Europe were apparently more similar to those of group II than group I duty stations. Given that some of those duty stations had unique circumstances with regard to the stability of their local currencies and their economies as a whole, some Commission members saw merit in modifying the 0.5 per cent rule as proposed by the secretariat. Other members, however, stressed that the Hungarian forint was largely stable relative to the United States dollar and its fluctuations were not greater than local currencies of other group I duty stations had been in the past. They also affirmed the Commission's previously expressed view that the issue at hand pertained to the interaction of currencies, which was unpredictable, and that the remedy of more frequent cost-of-living surveys was a reasonable way to address it. They highlighted the problems associated with the implementation of the proposed modification, which included: the additional complications that would be introduced in the post adjustment index calculation and in updating it for all group I duty stations; the difficulties regarding the accurate measurement of the average expenditures in non-local currencies at the duty stations; the possibility that any gains that might accrue during periods of sustained depreciation of the local currency might be reversed when the local currency strengthened relative to the United States dollar; and the fact that the resulting post adjustment index would be much less sensitive to local economic conditions. In view of such problems and the remedial measures already in place, they considered that the costs associated with the modification of the 0.5 per cent rule far outweighed the benefits. They therefore suggested that the existing rule be maintained, and that the secretariat further study and report back on the special situation of Hungary and similar duty stations, where a significant proportion of staff in-area expenditures were incurred in non-local currencies.

63. Regarding the establishment of rental subsidy thresholds within the framework of a unified salary scale, there was general consensus on the approach of applying

the threshold calculated on the basis of the scale to staff without dependants and then to divide it by 1.06 to derive the threshold for staff with dependants. That approach was deemed reasonable, rational, transparent, easy to understand and consistent with the current practice of differentiation of thresholds on the basis of the differential in net remuneration between staff with and staff without dependants. It was agreed that an approach based on differentiation of thresholds in terms of different maximum reasonable rent levels was fraught with administrative problems, including inconsistent application by different organizations, thereby creating unhealthy competition among staff serving different organizations at the same duty station.

Decision of the Commission

64. The Commission decided:

(a) To retain the 5 per cent rule to account for excessive inflation in group I duty stations in a more timely manner. The reference date for monitoring inflation should be reset at the time of the statutory review of the post adjustment classification, whether or not there was a change in classification. The rule should be implemented only if triggered more than three months before the date of statutory review of the post adjustment classification;

(b) To modify the gap closure measure in determining the post adjustment multiplier applicable to a duty station by abolishing the 5 per cent augmentation of the post adjustment index derived from negative place-to-place survey results;

(c) To continue to apply the 0.5 per cent rule, in accordance with existing operational rules;

(d) To establish rental subsidy thresholds by applying the threshold calculated using the proposed unified salary scale to staff with no dependants and dividing it by the factor 1.06 to derive the threshold for staff with dependants, with effect from the date of promulgation of the unified salary scale for staff in the Professional and higher categories.

Chapter V

Conditions of service of staff in the General Service and related categories and other locally recruited staff

A. Surveys of best prevailing conditions of employment in Kingston

65. As a result of the entry of the International Seabed Authority, headquartered in Kingston, into the United Nations common system, the Commission, under article 12 (1) of its statute, should establish the relevant facts for, and make recommendations as to, the salary scales of staff in the General Service and other locally recruited categories. The Commission conducted a survey of best prevailing conditions in Kingston on the basis of survey methodology II, with a reference date of September 2014.

66. The proposed net salary scales for staff in the General Service and related categories and for National Professional Officers in Kingston, as recommended by the Commission to the executive heads of the Kingston-based organizations, are reproduced in annex VII to the present report. The total annual financial implications of implementing the two scales are estimated at \$143,415 at the September 2014 exchange rate of J\$ 112.79 per \$1.

67. The recommended salary scale for staff in the General Service and related categories is 5.1 per cent higher than the current scale. A non-pensionable component of 3.7 per cent would also be established on the basis of the findings of the survey. The highest point of the proposed scale, GS-7/X, is J\$ 3,556,372, or \$31,531 at the September 2014 exchange rate. As at 1 September 2014, that amount was lower than the net remuneration (net base salary plus post adjustment) for the P-1/I level at the single rate and approximately that of the NO-A/III level. The total annual financial implications of implementing the recommended salary scale are estimated at \$66,992 at the September 2014 exchange rate.

68. The recommended salary scale for National Professional Officers is 9.5 per cent higher than the current scale. The total annual financial implications of implementing the recommended salary scale are estimated at \$76,424 at the September 2014 exchange rate.

69. In view of resolution 68/253, in which the General Assembly requested the Commission not to increase any of the allowances under its purview until the comprehensive review of the common system compensation package had been submitted to the Assembly for its consideration, the Commission did not recommend any adjustment to the dependency allowances, pending the decision of the Assembly on the present report.

B. Surveys of best prevailing conditions of employment in New York

70. On the basis of the methodology for surveys of best prevailing conditions of employment of the General Service and other locally recruited staff at headquarters and similar duty stations (survey methodology I), the Commission conducted a survey in New York, with a reference date of November 2014. There are five categories of locally recruited staff in New York: General Service, Security Service, Trades and Crafts, Language Teachers and Public Information Assistants. In

accordance with an earlier decision of the Commission, salary levels for four of the categories should be adjusted in accordance with the same percentage as that agreed for the General Service category.

71. The salary scales for all five categories of locally recruited staff in New York, as recommended by the Commission to the executive heads of the New York-based organizations, are reproduced in annex VIII to the present report.

72. The overlaps of the highest salary point for these categories with the net remuneration (net base salary plus post adjustment) of staff in the Professional and higher categories in New York are as follows (in United States dollars):

<i>Category</i>	<i>Highest grade/step</i>	<i>Annual salary</i>	<i>Overlap with Professional and higher categories</i>
General Service	GS-7/XI	72 886	P-1/VI at single rate
Security Service	S-7/IX	88 125	P-2/V at single rate
Trades and Crafts	TC-8/VII	75 793	P-1/VII at single rate
Language Teachers	XII	77 201	P-1/VIII at single rate
Public Information Assistants	PIA-III/V	55 627	No overlap

The Commission considered that the overlaps were not cause for concern.

73. The recommended salary scales for all five categories of locally recruited staff in New York are 5.8 per cent lower than the current scales. The notional annual savings as a result of implementing the salary scales are estimated at \$12.13 million. Since the recommended salary scales are expected to be implemented only with regard to staff recruited on or after the date of promulgation by the New York-based organizations, there are no immediate savings associated with this recommendation.

74. In view of resolution 68/253, in which the General Assembly requested the Commission not to increase any of the allowances until the comprehensive review of the common system compensation package had been submitted to the Assembly for its consideration, the Commission decided to recommend that dependency allowances for staff in the General Service and related categories of the common system organizations in New York be maintained at their current levels.

C. Surveys of best prevailing conditions of employment in London

75. On the basis of the methodology for surveys of best prevailing conditions of employment of the General Service and other locally recruited staff at headquarters and similar duty stations (survey methodology I), the Commission conducted a survey in London, with a reference date of May 2015. The revised net salary scale for staff in the General Service category in London, as recommended by the Commission to the executive heads of the London-based organizations, is reproduced in annex IX to the present report.

76. The recommended scale is 3.5 per cent higher than the current scale. The highest point of the scale, GS-7/XI, is £48,256, or \$74,354 at the May 2015 exchange rate of £0.649 per \$1. As at 1 May 2015, that amount approximated the net remuneration (net base salary plus post adjustment) for the P-1/III level at the single rate.

77. With regard to the dependency allowances, taking into account the request of the General Assembly in its resolution 68/253 not to increase any of the allowances until the comprehensive review of the common system compensation package had been submitted to the Assembly for its consideration, the Commission did not recommend any adjustment to the allowance for the first dependent child of staff in the General Service category in London. The Commission did, however, recommend that the allowance for each additional child after the first dependent child be revised from £952 to £614 on the basis of the data collected during the survey.

78. The total annual financial implications of implementing the recommended salary scale are estimated at \$243,202, while notional annual savings as a result of implementing the revised allowance for each additional child after the first dependent child are estimated at \$12,499. Given that the recommended level of that allowance is expected to be implemented only with regard to staff recruited on or after the date of promulgation by the London-based organizations, the immediate savings associated with the Commission's recommendations would not be significant.

Part two
Review of the common system compensation package

Chapter VI

Executive summary

A. Introduction

1. Reasons for a comprehensive review

79. At its seventy-fifth session, in 2012, the Commission decided to include in its work programme for 2013-2014 a comprehensive review of the common system compensation package in order to ensure that the pay and benefits provided to staff continued to be fit for purpose. Previous comprehensive reviews had been carried out in 1976 and 1989, with a minor review of the pay and benefits system in 2000. Since the previous major review, in 1989, the United Nations common system has experienced significant institutional challenges, including changes in the size, deployment patterns and demographics of the staff population. Over that period, the various elements of the compensation and benefits system have been examined individually on a regular basis, but a comprehensive analysis of the package, including its interrelationships and possible overlaps, has not been conducted. Consequently, a review in which all elements would be examined holistically was deemed necessary.

2. Guidance from the General Assembly and existing principles

80. In its resolutions 67/257, 68/253 and 69/251, the General Assembly made specific requests with regard to the conduct of the comprehensive review. It requested the Commission to report on the final conclusions and recommendations of the review no later than at its seventieth session, in 2015, and in particular that:

(a) The Commission review all remuneration elements holistically in order to safeguard the core values of the organizations of the United Nations common system;

(b) The proposals resulting from the review ensure the comparability of the total compensation package in the United Nations common system under the Noblemaire principle; as such, the principle would remain core to the common system, and therefore to the comprehensive review;

(c) The Commission bear in mind the financial situation of the organizations participating in the common system and their capacity to attract a competitive workforce;

(d) The Commission further examine issues relating to margin management in the context of the comprehensive review.

81. The Commission re-examined the underlying philosophy and principles governing the employment and conditions of service of staff in the United Nations common system. It observed that compensation was a major vehicle for the motivation and engagement of staff and played a significant role in aligning staff behaviours. Therefore, designing a remuneration system that reflected and promoted the values of the common system could be best achieved if a linkage was formed with the frameworks for human resources management and performance management.

82. It was agreed that the philosophy of compensation would continue to be grounded in the principles elaborated in Article 101 of the Charter of the United Nations, that the paramount consideration in the employment of staff and in the determination of the conditions of service should be the necessity of securing the highest standards of efficiency, competence and integrity and that due regard should be paid to the importance of recruiting staff on as wide a geographical basis as possible; and the Noblemaire principle, that as there should be no differences in pay based on nationality, in order to ensure organizations are able to recruit from all Member States, salaries should be set by reference to the highest paid national civil service. The Noblemaire principle supported the concept of equal pay for work of equal value and had been the basis on which salaries for the Professional and higher categories had maintained their competitiveness.

83. The concept of total rewards was also considered important to the review of the compensation package, as it allowed for a broader perspective than focusing narrowly on the monetary aspects of compensation. Using the total rewards approach, the Commission would be able to consider the effectiveness of common system benefits, work-life balance, performance and recognition programmes and the development of career opportunities in the common system.

3. Review objectives and criteria for the design of a revised compensation system

84. A number of issues were identified in the preliminary stages of the review, including the overall complexity and the perceived lack of transparency of the current compensation package, the high administrative and staff costs, and the lack of flexibility in the system, which constrained some organizations in their responses to particular circumstances. In order to address these and other crucial issues properly, the Commission established the following set of criteria for the design of a revised compensation system:

(a) The revised system should support the delivery of the organizations' mandates and should be competitive, fair, equitable, transparent, simple in design, easy to administer, easily understood by staff and other stakeholders and designed to reward excellence and manage underperformance;

(b) The revised system should be cohesive at its core, while allowing for some flexibility to meet the specific needs and challenges facing the organizations, particularly with regard to diversity, specialized occupations or skills for which it was difficult to recruit;

(c) Implementation of the revised system would be premised on overall cost containment and sustainability.

85. In addition, the Commission elaborated broad objectives for the exercise, setting out the following mission statement:

(a) The objective of the review of the common system compensation package is to ensure the continued ability of the organizations to effectively deliver their respective mandates on the basis of the guiding principles and provisions of the Charter of the United Nations and within the framework of the common system;

(b) The review aims at a compensation system that, without prejudice to the overall cohesion of the common system, will provide the organizations with a degree of flexibility in applying the compensation package. Compensation should

attract and retain the best combination of talents, competencies and diversity. The revised system should also promote excellence and recognize performance;

(c) The review should focus on the creation of a coherent and integrated system that is streamlined, transparent and cost-effective. Allowances would be targeted to drive organizational excellence through motivation and engagement of staff. Further, the revised system would allow Member States, organizations and staff to understand the structure, processes and outcomes. Finally, the revised system would offer the stability and predictability necessary for cohesion with the programming and budgeting process.

86. The Commission decided that, given the scope of the exercise, consideration of the National Professional Officer and the General Service and related categories should be taken up at a later date, once the review of the Professional and higher categories had been completed.

B. Conduct of the review

87. The objectives and criteria for the comprehensive review having been established, an outline of the review process was drawn up, detailing the modus operandi and the main activities.

1. Building the required evidence base

Data gathering

88. Data and information were collected from common system organizations and staff, as well as external entities such as other international organizations, national civil services and relevant consultants. The secretariat benchmarked the existing compensation package with the comparator and studied other external compensation practices, including those of some international organizations. In addition, members of the Commission and the secretariat staff engaged in a two-day retreat, at which organizations external to the common system were invited to give presentations relating to their compensation packages and their reforms, where relevant.

89. The Chair and Vice-Chair also held discussions with the executive heads and human resources directors of 18 common system organizations. The key findings from the consultations were as follows:

(a) Organizations were challenged by the need to ensure that they had the technical capacity to fulfil the ever increasing and more complex mandates being assigned to them in the current financial climate. Recruiting and retaining high calibre staff was essential, as was the need to ensure and boost staff morale, especially for those serving in difficult duty stations;

(b) An additional challenge facing the organizations was in the finance/budget area. The executive heads, while underlining the need to maintain a common core, called for some limited discretionary flexibility to be granted to them;

(c) According to the executive heads, many of the current systems and procedures, including the compensation system, were considered to be overly rigid and cumbersome. The salary structure needed to be reviewed in order to address

some important issues such as scale compression, the number of steps in particular grades and other technical matters;

(d) Regarding recruitment, several specific problems existed in attracting staff for certain levels, locations or occupational groups. Executive heads recounted the difficulties faced when highly specialized positions that were considered essential to each organization needed to be filled;

(e) Applying a single set of conditions of service to all common system organizations, each with different mandates, geographical locations and needs for specialist talent, remained a challenge;

(f) The executive heads expressed their concern that the organizations did not have a system that encouraged and rewarded high performance of staff or mobility. Along with human resources directors, they called for the simplification and regrouping of allowances and a closer link between pay and performance.

90. The executive heads stressed that the revised compensation system should be competitive, easy to explain and administer, and aimed at rewarding performance and encouraging mobility. They also expressed the desire for more flexibility on compensation issues, particularly in the areas of recruitment and performance recognition.

Staff survey

91. A global staff survey was conducted by the Commission secretariat in late 2013, with the primary aim of gathering staff views on the current compensation package. The survey generated some 14,000 responses (a sample offering results considered to be a reliable estimate of the perceptions of the United Nations common system staff population to within 1 per cent at a 95 per cent confidence level). Key findings pointed to high levels of staff engagement, with 85 per cent of respondents reporting that they felt engaged by their work.

92. Although the main reasons for joining the common system were the opportunity to use specific skills and competencies, a strong belief in the goals and objectives of the organizations and challenging work (salary ranked only as the eighth reason for joining an organization), the mandates of the organization and the compensation package emerged as the main motivating factors for staff to remain.

93. About half of staff who completed the questionnaire (49 per cent) expressed positive overall views regarding the current compensation package, and a little over half of respondents (53 per cent) felt that their overall compensation package was fair. Respondents expressed, however, that they would like to see stronger links between pay and individual performance and between career progression and individual performance. Among staff considering leaving the common system, the top two reasons for wanting to leave were the lack of opportunities for career progression and promotion, and the lack of reward for individual performance.

94. Overall, the survey indicated that the level of compensation was not a problem per se. How individual staff members' contributions were recognized, however, in particular of those who were performing well, was a concern. In other words, the survey revealed that pay was an important factor but that attention had to be paid to ensuring staff growth and development and to recognizing their performance. According to perceptions expressed in the staff survey, more should be done with regard to valuing high performance and addressing underperformance.

2. Working groups and sessions of the Commission

95. To undertake the review, the Commission established working groups consisting of Commission members, representatives from the organizations and staff. The working groups were tasked with undertaking detailed consideration and analysis of issues and approaches for implementation, bearing in mind the guiding principles of the review and with particular regard to the sustainability of the system. The working groups would then report their analyses and recommendations to the Commission. Three working groups were established, focusing on the following themes:

- (a) The remuneration structure, including post adjustment;
- (b) Competitiveness and sustainability;
- (c) Performance recognition and related human resources issues.

96. Between November 2013 and May 2015, eight meetings of the three working groups were held. The initial objective was to study all aspects of the existing system, with particular reference to the comparator service. Although it was understood that the United States would remain the comparator for the common system, the working groups also reviewed best practices prevalent elsewhere, with a view to exploring their applicability to the common system.

97. Having benchmarked the current package against those of other organizations, the working groups then considered specific elements of the overall package, analysing them according to the overarching criteria that had been established for the review and reporting findings to the Commission, together with possible options for changes. The related reports were then considered by the Commission during its subsequent sessions, when proposals were either finalized or sent back to the relevant working group for further analysis and study. This process of analysis, proposal, consideration and further development of proposals continued throughout the duration of the review, culminating in a final package proposal, reviewed by the working group on competitiveness and sustainability before being finalized by the Commission at its eighty-first session, in 2015.

C. Summary of recommendations

98. The main recommendations of the Commission at the culmination of the review process outlined above are set out below.

1. Salary scale structure and recognition of dependants

99. One net salary scale would be introduced for all staff in the Professional and higher categories without regard to family status (the proposed scale is included in annex II, section A, to the present report, which reflects the proposed consolidation from post adjustments of the factor 1.08 for January 2016). It would simplify the existing salary system and reinforce the notion of payment of salary for work done rather than the recognition of individual circumstances of staff members. Table 1 shows a summary comparison of the current and proposed systems in terms of salary and related recognition of dependants. It is also proposed that the unified salary scale be updated to reflect any further increases in base/floor salaries that may be approved prior to its implementation.

100. Support provided for dependent family members would be separated from salary. In order to ensure that the support of the organization in relation to dependants is better targeted, some changes to the eligibility criteria for such assistance are also put forward. Under the proposals, dependent spouses would be recognized through a spouse allowance at the level of 6 per cent of net remuneration. That proportion was based on the difference in net pay as a result of taxes between a single and a married taxpayer in the United States. Staff with non-dependent spouses currently in receipt of the dependency rate salary by virtue of a first dependent child would instead receive the child allowance.

Table 1
Salary and dependency: proposed changes

<i>Current system</i>	<i>Proposed system</i>
<ul style="list-style-type: none"> • Two net salaries: one for staff with dependants, another for staff with no dependants • Dependent rate salary paid in respect of a spouse with earnings less than a threshold amount. The dependent rate is also paid in respect of a first dependent child for staff without a dependent spouse • Differing numbers of step increments within different grades 	<ul style="list-style-type: none"> • One base salary scale, applied uniformly to all staff, regardless of family circumstances • Spouse allowance equivalent to 6 per cent of net remuneration (base salary plus post adjustment) payable to staff with a spouse earning below the threshold amount. The spouse allowance would not transfer to the first dependent child in the case of a staff member with a non-dependent spouse; rather, a child allowance would be paid • A more uniform salary scale: 13 steps for grades P-1 to P-5, with additional steps at the D-1 and D-2 levels

101. Given that the proposed scale is largely based on the existing dependency rate salary scale less the proportion to be granted as a spouse allowance, the present pensionable remuneration amounts would be maintained in the majority of cases and would continue to be adjusted on the same date and by the same percentage as net remuneration changes in New York. Where the proposed salary scale implies a structural change to the current scale, based on the need to address existing problems, including grade spans and scale compression, new pensionable remuneration amounts would be calculated by means of interpolation and extrapolation as appropriate, on the basis of the existing salary and pensionable remuneration scales for each individual grade (see annex II, section D, to the present report for the proposed pensionable remuneration scale). It is intended that the proposed pensionable remuneration scale would be updated to reflect any changes in net remuneration that may occur in New York prior to its implementation. In addition, the pensionable remuneration scale would continue to be updated on the same date and by the same percentage as net remuneration changes in New York.

102. Proposed staff assessment rates, revised in consultation with the United Nations to ensure the appropriate balance in the Tax Equalization Fund, are provided in annex II, section C, to the present report. Under the proposal, the rates

would be reviewed two years after the implementation of the revised compensation system to continue to ensure that there is no adverse impact on the Tax Equalization Fund.

103. The proposed revisions to the salary scale structure would require adjustments to the current net remuneration margin methodology. In accordance with the Noblemaire principle, salaries would be subsequently referenced against net salaries of staff in comparable positions in the United States federal civil service, with the margin comparisons based on the assumption of a single official without dependants. The calculation of United States federal civil service gross salaries would be netted down by the continued application of the “married filing jointly” tax schedule, with the resulting averages for each grade reduced by a factor representing the United Nations spouse allowance. Under the revised methodology, payments related to performance would not be included in the margin comparison.

104. The proposed introduction of one net salary scale for all staff in the Professional and higher categories would also have implications for other elements of the compensation package currently linked to the salary scale directly. Separation payments, which include the termination indemnity, death grant and repatriation grant, all have payment schedules based on the current salary scale. As such, changes to the salary scale would logically affect the amounts payable under those schemes.

2. Step periodicity and other incentives

105. Although the use of step increments provides a transparent and administratively straightforward way of recognizing performance, under the current arrangements the granting of steps has become almost automatic and more or less considered an entitlement linked to length of service. Further, step increments do not allow for recognition of different levels of performance. Consequently, step increments in their current form are not fully fit for purpose, in particular as a tool for rewarding high performance.

106. With that in mind, and recognizing the importance of the financial situations of organizations when considering changes to the current package, the option of altering the current step periodicity is being put forward by the Commission (see table 2). It is additionally proposed that the current practice of granting staff members an accelerated step increment after 10 months, instead of 12, as a language incentive within some organizations be discontinued.

Table 2
Step periodicity: current and proposed systems

<i>Current system</i>	<i>Proposed system</i>
<ul style="list-style-type: none"> • Step increments granted annually for most grades, subject to satisfactory performance • Biennial steps in a small number of cases (all steps of grade D-2 and some steps near the top of the range for grades P-3 to P-5 and D-1) 	<ul style="list-style-type: none"> • Steps granted on an annual basis for grades P-1 to P-5 up to step VII • Biennial increments from step VII to the top of the new scale for grades P-1 to P-5 (step XIII). Current periodicity would be retained for grades D-1 and D-2, with additional steps

107. Some of the savings expected to accrue from such a change would be used to fund a performance incentive scheme. The cash awards for exceptionally meritorious performance would consist of flexible amounts in the range of 5 to 10 per cent of net base salary.

108. In order to assist organizations in the recruitment of experts in highly specialized fields where they have previously failed to find suitable candidates, the Commission recommends the introduction of a recruitment incentive scheme. Amounts payable under the scheme would not exceed 25 per cent of annual base salary for each year of the agreed contract. The Commission intends to assess the scheme after a period of three years from the date of implementation, with organizations to report to the Commission periodically on the payment of the additional incentives.

3. Education grant

109. The reimbursement mechanism of the existing education grant is based on a system of 15 currency/country zones conceived in accordance with the currencies in circulation within those countries. Following the introduction of the euro, some of the independent currency zones became redundant. There is a maximum reimbursement threshold, adjusted over time, for each of the currency zones. The number of zones and adjustments required entails a heavy administrative burden.

110. While the cost-sharing approach within the scheme, with staff always liable for at least 25 per cent of the educational expenses, has been effective, the current mechanism for updating the maximum admissible expenses based on claim data has led to concerns about staff claims driving up the overall cost of the scheme, thereby weakening the cost control aspect. At the same time, because verifying admissible expenses is difficult and can lead to inconsistent claim processing, organizations consider the administration of the scheme to be cumbersome.

111. The provision of support for staff in relation to education at the tertiary level, which is not a mandatory part of a child's education, was examined as part of the review. Based on a comparison of the cost of the comparator's scheme with that of the common system, that is, comparing 100 per cent of reimbursement for the primary and secondary education levels with that of 75 per cent of the cost from the primary to tertiary education levels, it was concluded that the costs of the two schemes were largely comparable. With that in mind and in view of the importance of the education grant in attracting and retaining staff, it was considered preferable to maintain tertiary level education within the scheme.

112. In view of the above concerns, the Commission felt that there was a strong case for streamlining the grant scheme, in order to make it more cost-effective and predictable in terms of cost, as well as easier to understand, administer and maintain. As a result, a number of revisions to the education grant scheme are presented and compared with the existing provisions in table 3.

Table 3
Education grant: proposed changes

<i>Current system</i>	<i>Proposed system</i>
<ul style="list-style-type: none"> • Scheme based on 15 currency/country zones, with a maximum threshold of admissible expenses associated with each zone. Staff are reimbursed up to 75 per cent of costs, based on the cost-sharing principle • Scheme covers admissible expenses from primary, secondary and tertiary level expenses • Admissible expenses limited to tuition, enrolment-related fees, books, daily transportation to school and other expenses (including capital assessment fees) • Boarding expenses dealt with within admissible expenses for all levels and locations (up to a maximum where child is studying away from the duty station of the staff member), with additional support to staff serving in designated duty stations • Education grant travel provided for each scholastic year for child studying away from the duty station of the staff member (twice a year for staff in designated duty stations, once a year otherwise) • Updating of maximum admissible expenses based on pragmatic decision of the Commission, with reference to a dual system of movement in fees data from representative schools and level of claims made by staff members 	<ul style="list-style-type: none"> • Scheme based on one global sliding scale for reimbursement consisting of seven brackets, thus retaining the cost-sharing principle. Take-up of low-cost options is incentivized, with higher rates of reimbursement for lower expenses • Scheme covers admissible expenses from primary, secondary and tertiary level expenses • Admissible expenses limited to tuition (including mother tongue language tuition) and enrolment-related fees. Capital investment fees to be dealt with outside of the scheme. Boarding expenses dealt with separately • Boarding expenses to be reimbursed only for staff in the field based on a flat amount of \$5,000 if child is in primary or secondary education and is boarding at a school outside of the staff member's duty station. Special flexibility to be granted to organizations to provide boarding support to staff in H-category duty stations, under certain conditions • One round trip for each scholastic year for child of a staff member in receipt of assistance with boarding expenses • Updating of sliding scale for reimbursement based on pragmatic decision of the Commission, with reference to movement in fees data for representative schools on a biennial basis

113. In order to address concerns regarding organizational responsibility for tertiary education, it is proposed that the provision of boarding-related financial support at the tertiary level be discontinued, which would make the system more cost-effective. At the same time, the Commission recommends updating the eligibility criteria for support at the tertiary level, with the grant payable up to the end of the school year in which the child completes four years of post-secondary studies or

attains the first post-secondary degree, whichever is earlier, subject to the upper age limit of 25 years.

114. Under the provisions of the proposed education grant scheme, a seven-bracket global sliding scale would be used to calculate the reimbursement of tuition and enrolment-related fees. A scale model, constructed with reference to actual tuition fees paid by staff members based on data for the school year 2010/11, is presented in table 4.

Table 4
Seven-bracket sliding scale structure (based on data for the 2010/11 academic year)

<i>Claim amount bracket (United States dollars)</i>	<i>Reimbursement rate (percentage)</i>
1-10 000	86
10 001-15 000	81
15 001-20 000	76
20 001-25 000	71
25 001-30 000	66
30 001-35 000	61
35 001 and above	–

115. The Commission recommends that the scale be updated every two years on a pragmatic basis, using the movement of tuition fees in 29 selected representative schools as the reference point. Should the scale be updated to fully reflect tuition fees in the school year 2014/15, the expense brackets would need to be revised. A duly updated scale is shown in table 5.

Table 5
Seven-bracket sliding scale adjusted on the basis of 2014/15 tuition fees

<i>Claim amount bracket (United States dollars)</i>	<i>Reimbursement rate (percentage)</i>
0-11 600	86
11 601-17 400	81
17 401-23 200	76
23 201-29 000	71
29 001-34 800	66
34 801-40 600	61
40 601 and above	–

116. In considering the proposed education grant scheme, concerns were expressed by organizations that the rigid application of the new eligibility criteria for boarding assistance might, in certain circumstances, compromise the continuity of education for children of staff serving in H-category duty stations, which could be detrimental to staff mobility. Organizations with rapid or continuous deployment needs, as well as those that currently operate a staff rotation policy requiring staff to move on a

regular basis with a limited term at each location, could be particularly affected. With that in mind, the Commission recognized that boarding assistance could be granted to staff at H-category duty stations in some situations, under the discretionary authority of the executive head.

4. Special education grant

117. Following the above-mentioned proposed changes to the education grant, the provisions of the special education grant were also reviewed. In the light of the small number of claims for transportation, meals and books under the special education grant scheme, it is proposed that such claims continue to be admissible. For the sake of simplicity, all such expenses, along with those covered by the education grant scheme, would be aggregated for reimbursement up to the ceiling amount.

118. The ceiling for the special education grant itself would be set with reference to the uppermost bracket of the sliding scale for the education grant (\$35,000, based on data for the 2010/11 academic year), plus the amount of \$5,000, equivalent to the lump sum for boarding expenses provided in the proposed education grant scheme. Admissible expenses would be reimbursed at a rate of 100 per cent up to the ceiling. In terms of boarding-related support, it is proposed that actual expenses be used in the calculation of total admissible expenses for reimbursement, and reimbursed up to the overall grant ceiling.

5. Hardship allowance

119. Under the current hardship scheme, duty stations are classified by level of difficulty, ranging from “A” to “E”. H-category duty stations are considered outside of the classification system, while A to E locations are considered to be field duty stations and are reviewed for classification every three years, or less in the case of a significant change.

120. The hardship allowance is non-pensionable and is designed to compensate for the degree of hardship experienced by internationally recruited staff on assignment for one year or more to a B, C, D or E-category duty station. The allowance currently varies according to the category of duty station and the staff member’s grade and family status. No hardship compensation is paid to staff members assigned to locations designated as H or A duty stations.

121. Following an analysis of the hardship allowance, during which the rationale for payment and the actual amounts payable were examined, the Commission noted that the hardship allowance was an important component in incentivizing staff to serve in difficult duty stations, and was therefore essential in assisting organizations to deliver their programmes.

122. The Commission considers that the current framework of five categories of hardship (from A to E) should be maintained; however, adjustments are proposed in order to provide one hardship rate for both staff with no dependants and staff with eligible dependants, based on the understanding that, with regard to hardship conditions at a duty station, the focus should be on the staff member exclusively and that the staff member’s dependants at the duty station are outside the purview of the allowance. This would result in an increase in the amount for staff with no dependants. The proposed payment matrix (see table 7) would ensure a similar

relationship with net base salary as in the case of the current system. A summary of the current and proposed hardship allowance schemes is provided in table 6.

Table 6
Hardship allowance: proposed changes

<i>Current system</i>	<i>Proposed system</i>
<ul style="list-style-type: none"> • Flat amount, differentiated by the classification of duty station and grade and dependency status of the staff member • Staff currently paid at the dependency rate are paid more than their peers at the single rate 	<ul style="list-style-type: none"> • Flat amount, differentiated by the classification of duty station and grade of staff member • Staff would be paid the equivalent of the current dependency rate, regardless of their family status

Table 7
Hardship allowance payment matrix

<i>Hardship category of duty station</i>	<i>Hardship allowance (annual amounts in United States dollars)</i>		
	<i>Group 1 (P-1 to P-3)</i>	<i>Group 2 (P-4 and P-5)</i>	<i>Group 3 (D-1 and above)</i>
A	–	–	–
B	5 810	6 970	8 140
C	10 470	12 780	15 110
D	13 950	16 280	18 590
E	17 440	20 920	23 250

6. Additional hardship allowance/non-family service allowance

123. The additional hardship allowance was introduced on 1 July 2011 for staff serving in non-family duty stations. It is paid in addition to the normal hardship allowance and currently varies according to the staff member's grade and family status. It recognizes the increased level of financial and psychological hardship incurred by staff with families as a result of their involuntary separation from their families. It also acts as an incentive for staff to undertake assignments at non-family duty stations. Additional service-related costs are also taken into account.

124. Under the current scheme, for staff whose salary is paid at the dependency rate, the additional hardship allowance is equal to 100 per cent of the applicable dependency rate of the hardship allowance for E-category duty stations, the most difficult duty stations. For staff whose salary is paid at the single rate, the additional hardship allowance is equal to 50 per cent of the applicable single rate of the hardship allowance for E-category duty stations. A staff member paid at the single rate receives 37.5 per cent of the amount paid at the dependency rate at the same grade.

125. The Commission considered the provisions of the current additional hardship allowance scheme and the rationale of the allowance as an incentive. It concluded that, logically, there should be no differentiation in the amounts payable based on

family status if the allowance is paid only as an incentive. At the same time, although it was apparent that differentiation by job responsibility or seniority was less clearly justified, the needs of staff with and staff without dependants needed to be addressed in different ways. With those considerations in mind, and in order to improve understanding of the allowance among stakeholders, the Commission proposes to replace the current additional hardship allowance scheme with a non-family service allowance to be paid as a flat amount, depending on family status. Differences between the current and proposed systems are outlined in table 8.

Table 8

Additional hardship allowance/non-family service allowance: proposed changes

<i>Current system</i>	<i>Proposed system</i>
Payment differentiated by grade and dependency status, as follows: staff at grades P-1 to P-3 are paid \$6,540 at the single (S) rate or \$17,440 at the dependency (D) rate; P-4 to P-5: \$7,845 (S), \$20,920 (D); D-1 to D-2: \$8,700 (S), \$23,250 (D)	Payment differentiated as follows: staff members with a dependant (determined by the existing earnings criteria) would be paid an allowance of \$19,800 per annum, while other staff members would be paid \$7,500

7. Mobility allowance

126. The purpose of the mobility allowance scheme is to encourage the movement of internationally recruited staff from one duty station to another, in accordance with organizational needs. An internationally recruited staff member who has completed five consecutive years of service in the United Nations system and is assigned to a duty station for one year or more may qualify for the allowance, depending on the classification of the staff member's duty station (that is, "H" or field duty stations). Payment amounts vary according to the number of assignments and the grade and dependency status of the staff member.

127. At A to E-category duty stations, the mobility allowance is paid as of the second assignment and is increased for each subsequent move up to the seventh move, after which the amount remains the same. The allowance is discontinued after five consecutive years at the same duty station. At "H" duty stations, the mobility allowance is not payable until the fourth assignment and the staff member must have had at least two previous assignments at A to E-category locations.

128. The Commission was of the view that mobility was an obligation for international civil servants, as organizations of the United Nations common system were established to serve worldwide. It was noted that there was no similar allowance in the comparator's compensation system. The Commission observed that the level of staff mobility varied among the organizations of the common system according to their needs, mandates and post structures.

129. The Commission further recognized that there might be a need to incentivize mobility until a culture of mobility was better established in organizations across the common system. The proposed remuneration package therefore includes a mobility incentive in lieu of the current mobility allowance, to encourage movement of staff to field duty stations. This will consist of annual payments to be made to eligible staff members for a maximum period of five years spent at the same duty station. Eligibility for the incentive is unchanged except for staff serving in "H"

duty stations, who would not be eligible for the incentive. Payments based on the past number of geographical moves of staff members would be discontinued. Noting that mobility should be driven by work requirements relating to the international character of the organizations of the United Nations common system, the Commission proposed to revisit the mobility incentive after five years of its implementation, to re-evaluate the need for such an incentive. The proposed amounts, alongside differences in the scheme when compared to current provisions, are shown in table 9.

Table 9
Mobility: proposed changes

<i>Current system</i>	<i>Proposed system</i>
<ul style="list-style-type: none"> • At “A” to “E” duty stations, the allowance is paid as of the second assignment and is increased for each subsequent move up to the seventh assignment, after which the rate remains the same and is no longer increased • At “H” locations, staff must have had at least two previous assignments at “A” to “E” locations. The allowance is not payable until the fourth assignment at “H” locations and reaches a maximum on the seventh or subsequent assignment • A flat amount, differentiated by the number of assignments, grade and dependency status. Payments range from \$2,020 for staff members at grades P-1 to P-3, paid at the single rate, serving in an “H” duty station and with four to six assignments, up to \$16,900 for staff members at the D-1 level and above, paid at the dependency rate, serving in an “A” to “E” duty station with seven or more assignments 	<ul style="list-style-type: none"> • Mobility incentive payable to staff serving at an A to E-category duty station with at least two assignments in such a location • Not payable at “H” locations • A flat amount, differentiated by grade only: \$6,500 per annum at grades P-1 to P-3, \$8,125 at grades P-4 and P-5, and \$9,750 at the D-1 level and above

8. Relocation-related elements

130. During its consideration of the relocation and assignment-related elements of the existing remuneration package, the Commission identified an urgent need for the streamlining and consolidation of the various payments to eliminate overlaps. The proposed relocation scheme aims at providing a modern and fit-for-purpose package, is less layered than the current package and better reflects the real costs of relocation.

131. The proposal consists of three basic elements: relocation travel, relocation shipment and a settling-in grant. With the introduction of the new relocation package, the Commission recommends the discontinuation of the non-removal allowance, the assignment grant and the relocation grant. A summary of the proposal, compared with the current provisions, is provided in table 10. The Commission intends to review the actual annual cost of the new relocation package compared with the existing provisions two years after its implementation.

Table 10
Proposed relocation package

<i>Element</i>	<i>Current package</i>	<i>Proposed package</i>
Relocation travel	Provided to staff member and eligible accompanying family members by most direct and cost-effective route	Provided to staff member and eligible accompanying family members by most direct and cost-effective route
Relocation shipment	(a) Full removal of household goods by organization up to an established weight/volume entitlement by family size	(a) Full removal managed by organization up to an established volume entitlement by family size (standard 20-ft. container for single staff, 40-ft. container for staff with family)
	OR	OR
	(b) Non-removal of household goods by organization plus assignment grant (lump-sum portion) plus non-removal allowance	(b) Full removal managed by staff and reimbursed by organization up to an established volume entitlement by family size (standard 20-ft. container for single staff, 40-ft. container for staff with family)
	OR	OR
	(c) Relocation grant (\$15,000 for staff with eligible family members and \$10,000 for single staff) plus assignment grant (lump-sum portion) plus non-removal allowance	(c) Lump sum paid to staff equivalent to 70 per cent of the actual cost of shipment for the established entitlement (standard 20-ft. container for single staff, 40-ft. container for staff with family)
		OR
		(d) Lump sum set by organization based on 70 per cent of cost of past shipments, not exceeding \$18,000
Settling-in grant	Assignment grant <ul style="list-style-type: none"> • Lump-sum portion: one month's salary • Daily subsistence allowance portion: 30 days local daily subsistence allowance for staff <p style="text-align: center;">PLUS</p> 30 days of daily subsistence allowance at 50 per cent for each eligible family member	30 days local daily subsistence allowance for staff and 30 days of daily subsistence allowance at 50 per cent for each eligible family member <p style="text-align: center;">PLUS</p> (Lump sum equivalent to the base salary plus applicable post adjustment of grade P-4, step VI)

9. Accelerated home leave travel

132. In accordance with the current home leave travel arrangements, staff serving in duty stations classified as “H”, “A” or “B” according to the hardship classification are currently entitled to home leave every 24 months. In contrast, for staff in “C”, “D” and “E” duty stations, a 12-month home leave cycle applies.

133. The Commission established the rest and recuperation framework in 2011, whereby staff in duty stations with a high level of hardship are periodically granted rest and recuperation travel. In view of the overlap between accelerated home leave travel and rest and recuperation travel, the Commission proposes to discontinue accelerated home leave travel.

10. Repatriation grant

134. In considering elements of the compensation package directly linked to the salary scale, the question of whether to pay the repatriation grant after only a short period of service within the common system was raised. It was noted that the grant was established as an earned service benefit in 1951 in recognition of service outside of the home country and was aimed at assisting expatriate staff members and their primary dependants in re-establishing themselves following a geographical move upon separation from service.

135. The Commission was of the opinion that although repatriation after prolonged expatriate service could result in certain difficulties and challenges on resettlement, it was not necessarily the case after only a few years spent abroad. In that context, it is proposed that a threshold of five years be established for the length of expatriate service triggering eligibility for the repatriation grant, as shown in table 11.

Table 11

Repatriation grant: proposed changes

<i>Current system</i>	<i>Proposed system</i>
Four weeks of net base salary for each of the first two years of expatriate service plus two weeks for each additional year up to 12 years of service for staff with dependants. A reduced amount for single staff	Grant payable starting on five years of expatriate service according to the current five-year payment schedule

11. Post adjustment

136. The Advisory Committee on Post Adjustment Questions, as part of its regular review of the methodology underlying the post adjustment system in preparation for the next round of cost-of-living surveys, recommended revisions to the calculation of the post adjustment index itself, which were approved by the Commission at its seventy-ninth session. The revisions relate specifically to the use of a harmonized specification of the weight of the out-of-area component for all duty stations, based on a generalization of the system of bands currently used for group II duty stations, and a new methodology for calculating the rent index for group I duty stations, based on weights derived exclusively from staff responses to the expenditure questionnaires in the survey. The objective of the revisions is to produce a post

adjustment index that is more accurate, transparent and cost-effective, than previously.

137. As part of the compensation review, the Commission, in cooperation with the Advisory Committee, examined the possible simplification of the post adjustment index structure and related operational aspects of the post adjustment system.

138. After an extensive analysis of the structure of the post adjustment index, the Advisory Committee affirmed that the index ensured a proper and methodologically sound estimation of the cost-of-living differential between duty stations and the base of the post adjustment system (New York). The Advisory Committee noted that the index was based on the expenditure patterns of the population of United Nations common system staff in the Professional and higher categories, and was fulfilling the role for which it had been established. The Advisory Committee found no compelling reason to change the current structure of the post adjustment index.

139. The Commission considered modifications to the operational rules governing the post adjustment system as a means of improving the stability and predictability of salary adjustments, as well as ensuring the sustainability of the remuneration system of the United Nations common system over time. In that regard, the Commission decided:

(a) To retain the 5 per cent rule to account for excessive inflation in group I duty stations in a more timely manner. The reference date for monitoring inflation should be reset at the time of post adjustment classification reviews, whether or not there was a change in classification, and be implemented only if triggered more than three months before the date of statutory review of the post adjustment classification;

(b) Modify the gap closure measure by eliminating the 5 per cent augmentation of the post adjustment index derived from negative place-to-place survey results in determining the post adjustment multiplier applicable to a duty station.

12. Rental subsidy thresholds

140. Following the proposed change from the current dual salary scale by dependency status to a unified salary scale, it was considered necessary to modify the determination of rental subsidy thresholds. Regardless of any operational rules that may be applicable, the rental subsidy thresholds are, invariably, a function of the average rent-to-income ratio recorded at a duty station from a place-to-place or a housing survey.

141. Under the current methodology, two separate rental subsidy thresholds are determined for staff with and staff with no dependants, respectively, taking into account the dual salary scale, where the net remuneration of staff with dependants is higher for any given grade and step than for staff with no dependants. With the change to a unified salary scale in mind, it is proposed that rental subsidy thresholds be established by applying the thresholds calculated on the basis of the unified salary scale to staff with no dependants. The threshold applicable to staff with dependants would then be calculated by dividing by a factor of 1.06 (that is, the additional proportion of net remuneration payable as a spouse allowance).

D. Acquired rights and transitional measures

1. Acquired rights: legal definition and guidance from the Office of Legal Affairs

142. In considering the implementation of the new compensation package, the question of the “acquired rights” of existing staff and the potential need for transitional measures to smooth the implementation process was apparent. With that in mind, the Commission sought the advice of the Office of Legal Affairs, which provided summary information of relevant judgements by the administrative tribunals of the United Nations common system, namely, the former United Nations Administrative Tribunal, the United Nations Appeals Tribunal and the International Labour Organization (ILO) Administrative Tribunal.

143. In its summary, the Office of Legal Affairs stated that the legal framework relating to acquired rights contained broad principles that could only be applied on a case-by-case basis. More general principles were as follows:

- (a) The prohibition on retroactive application;
- (b) The distinction between contractual and statutory conditions of employment;
- (c) The distinction between fundamental or essential, and non-fundamental or non-essential conditions of employment.

144. In the light of the principle of non-retroactive application, any amendment to the Staff Regulations of the United Nations and Staff Rules could be applied only prospectively. The Office of Legal Affairs also pointed out that although staff might have a contractual benefit or entitlement, the methodology for the computation of such an allowance or entitlement was generally considered a statutory element of employment that could be lawfully amended by the administration of an organization under certain circumstances. As a general rule, while an amendment to a statutory element of employment might lawfully reduce a benefit, the change should not result in the total evisceration of the benefit.

145. According to the Office of Legal Affairs, the tribunals had been clear that, irrespective of the question of acquired rights, any proposed changes to the Staff Regulations and Rules must not be “arbitrary” and must promote implementation of the principles in Article 101 of the Charter of the United Nations, that is, the requirement that the paramount consideration in the employment of the staff and in the determination of the conditions of service should be the necessity of securing the highest standards of efficiency, competence and integrity. The ILO Administrative Tribunal had similarly held that an international organization should refrain from any measure that was not warranted by its normal functioning or the need for competent staff. The rationale for the requirement appeared to be to ensure that the effect of an amendment to the Staff Regulations and Rules (individually or cumulatively) should not be so draconian as to undermine the very functioning and health of the international civil service system.

146. The Office of Legal Affairs found that although the United Nations Appeals Tribunal had discussed substantively the concept of acquired rights in some 60 cases, only in approximately 12 of those did the Tribunal find a breach of an acquired right. The ILO Administrative Tribunal had likewise interpreted the concept of “acquired rights” conservatively. Of around 80 cases relating to acquired

rights, it had found a breach of an acquired right in only two cases, one of which related to the discontinuance of the reimbursement of travel expenses, while the other concerned an amendment to a pension scheme.

147. According to the Office of Legal Affairs, acquired rights could be seen as rights that derived from the staff member's contract of employment and accrued through service. Pursuant to the applicable legal principles, amendments to the rules that breached acquired rights would not withstand a challenge before the tribunals successfully. However, even in cases in which an amendment to the rules might not affect an acquired right, the administration of an organization had on occasion opted to implement the amendment in such a way as to permit staff to continue to take advantage of a benefit to which they were entitled prior to the amendment, for a limited period of time. This was commonly referred to as a "transitional measure". Transitional measures could also include, for instance, deferral of the implementation of the amendment for a number of years, progressive alteration of the modalities for a reduction of allowances, payment to each affected staff member of an amount to counteract any negative effect of the amendments on allowances they might receive in future.

148. The decision to implement transitional measures was not necessarily relevant to situations concerning acquired rights. In other situations in which it is not clear that acquired rights are involved in a regulatory change to the terms and conditions of employment, the employing organization has the option to consider providing for transitional measures as a matter of administrative policy with regard to the best manner in which to implement an amendment to the rules.

2. Proposed transitional measures

149. Bearing in mind the legal considerations outlined above and the general principle of good employer practice in transitioning from one system of remuneration to another, the proposed transitional measures for existing staff in relation to each proposed change are outlined below.

(a) Salary scale structure and recognition of dependants: grade and step placement within the proposed salary scale structure and subsequent allowance

150. With regard to the appropriate grade and step at which staff should be placed on the proposed salary scale, transitioning staff members without any effect on salary would be impossible to achieve. This is due to the non-uniform nature of differences in the net base salaries of staff members with primary dependants and staff members with no primary dependants in the current salary scale across each grade and step. Under the proposed system, on the other hand, the percentage difference between staff with and staff with no dependent spouse would be provided as a spouse allowance of 6 per cent of net remuneration at each grade and step. Therefore, in transitioning staff from the current to the proposed package, the objective should be to minimize any effects on staff members.

151. For staff members at grades P-2 to D-2 with a dependent spouse, the proposed grade and step matching (see annex II, section B) would ensure that there would be no differences in pay after the spouse allowance was factored in. This is because the proposed salary scale was constructed at those grades by reducing the dependency rate salaries by a factor of 1.06, corresponding to the proposed 6 per cent spouse allowance.

152. Staff members with no dependent spouse but with a dependent child are currently paid at the dependency salary rate in respect of their first dependent child. Those staff members would not be eligible for a spouse allowance under the proposed system, but would receive, in lieu thereof, a children's allowance (currently \$2,929 per annum) in respect of their first dependent child. Some of those staff members would therefore experience significant reductions in salary under the proposed system. As such, a transitional allowance is proposed for those staff members, equivalent to 6 per cent of net remuneration to be paid in respect of the dependent child upon implementation of the proposed salary scale (no child allowance would be paid in that case). The allowance would be reduced by one percentage point every 12 months thereafter. When the amount of the allowance became equal to or lower than the child allowance, then the child allowance would be payable in lieu. The allowance would in any case be discontinued if the child in respect of whom the allowance was payable was no longer an eligible dependant.

153. Staff members without dependants are currently paid the single rate of salary. When transitioned to the proposed salary scale, they would experience gains in base salary of up to \$1,901 (at step VI of the D-2 level) per annum, varying by grade and step. The amounts would be proportionately higher when post adjustment was factored in. It should also be noted that 1,088 staff members at grades P-1 to P-4 would be outside the maximum of their grade on the proposed salary scale. A transitional allowance could be introduced to ensure such staff did not see a reduction in net remuneration following the implementation of the proposed scale.

154. Under the transitional arrangements, staff members would be placed at legacy "personal steps" until they left the common system or were promoted to a higher grade. The personal steps would be maintained by the Commission on the salary scales proposed to the General Assembly and would only be available to staff members placed at the steps at the time of transitioning to the proposed salary scale. No further step increments would be granted to those staff members. Consolidation of post adjustment to base salaries would be carried out at the personal steps, as with the regular steps. Pensionable remuneration at the personal steps would also be revised in the future at the same time and to the same extent as the other regular steps. Over a period of time, the number of staff members at the personal special steps would be reduced with the promotion or separation of staff members.

155. As a result of the above considerations, it would be necessary in some cases to place staff with and staff with no primary dependants (spouse or child), who were at the same grade and step in the current salary structure, at different steps on the proposed salary scale structure. Under the suggested transition, staff members would be placed on the proposed salary scale based on the grade and step matching shown in annex II, section B, to the present report.

(b) Step periodicity and other incentives

156. No transitional measures are foreseen following the implementation of the proposed changes in the frequency of granting of steps.

(c) Education grant

157. Owing to the related administrative burden of maintaining multiple schemes, a prolonged simultaneous operation of the two schemes is not recommended. As such, the Commission proposes that the new schemes for both the education grant and the

special grant be implemented at least a full school year cycle after the one in progress at the time when new schemes are approved by the General Assembly and the governing bodies of other organizations.

(d) Hardship allowance and additional hardship allowance/non-family service allowance

158. It is proposed that the new amounts for the allowances be effective immediately on the implementation date as approved by the General Assembly for all staff in the field. Further, as there would be no major change compared to the current system, no transitional measure would be required.

(e) Mobility allowance

159. It is proposed that the new amounts for the allowance be applicable to staff moving on or after the implementation date, as approved by the General Assembly. Although there are no apparent legal obligations to implement any transitional measures, in line with good human resources management practice it is proposed that staff who move before the implementation date continue to receive the current amounts for the mobility allowance for up to five years at the same duty station or until the staff move to a different duty station.

(f) Relocation and assignment-related elements

160. The proposed package for relocation would be applicable to all staff moving (new recruits and staff on mobility) on or after the implementation date. In addition, relocation travel and relocation shipment would also be applicable to staff upon separation from service, subject to relevant eligibility criteria set by organizations.

161. As a transitional measure, it is proposed that staff who move before the implementation date and opt for the “non-removal of household goods” option (that is, partial removal) continue to receive the non-removal allowance for up to five years of service at the same duty station, or until such time that the staff member moves to a different duty station.

(g) Repatriation grant

162. It is proposed that current staff maintain their eligibility to the repatriation grant under the present schedule up to the number of years accrued at the time of implementation of the new scheme.

(h) Rental subsidy

163. No transitional measures are foreseen. Rental subsidy thresholds would be computed on the basis of the new methodology for all housing surveys conducted after the promulgation of the unified scale.

E. Comparability of the revised package under the Noblemaire principle

164. In its resolution 68/253, the General Assembly requested the Commission, in its proposals resulting from the review of the United Nations common system compensation package, to ensure the comparability of the total compensation

package, including all monetary and non-monetary elements, under the Noblemaire principle.

165. The Noblemaire principle links the salaries of staff in the Professional and higher categories to those of the highest paid national civil service, known as the comparator, which historically has been and currently is the United States federal civil service. Within the comparator civil service, differences have existed in the benefits received by officials posted at home and those posted abroad. Therefore, if comparability were to be gauged on the basis of all cash and non-cash elements, it would be necessary to compare the United Nations package to the package applicable to civil service officials posted abroad, given that United Nations officials are for the most part expatriates. No meaningful comparison can be made, therefore, between all cash and non-cash benefits, including expatriate benefits, received by the comparator civil service employees in Washington, D.C., and common system employees in New York or, for that matter, Washington, D.C.

166. Having established that the package of cash and non-cash elements available to staff serving overseas in the comparator civil service would serve as the point of reference for assessing the comparability of the proposed common system compensation package, two separate studies were conducted. The first, a quantitative benchmarking exercise, considered the cash elements of the respective packages in order to calculate and compare their overall monetary value. The second examined the policies and practices of both the United Nations common system and the comparator civil service, detailing the different elements that made up the employee value proposition, or total rewards package.

1. Quantitative benchmarking analysis

(a) Pensions and medical insurance

167. Recent studies comparing some elements of compensation between the comparator and the United Nations formed the basis of the benchmarking exercise. The Commission completed a study on pensionable remuneration in 2012 with the assistance of a consultant and reported to the General Assembly that the income replacement ratios under the Federal Employees Retirement System and the United Nations Joint Staff Pension Fund were broadly comparable. However, employees in the comparator civil service had the potential to receive significantly higher benefits under the Federal Employees Retirement System owing to voluntary employee contributions, matched up to 5 per cent of salary (see [A/67/30](#), para. 59 (a)).

168. More recently, a separate study carried out by the United States Government Accountability Office, entitled “United Nations: key compensation elements should be reviewed to address costs and sustainability”, concluded that, with regard to pensions results varied depending on years of service and other factors. For employees with 30 years of service retiring at 62 years of age, the Federal Employees Retirement System and the United Nations Joint Staff Pension Fund both replaced a similar percentage of pre-retirement salary. For employees with 20 years of service retiring at 62 years of age, the Federal Employees Retirement System replaced a higher percentage of pre-retirement salary.

169. With regard to medical insurance, in its annual report for the year 2014 ([A/69/30](#)) the Commission had recommended that the current apportionment of health insurance premiums between the Organization and both active and retired

staff in United States and non-United States health insurance plans be maintained at their existing ratios. The United States Government Accountability Office study, which had limited itself to the United Nations plans in New York, had concluded that the average cost to the Organization per staff member was 5 per cent higher for the United States Government than for the United Nations, based on all staff, regardless of their participation in the scheme. That difference increased to 29 per cent for participating staff only.

(b) Leave and holidays

170. Information on holidays, annual leave and home leave in the comparator civil service and the common system organizations was gathered and compared. It was noted that the United Nations system provided 30 days of annual leave per year, while in the comparator civil service the number of days of annual leave per year varied with years of service, as follows: 0-3 years of service = 13 days; 3-15 years = 20 days; and more than 15 years = 26 days of annual leave per year for employees based in the United States and posted abroad.

171. The common system organizations did not provide any additional days of leave for home leave, with the exception of up to four days of travel time. According to the United States Department of State Foreign Affairs Manual, Volume 3, Handbook 1, on home leave, the comparator civil service provided home leave to employees posted abroad. That leave was accrued at the rate of 5 to 15 days per year, as follows:

(a) 15 days:

(i) The employee accepted as a condition of employment the obligation to accept assignment anywhere in the world as dictated by the needs of the agency;

(ii) The employee was serving with a United States mission to a public international organization; or

(iii) An employee was serving at a post for which a post differential of 20 per cent or more was authorized;

(b) 10 days: an employee not included under subparagraph (i) above, who was serving at a post with a post differential of at least 10 per cent but less than 20 per cent;

(c) 5 days: an employee not included under the above provisions would earn up to five days of home leave.

172. The common system organizations provided 10 holidays per year. The comparator civil service provided 10 days of leave to employees posted at home and employees posted abroad. In addition, employees posted abroad benefited from an additional 7 to 12 days annually, owing to the observance of local holidays.

(c) Other benefits

173. The secretariat carried out detailed comparisons of other cash elements of the compensation package. In addition to base salaries, these included post adjustment or cost-of-living allowance, housing benefits, dependency benefits, education grant/

allowance and hardship, danger, mobility and related payments, such as the proposed non-family service allowance (currently the additional hardship allowance).

2. Total rewards comparison

174. The secretariat of the Commission requested an external expert on compensation to prepare a report on total rewards by reviewing the policies and practices in the United Nations common system and the comparator civil service. The analysis, which included an inventory comparing United Nations and United States elements, was considered by the working group on competitiveness and sustainability, which subsequently reported its findings to the Commission.

175. The concept of total rewards provides organizations with a framework for strategies to attract, motivate and retain employees. Each organization's total rewards package will vary based on its philosophy, employee demographics, needs and budgets. There are four key elements of total rewards and, historically, many organizations have viewed those elements as separate dimensions, programmes and practices. From an employee perspective, however, each element is part of the employee value proposition, and employees often recognize the value of the entire package as being greater than the sum of its individual parts. The elements are:

- (a) Compensation and performance;
- (b) Benefits;
- (c) Work-life balance;
- (d) Development and career opportunities.

176. In reviewing the policies and practices of both the United Nations and the comparator civil service, it was noted that there was broad comparability between the two entities. Both civil services utilized similar elements of total rewards to attract, retain and motivate employees. Both had opportunities to tailor their offerings and strategies to better align the programmes with the unique needs of functions, roles and individual staff members. No two organizations would offer the same total rewards package because of the diversity of the workforce. When determining if the United Nations and the comparator had comparable total rewards offerings, a review of available offerings was conducted and compared against the responses from the interviews conducted. When reviewing the comparator's total rewards offerings in relation to those of the United Nations, there were no essential gaps between them, although for each organization there was variation in how various rewards programmes were delivered.

177. For the comparator, represented by the United States federal civil service, there was some variation between national and expatriate civil service total rewards offerings. Given that the United Nations was more acutely focused on an expatriate staffing model, there were differences between programmes and policies, which was to be expected. In order for the United Nations to attract key talent, differentiation from the comparator seemed appropriate.

178. From a non-cash perspective, both the United Nations and the comparator offered various total rewards programmes. It appeared that the comparator might be more advanced in terms of the high priority given to the implementation of work-life programmes, such as flexible work scheduling or telecommuting.

179. The importance of having a good understanding of what the staff members wanted or considered important was emphasized. The Commission had conducted two global staff surveys, in 2008 and 2013, that provided a strong indication that money was not the main motivating factor for attracting and retaining staff in the common system. Intrinsic rewards such as career development opportunities and promotions were given higher value by the majority of staff.

180. The elements of total rewards represented the tool kit from which an organization chose to offer and align a value proposition that represented an advantage to both the organization and the employee. Such elements could be viewed as different levers that an organization could use to attract and retain staff; the selection and utilization of each lever determined an organization's unique employee value proposition.

3. Comparison conclusions

181. Comparing the total compensation packages of the United Nations and the comparator civil service is far from straightforward, owing to fundamental differences in the underlying philosophies even of seemingly similar allowances, which were designed to cater to the unique circumstances of each civil service (for example, hardship or housing). Moreover, the outcomes of any such comparison depend heavily on the availability of accurate data and the assumptions required to make the necessary calculations.

182. The limitations outlined above notwithstanding, the qualitative and quantitative comparative analysis of the two packages, complemented by additional recent studies of major individual elements (pensions, insurance and leave) showed that the two packages were largely comparable. The comparison also confirmed that the United Nations compensation package is competitive vis-à-vis that of the comparator civil service.

F. Overall outcomes

183. As outlined above, the Commission is proposing to change a number of important aspects of the compensation package of staff in the Professional and higher categories, namely, the introduction of a single salary scale, a stronger linkage between performance and progression through the salary scale and the redesign and simplification of specific existing allowances and benefits, such as the education grant, relocation-related elements and field allowances and benefits.

184. The proposed measures have rationalized entitlements, simplified the system and made it easier to understand. Some decisions and recommendations, such as those on the performance framework and the introduction of recruitment incentives, give organizations more flexibility to adjust the package to their specific programmatic needs. The proposed compensation package is cohesive and transparent, while contributing to overall cost containment and sustainability.

Chapter VII

Details of the considerations and recommendations of the Commission

A. Unified salary scale and staff assessment for grossing-up purposes; spouse allowance; and pensionable remuneration scale

185. Over the past 18 months, the Commission considered a number of proposals to modify the structure of the salary scale. To arrive at its conclusions, the Commission took into account proposals from its working groups. It decided on the following directives:

Salary scale

(a) A single net salary scale should be established for all staff in the Professional and higher categories without regard to dependency status;

(b) In accordance with the Noblemaire principle, salaries should continue to be referenced against net salaries of staff in comparable positions in the United States federal civil service without primary dependants;

(c) Within the overall requirement of maintaining salaries within the established range of the net remuneration margin and around its desirable midpoint, some modifications to the scale may be necessary in view of the resulting margin levels at individual grades, as well as the internal scale structure considerations, including step increments, grade spans, inter-grade differentials and other parameters;

Spouse allowance

(a) The recognition of a dependant spouse should be maintained, in line with a similar practice by the comparator;

(b) The determination of the dependency of a spouse should be made on the basis of all spousal income, including pensions and other retirement-related income;

(c) A spouse allowance should be established outside the scale at the level of 6 per cent of net remuneration.

186. The Commission reviewed a unified salary scale constructed along the following lines, which it considered should:

(a) Start with the January 2015 net base salary scale for staff with dependants;

(b) Establish net base salaries without the primary dependant benefit by reducing amounts from (a) by a factor of 1.06 to remove an amount approximately corresponding to the spouse benefit under the United States tax system;

(c) Add steps at the bottom of grades P-1 and P-2 so as to decrease over time the relatively high levels of the margin at those grades, since newly recruited staff would start at lower salary levels;

(d) Decrease the value of a step at the P-1 grade from 3.4 per cent to 3.0 per cent of step I, to align more closely with the pattern of step values at other grades;

(e) Remove a number of steps from the tops of grades P-2 to P-4 so as to keep the overall number of steps at 13;

(f) Add a number of steps to the bottom and top of grades D-1 and D-2 with the objective of increasing the spans and lessening compression at those particular grades and in the overall scale.

187. The Commission noted that salaries for the Assistant Secretary-General and Under-Secretary-General levels, in accordance with long standing practice, maintained a differential in the current scale of 8.9 per cent between the D-2, step VI and the Assistant Secretary-General levels, and 9.0 per cent between the Assistant Secretary-General and Under-Secretary-General levels. It further noted that the differential between the D-2 and Assistant Secretary-General levels would decrease from 8.9 per cent to 3.4 per cent if the General Assembly decided that the existing differentials did not need to be maintained.

Unified salary scale; adjustment of the scale of staff assessment used in conjunction with gross base salaries; and spouse allowance

Views of the organizations

188. The representative of the Human Resources Network of the United Nations System Chief Executives Board for Coordination noted the revised unified salary scale proposal, which took into account the various views expressed in the working group. The organizations had repeatedly asked for a decompression of the scale at both ends and, in that regard, the revised scale was an improvement. Though the Network had also welcomed an earlier model, which it considered had also been based on clear methodological considerations, it supported proposals presented for the revised unified salary scale.

189. The organizations also supported the principle of a dependent spouse allowance outside the salary scale and agreed to the establishment of a spouse allowance at 6 per cent of net remuneration. They pointed out that the level of the allowance was linked to the benefit under the United States tax system.

Views of the staff

190. The representatives of the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA) appreciated the no-loss-no-gain formula on the proposed scale for staff with dependants, and welcomed the adjustments for staff with no dependants. The representative of the United Nations International Civil Servants Federation (UNISERV) stated that the proposed changes would result in an increase in salaries at the Under-Secretary-General and Assistant Secretary-General levels and a decrease in salaries for staff at lower grades. The representative of CCISUA also stated that it would be difficult to convince staff to accept any proposals that would lead to increases in pay for the higher levels, particularly at the Under-Secretary-General and Assistant Secretary-General levels.

191. All three federations called for increasing the number of steps in the salary scale, particularly at grades P-3 and P-4, so as not to limit the career opportunities at those grades. The representative of FICSA sought an increase to 15 steps at grades

P-1 to D-1. The staff federations took note of the proposed staff assessment rates to be used in conjunction with gross base salaries on the unified salary scale.

192. The representatives of FICSA and CCISUA agreed to the proposed level of the spouse allowance, which was referenced to the United States tax system. They also noted that the proposed salary scale would remove this benefit from the present dependency rate salaries. The representative of UNISERV stated that the proposal to set the spouse allowance at a level lower than the level of the dependency benefit under the current scale structure would diminish the ability of the organizations to recruit staff with dependants and would therefore have a negative impact on staff diversity.

Discussion in the Commission

193. The Commission noted that it had approved the general parameters of the proposed unified scale at its eightieth session, in March 2015, and that the scale reflected the proposed consolidation of base/floor salaries by 1.08 per cent, effective 1 January 2016. The Commission agreed that future proposed increases in base/floor salaries would need to be reflected in the unified salary scale prior to its implementation.

194. The Commission also recalled that there had been general agreement among its members on the establishment of a spouse allowance of 6 per cent of net remuneration, based on the differentiation produced between the “single” and “married filing jointly” tax schedules of the comparator. Several Commission members reiterated that removing the dependency element from the salary scale and establishing a separate allowance would simplify and modernize the system. In addition, the move to a single salary scale would eliminate unjustifiable differences on the basis of dependency status for elements linked to the salary scale, as in the case of the termination indemnity. The United Nations was the only international organization that had a system of differentiated salaries based on dependency status and there was little justification to reflect the complexities of national tax systems in the salary scale structure of the United Nations remuneration system. The spouse allowance was a convenient way to reduce the complexity and would make the system easier to explain to staff and other stakeholders. In that regard, the Commission endorsed the establishment of a spouse allowance at 6 per cent of net remuneration.

195. With regard to the staff assessment rates, it was recalled that the Tax Equalization Fund reimbursed staff members for national income taxes levied by some Member States on income derived from the Organization. Member States that did not levy a tax on the United Nations earnings of their nationals received a portion of the balance of the Fund as an offset against their assessment for the United Nations regular budget and peacekeeping and tribunal budgets. In essence, those Member States were assessed on a net basis and received an advance credit at the time of assessment for their share of the amount of staff assessment that was estimated to accrue during the budgetary period to which the assessment related. By contrast, countries that levied taxes on the United Nations emoluments of their nationals did not receive credits and their income contribution relating to the total amount of staff assessment was held in the Fund to ensure that there would be sufficient funds to meet the tax reimbursements the Organization was required to make.

196. At the time of the Commission's previous review, in 2014, no changes were recommended to staff assessment rates. The Commission noted, however, that upon introduction of the unified salary scale, the staff assessment rates used in conjunction with gross base salaries would need to be revised upward by some 12 per cent. That would ensure that the Tax Equalization Fund would not suffer adverse effects.

197. The proposed staff assessment rates to be used with the unified salary scale are shown in annex II, section C, to the present report.

198. The Commission noted that the gross base salaries shown on the unified salary scale (see annex II, section A) reflected the proposed staff assessment rates.

199. The Commission further noted that because the comprehensive review also touched upon other elements of the compensation system, possibly affecting the amount of taxable emoluments received by individual staff members subject to national taxes, there could be an impact on the balance of the Tax Equalization Fund. Therefore, the Commission agreed that it would be prudent to review the proposed staff assessment rates two years after the implementation of the revised compensation system so as to assess the situation of the Fund in the light of the experience of the United Nations.

Pensionable remuneration

200. The Commission had previously decided that, subject to consultation with the United Nations Joint Staff Pension Fund, pensionable remuneration amounts should be maintained to the extent possible or derived by interpolation/extrapolation from the existing scale, as required. The pensionable remuneration scale to be introduced in conjunction with the unified salary scale, as shown in annex II, section D, was constructed on that basis. A description of the process of determining the pensionable remuneration scale is provided in annex II, section E.

Views of the organizations

201. The representative of the Human Resources Network took note of the proposed pensionable remuneration scale.

Views of the staff

202. The representatives of FICSA and CCISUA noted that no change would take place with regard to pensionable remuneration currently. They sought clarity, however, with regard to the implications for future levels of pensionable remuneration, especially since the matter would be reviewed in 2017, and the effect on the Pension Fund of the proposed pensionable remuneration scale.

Discussion in the Commission

203. The Commission noted that generally, as confirmed by a representative of the Pension Fund, the proposals before the Commission relating to pensionable remuneration were not expected to have a significant effect on the Fund, since it appeared that, for most staff members, the contributions of staff and the organizations to the Fund would remain the same. The issue of the periodicity of step increments and its impact on the Fund would need to be considered at the time

of the next review of the common scale of staff assessment, when detailed actuarial evaluations would be conducted.

204. The Commission further noted that the proposed pensionable remuneration scale was not expected to have budgetary implications for the organizations. While some staff members at grade P-1 would see increases in their pensionable remuneration as a result of the proposed transitioning of staff from their current grades and steps to the corresponding grades and steps on the proposed unified salary scale, changes in contribution levels from the organizations would be negligible.

205. In reviewing the amounts on the proposed pensionable remuneration scale, the Commission noted that since such amounts corresponded in most cases to amounts on the current scale, there would not be any financial implications. For example, at grades P-3 to P-5, the pensionable remuneration amounts were equal to the amounts under the current pensionable remuneration scale at steps I to XIII of those grades. The pensionable remuneration amounts at steps III to XIII of grade P-2 were equal to the amounts under the current pensionable remuneration scale at steps I to XI of grade P-3.

206. The Commission recognized, however, that for serving staff members whose current pensionable remuneration was higher than that accruing upon conversion to the unified salary scale, transitional measures would be required in order to ensure that there would not be a reduction in pensionable remuneration.

207. The Commission also reviewed the pensionable remuneration amounts at the Under-Secretary-General and Assistant Secretary-General levels, which were derived by applying the current formula, that is, by taking 90 per cent of the differences in net base salary between the last step of the D-2 grade and the Under-Secretary-General or Assistant Secretary-General levels, respectively, and applying those differences to the pensionable remuneration at the last step of the D-2 grade. The Commission noted that this methodology resulted in increases in pensionable remuneration at the Under-Secretary-General and Assistant Secretary-General levels, recalling that such increases resulted from maintaining the current differences in net base salaries between the last step of the D-2 grade and the Assistant Secretary-General and Under-Secretary-General levels.

208. The Commission recalled that in instances in which new steps were added to the unified salary scale, which did not correspond to any dependency rate of net base salary in the current salary scale, the pensionable remuneration amounts were determined by interpolation/extrapolation from the current scales. Since 1997, in accordance with the methodology approved by the General Assembly, the pensionable remuneration scale had been adjusted on the same date and by the same percentage as changes in net remuneration in New York. The Commission considered that the same adjustment procedure could continue upon implementation of both the unified salary scale and the scale of pensionable remuneration.

209. The Commission also agreed that the pensionable remuneration scale would need to be updated so as to reflect any adjustments to net remuneration in New York that might have taken place before the unified salary scale was implemented.

Decisions of the Commission

210. In the light of its broad considerations above, the Commission decided to recommend to the General Assembly:

(a) The proposed unified base/floor salary scale structure, as shown in annex II, section A, to the present report;

(b) The proposed staff assessment rates to be used in conjunction with gross base salaries upon implementation of the unified salary scale, shown in annex II, section C;

(c) The proposed pensionable remuneration scale, as shown in annex II, section D;

(d) The establishment of a dependent spouse allowance at the level of 6 per cent of net remuneration.

211. The Commission also decided to recommend that:

(a) The proposed unified salary scale, as shown in annex II, section A, be updated to reflect any adjustments in base/floor salaries that may be approved before it is implemented;

(b) The proposed pensionable remuneration scale in annex II, section D, be updated to reflect any changes in net remuneration that may occur in New York before it is implemented;

(c) The staff assessment rates used in conjunction with gross base salaries be reviewed two years after the implementation of the revised compensation system to ensure that there continues to be no adverse impact on the Tax Equalization Fund;

(d) Upon implementation of the unified salary scale, the pensionable remuneration scale continue to be updated on the same date and by the same percentage as net remuneration changes in New York.

B. Unified salary scale: transitional measures and single parent issue

212. The Commission reviewed recommendations by its working group on competitiveness and sustainability. It concurred with the recommendation that the conversion to the unified salary scale be made on the basis of the grade and step matching as shown in annex II, section B, as its objective was to minimize the effect on serving staff members.

213. The Commission also discussed transitional arrangements for: staff members in receipt of the dependency rate of salary under the current compensation system in respect of a first dependent child but who would qualify instead for a child allowance under the revised system; staff members whose pensionable remuneration as a result of conversion to the unified salary scale would be lower than their current pensionable remuneration; and staff members whose base salary upon conversion would be higher than the maximum salary for their grade on the unified salary scale.

Views of the organizations

214. The representative of the Human Resources Network supported the transitioning of staff members from the current salary scale structure to the unified salary scale structure.

Views of the staff

215. The representatives of FICSA and of CCISUA generally supported the proposed transitioning, which would ensure no loss or gain for most staff with dependants. They and the representative of UNISERV also supported complete transitioning for staff currently in receipt of the dependency rate of salary in respect of a dependent child. All three staff federations expressed concern at the proposed increase in salaries at the Assistant Secretary-General and Under-Secretary-General levels, while the representative of UNISERV commented on the perceived reductions for staff at lower grades.

Discussion in the Commission

216. The Commission noted the advice from the Office of Legal Affairs on the issue of acquired rights and the distinction between statutory and contractual provisions applicable to staff members based on cases that had been considered by both the United Nations system of justice and the ILO Administrative Tribunal.

217. There was general agreement in the Commission that the advice from the Office of Legal Affairs would serve as a useful reference as discussions progressed. However, it should in no way preclude the Commission from making recommendations that, in its view, would further the goals of the review. On that basis, the Commission considered the impact of the unified salary scale on current staff members and the recommendations of the working group with regard to transitional measures.

1. Staff currently in receipt of the dependency rate of salary in respect of a dependent spouse

218. The Commission noted that, for the most part, staff who received the dependency rate of salary in respect of a dependent spouse would continue to receive the same net remuneration after the proposed spouse allowance was applied.

219. A discussion ensued as to whether a portion of the current base salary could be provided as dependency allowance for current staff members under the proposed system, as would be the case with the spouse allowance. Although it could be paid as a dependency salary supplement at an amount equivalent to the proposed spouse allowance, that is, 6 per cent of net remuneration, the Commission recalled that the aim of removing the spouse benefit from the base salary scale had been to make it clear that base salary related exclusively to the position; that message should not be undermined by providing a dependency salary supplement. Nevertheless, further legal advice could be considered.

2. Staff currently in receipt of the single rate of salary

220. Staff currently paid at the single rate would see an increase in net remuneration upon transition to the unified salary scale. The increase would vary depending on the grade and step of the staff member, and whether the staff member

was in receipt of the dependency rate or the single rate of salary. The Commission accepted the working group's recommendation to place those staff at the step of their grade on the unified salary scale that would result in a salary equal to or higher than currently.

221. The Commission recognized that the transition of staff with dependants from the current salary scale structure to the unified salary scale structure could not be accomplished on a no-loss-no-gain basis, because the difference between the dependency rate and single rate of salary varied from 6.0 per cent at grade P-1, step I to 11.1 per cent at the Under-Secretary-General level, while the spouse allowance was fixed at 6 per cent of net remuneration under the proposed system.

3. Staff currently in receipt of the dependency rate of salary in respect of a dependent child

Views of the organizations

222. The representative of the Human Resources Network was of the view that the issue of transitional arrangements for staff currently in receipt of the dependency rate of salary in respect of a dependent child would benefit from legal guidance, as with all other transitional arrangements. In general, it was desirable to limit, where possible, the extent of time that transitional measures would be applied. In this case, however, the organizations were concerned at the administrative complexity of the phasing out proposal, which would provide a 6 per cent transitional allowance that would be reduced over a period of time. The representative of the Office of the United Nations High Commissioner for Refugees considered that the proposed arrangement, while appearing simple at first glance, would pose difficulties in practice given that it would require manual interventions in the enterprise resource planning systems of the organizations.

Views of the staff

223. The representatives of the staff federations voiced their serious concerns about any reductions in salary for current staff, and considered any such move to be driven primarily by cost considerations. They suggested that such moves would lead to legal challenges. The representative of CCISUA questioned the effect on the organizations when managers were faced with managing staff members who were experiencing significant reductions in their net remuneration, which would affect their day-to-day work.

Discussion in the Commission

224. The Commission recognized that staff currently in receipt of the dependency rate of salary in respect of a first dependent child and who would receive, in lieu, the child allowance under the proposed system, would be faced with reductions in net remuneration that were not insignificant. For those staff, it was not the conversion to the unified salary structure that would cause the difference in their net remuneration, but rather the change in definition of who would be eligible for the spouse allowance. Based on the preliminary 2014 staff statistics of CEB, some 7,300 staff members would be affected by the change in the definition for eligibility.

225. In general, the Commission concurred that there was a clear basis for its decision with regard to the establishment of a spouse allowance and that an

equivalent benefit should not be provided in respect of a first dependent child, as under the current system. The issue of the appropriate transitional measures for current staff therefore required careful consideration with regard to the implications for their net remuneration. Some members of the Commission noted that this group of staff included both single parents and staff members whose spouses earned more than the threshold required to be considered a dependent spouse.

226. Some Commission members considered that a provision in respect of single parents might be considered under the proposed system to ease the transition for some affected staff (see section 4 below on the issue of single parents). It was pointed out that when the Commission had proposed the differentiated rates of base salary in 1976, it had not intended that the dependency rate would be provided to staff with non-dependent spouses (see [A/31/30](#), para. 208). The proposed system would therefore correct inconsistencies in the current system.

227. The Commission considered it important to underline that the definition of dependency would change under the proposed system. In the view of some members, the proposed change in definition could be applied to staff serving currently. Those members pointed out that changes in dependency status occurred all the time. A staff member, even in the current system, could receive the dependency salary rate one day and the single rate the next, owing to changes in circumstances that would affect dependency status. They acknowledged that the reductions in net remuneration for affected staff members would need to be recognized through a transitional allowance.

228. The Commission considered several transitional measures that could be implemented with regard to staff currently paid the dependency rate in respect of a first dependent child. Some members supported the idea of a transitional allowance of 6 per cent of net remuneration in respect of the child, payable until the child became ineligible. The Commission noted that the Human Resources Network supported that proposal.

229. Other members, while supporting the idea of a transitional allowance in principle, considered that it should be limited in time. In their view, such a limitation would gradually reduce the inequities that had arisen in the current system and, on the other hand, avoid a sudden reduction in the net remuneration of affected staff members. They proposed that the transitional allowance be reduced by one percentage point each year until its amount was equal to or less than the child allowance, at which point the child allowance would become payable in lieu.

230. The view was expressed that it should be made clear that the transitional arrangements being proposed should not be construed as creating a new allowance. The Commission agreed that if the child in receipt of the transitional allowance became ineligible at any point, the allowance should be discontinued, as in the case of the child allowance. One member of the Commission expressed the view that although all stakeholders had agreed in good faith to the review from the beginning, proposals to cut the salary of staff were unacceptable to him.

4. Single parent staff members

Views of the organizations

231. The representative of the Human Resources Network reiterated his support for the introduction of measures in respect of single parent staff members, and

presented proposals for consideration by the Commission. In that regard, the representative of the United Nations Population Fund, speaking also on behalf of UN-Women, suggested that single parents were disadvantaged by the high cost of childcare, particularly in the headquarters duty stations. Most single parents were women and the issue was crucial to the efforts of the organizations to promote gender parity.

232. The Human Resources Network reasoned that specific measures relating to single parents should be viewed not as the introduction of a new allowance, but as a measure to apply the current dependency criteria in a more targeted and differentiated manner. There was a need to provide a distinction between the spouse allowance, the single parent allowance and the abolition of unnecessary benefits for staff members with a non-dependent spouse. Such differentiation would enable the compensation system to respond appropriately to a staff member's applicable individual circumstances, while still leading to overall savings compared to the current, less differentiated determination of dependency status for the purposes of the allowance.

233. With regard to single parents, the organizations were proposing one of a 6 per cent allowance; a 3 per cent allowance in addition to the current child allowance; or a doubling of the child allowance for the first dependent child. Around a third of the staff members currently in receipt of the dependency rate of salary in respect of a first dependent child (approximately 2,400 staff members) were estimated to be single parents, based on data provided by a few organizations. As it was proposed that eligibility for the allowance would be based on self-certification by the staff members that they were not in receipt of other financial assistance in respect of their children, such as alimony, above a threshold amount to be established, the organizations estimated that around 50 per cent would ultimately qualify for the allowance (approximately 1,200 staff members). The organizations therefore expressed strong disappointment with the conclusion that the Commission seemed to be reaching, noting that it would prevent the proposed package from being a modern, forward-looking package that was cognizant of the current realities of diverse family arrangements.

Views of the staff

234. The representatives of the staff federations supported the views of the organizations. They saw the issue as an unacceptable anomaly in the proposed system. The representatives of FICSA, CCISUA and UNISERV proposed that an amount equivalent to the spouse allowance should be provided in respect of single parents, in addition to the appropriate child allowances. They also stated that although the issue of transitional measures was of concern in the context of how current staff would be transitioned to the proposed system, the issue of a single parent allowance for new staff should not be neglected. The representative of UNISERV deplored the fact that, in the new package, single staff would be better off, while married staff and single parents at hardship duty stations would see reductions in their compensation.

Discussion in the Commission

235. Some members of the Commission supported a recognition of the particular difficulties faced by staff members who were single parents. They could support an

allowance equal to 3 per cent of net remuneration, as estimated under the comparator's tax system by filing under the "head of household" tax schedule. Nevertheless, they also recognized the difficulties in administering such an allowance.

236. Most Commission members were concerned that if some children were treated differently from others, questions about fairness could arise. Some considered that in the end the compensation system would not be simplified if more allowances based on every conceivable circumstance were introduced. They therefore did not agree that there was a need to provide a distinction between a spouse allowance and a single parent allowance.

237. Those members who did not support the introduction of a single parent allowance also noted that the diversity of family situations would make it difficult to ensure that the organization's assistance was being provided where it was really necessary. It would be difficult, for example, for organizations to verify if absent parents were sharing the expenses relating to their children. Overall, the Commission believed that the rationale for a single parent allowance appeared to be outweighed by its administrative complexity, as well as by the broader need to ensure a consistent approach to the dependency-related elements of the compensation package. It recalled that, in addition to the child allowance, an education grant was provided and therefore, in its view, there was no need for additional allowances.

5. Pensionable remuneration

Views of the organizations

238. The representative of the Human Resources Network supported the transitional measure being proposed with regard to pensionable remuneration.

Views of the staff

239. The representatives of FICSA, CCISUA and UNISERV, while noting that the current pensionable remuneration levels would largely be maintained, sought clarity on what the effect on the pensionable remuneration scale would be in 2017, when the issue of the common scale of staff assessment was due for review by the Commission and the United Nations Joint Staff Pension Fund.

Discussion in the Commission

240. The Commission noted that, for the most part, staff members would see no change in pensionable remuneration as a result of the proposed pensionable remuneration scale being recommended along with the unified salary scale structure. In the few cases in which a reduction would take place, the Commission noted that the working group had recommended that personal pensionable remuneration amounts be established. Payment of such amounts would be discontinued when they were equal to or less than the pensionable remuneration for a staff member's grade and step.

241. The Commission observed that, for the most part, there would be no reduction or increase in pensionable remuneration for staff members at grades P-2 to D-2. The increases at grade P-1 were limited to a small number of staff and would not have a discernible financial impact. The increases at the Under-Secretary-General and

Assistant Secretary-General levels resulted from maintaining the current formula for determining pensionable remuneration at those levels, but the Commission observed that the decision on that matter rested with the General Assembly. The Commission further noted that the United Nations Joint Staff Pension Fund had been apprised of the changes and had taken note of the proposals. The Commission agreed that in the few instances in which staff members' pensionable remuneration was reduced upon conversion to the unified salary scale structure, the proposal to institute a personal pensionable remuneration amount was an appropriate transitional arrangement.

6. Staff members whose base salary, upon conversion, would be higher than the maximum salary for their grade on the unified salary scale structure

Views of the organizations

242. The representative of the Human Resources Network supported the proposal that staff members whose salary, upon conversion, would be higher than the maximum salary of their grade on the unified salary scale should be allowed to retain personal steps. Those steps should be maintained by the Commission and reflected on the proposed salary scale.

Views of the staff

243. The representatives of FICSA and CCISUA supported the implementation of personal steps for any affected staff members. In addition, they considered that the issue went beyond staff members who would be placed against those steps at the time of conversion to the unified salary scale. In their view and in the view of the representative of UNISERV, all staff members serving currently had an expectation of maximum salaries in their respective grades under the current salary scale structure. The representatives considered that it would be a breach of such staff members' acquired rights to hinder those prospects on conversion to the unified salary scale structure. They called for an increase in the number of steps to 15 at grades P-1 to D-1. The representative of UNISERV requested that steps XIV and XV be restored for grades P-3 and P-4.

Discussion in the Commission

244. Some Commission members considered that the purpose of step increments was to reward experience, which was critical to the success of organizations. They agreed that if staff members' prospects for horizontal progression were curtailed, it could have a detrimental effect on their morale. Personal steps could be considered for staff members whose salaries would otherwise be beyond the maximum salaries in their grades. Commission members were also sympathetic to the concern that staff members who were at step XIII and who would have been looking forward to progression to step XIV would find themselves at the top step of their grade with no prospect of further movement.

245. Most members of the Commission did not share the view that all staff members should expect to move to the maximum salaries in their grades. Instead of being subject to good performance, the granting of step increments had ended up as a routine recognition of long service. Keeping some of the steps that had been added in the past in consideration of longevity would send a mixed message to staff members. While Commission members recognized that there appeared to be a lack of promotion opportunities, that was a separate issue to be considered at a later

stage. If the current situation was not addressed, the common system organizations would not make progress away from a culture of recognizing years of service at the expense of performance.

246. The Commission noted that, in any step-based system, some staff would find themselves at the top step of their grade. Step periodicity had an impact on how fast staff members progressed to the top steps in their grades. It was pointed out that studies had revealed that the dividends to organizations from experience based on years of service in the same job decreased over time. At a certain point in time, therefore, step increments simply rewarded years of service.

247. Some Commission members considered that if personal steps were to be maintained on the salary scale for some staff members and would also be available to staff members placed at the maximum step of the unified salary scale structure (step XIII of grades P-1 to D-1), there would be little reason not to allow other staff members to advance to them. This would render the purpose of the personal steps meaningless and undermine the principle of the new salary structure. Step XIII was therefore the maximum step for all grades, with the exception of grade D-2, and the salaries of staff members who would otherwise be beyond the maximum of their grades should be maintained outside of the salary scale. Those salaries would be adjusted for consolidation, would be subject to the post adjustment and the spouse allowance and would be taken into account in determining the appropriate step upon promotion to a higher grade. Pensionable remuneration for those salaries would be adjusted to reflect the net remuneration increases in New York.

248. The option of a transitional allowance at a flat amount was considered, equivalent to the difference between the salary of the staff member at their current grade (reduced by a factor of 1.06 in the case of the dependency rate) and the maximum of that grade on the unified salary scale. The Commission recalled that, unlike the General Service category, the net remuneration of the Professional and higher categories was composed of a base salary and post adjustment that varied by duty station. An increase in base salary did not normally result in an increase in net remuneration. The latter normally increased only as a result of increases in the post adjustment. This would mean that any transitional allowance at a flat amount would need to be subject to the post adjustment and the spouse allowance, if applicable, to determine the appropriate step upon promotion to a higher grade. Moreover, the amounts would need to be adjusted for the periodic consolidations of post adjustment into base salary. Given the significant administrative complexity, the Commission agreed that this option was unlikely to work.

Decisions of the Commission

249. The Commission decided to recommend to the General Assembly:

(a) The grade and step matching for conversion from the current salary scale structure to the unified salary scale structure, as shown in annex II, section B, to the present report;

(b) That serving staff members with a dependent spouse be paid a spouse allowance at the time of conversion to the unified salary scale;

(c) That staff members in receipt of the dependency rate of salary in respect of a dependent child at the time of conversion to the unified salary scale structure receive a transitional allowance of 6 per cent of net remuneration in respect of that

dependent child, and that no child allowance be paid concurrently in that case. The allowance would be reduced by one percentage point every 12 months thereafter. When the amount of the transitional allowance became equal to or less than the amount of the child allowance, the child allowance would be payable in lieu. The transitional allowance would in any case be discontinued if the child in respect of whom the allowance was payable were to lose eligibility;

(d) That the salary levels of staff members that were higher than those at the maximum steps of their grade upon conversion to the unified salary scale be maintained by the Commission as a pay protection measure. Those salaries should be adjusted for any consolidation of post adjustment to base salaries as approved by the General Assembly. The Commission should also maintain and adjust the pensionable remuneration corresponding to those salaries when the pensionable remuneration scale was adjusted;

(e) That a personal pensionable remuneration be established for staff members whose pensionable remuneration immediately before the conversion to the unified salary scale was higher than their pensionable remuneration on the unified salary scale.

C. Step increments, performance incentives and National Professional Officers

250. At its seventy-eighth session, in 2014, the Commission took note of a progress report from the working group on performance incentives and other human resources issues. The Commission requested the working group to review and update the contractual framework adopted in 2010 by the Commission on the appraisal and recognition of performance and address any pending issues, including the issue of National Professional Officers. At its eightieth session, in 2015, the Commission noted the working group's recommendations on performance incentives, the employment and utilization of National Professional Officers and the continued applicability of the contractual framework.

251. The Commission further noted that the working group had begun preliminary work on a communication strategy.

Views of the organizations

252. The Human Resources Network agreed with the majority of recommendations presented by the working group. Specifically, it supported the proposal to abolish accelerated increases in step increments to staff for acquiring language proficiencies, the so-called language incentive. Although organizations had made a considerable effort to promote multilingualism as requested by the General Assembly, the Network considered that financial resources could be used in a more targeted way.

253. The representative of the Network noted that the subject of the periodicity of salary step increments had been deliberated in two separate working groups, namely, working group 1 on the remuneration structure and working group 3 on performance incentives and other human resources issues. The organizations had hoped for flexibility to apply step increments as deemed fit within the programmatic and operational context of their respective organizations. It was regrettable that the

Commission did not seem to support the granting of such flexibility. The representative recalled that executive heads of organizations had indicated that flexibility was a characteristic of the new compensation review that was of great importance to them. In the absence of such flexibility, the organizations supported the position taken by working group 3, which had stated that from the perspective of performance, slowing down the rate at which salary step increments were achieved was likely to have negative effects on the morale of the majority of staff members who were performing well. In their view, any discussion on a two-year periodicity of step increments was driven by the desire for cost savings.

254. The Network maintained that, so far, it had not seen any evidence to indicate that the overall United Nations compensation package compared favourably with that of the comparator civil service. The recent decisions that had been taken by the Commission represented substantial savings and reduction in compensation compared with current levels; the change in the periodicity of step increments should therefore be considered along with other recommendations on how these significant savings, made over time, would be reinvested. For organizations to support the proposed change in the periodicity for granting step increments, funds would have to be redirected, either to flexible performance-based reward schemes as deemed appropriate by each organization, to support preschool expenses and single parents, to an appropriately designed hardship scheme, or to an accommodation portion in the rest and recuperation scheme.

255. Regarding the recruitment, retention and relocation bonuses, the representative stated that organizations had asked repeatedly for flexible instruments to manage exceptional situations in which they faced challenges in recruiting, retaining and relocating staff that could not be addressed through standard means. The Network supported the proposal of the working group for recruitment bonuses, but recommended a ceiling of 25 per cent of net remuneration instead of 25 per cent of net base salary as proposed. It was, however, disappointed with the lack of acknowledgement that similar instruments were needed for retention and relocation in specific instances. The Network had been asked explicitly by the executive management of a number of organizations to reiterate the request for retention and relocation bonuses.

256. Regarding National Professional Officers, the Network concurred with the recommendation that a separate working group should be convened to discuss the overall use and condition of service of all categories of staff together. That would make the compensation review truly comprehensive. It was unfortunate that an approach had been taken that focused predominantly on the international Professional category with resulting reductions in compensation, without a parallel review of the other categories.

Views of the staff

257. The representative of FICSA supported the performance appraisal framework but questioned the effectiveness of current performance evaluation processes that were in place in most organizations. The representative stated that proposed changes in the periodicity of step increments and the creation of bonuses for outstanding individual performance would have negative effects that would greatly outweigh any potential positive ones. He was of the view that the issue of bonuses should be considered separately from the matter of step increments. He recalled that the

working group on performance incentives and other human resources issues was in favour of maintaining the annual step increments for satisfactory performance and that rewards in the form of bonuses should be funded from other sources rather than from savings made at the cost of other staff members.

258. The representative of CCISUA said that his association agreed that there should be a strong performance management framework in place in the common system. Staff members who were performing well found it demotivating when paid commensurately with those who were underperforming. The representative did not think, however, that there was a good case for paying additional amounts for exceptional performance, given the types of jobs that were carried out in the common system. He pointed to research that had shown that in national Governments, pay-for-performance worked best in jobs in which work was easily measured (often referred to as craft jobs), as opposed to core policy functions, which were more prevalent in the common system. The result of research on pay-for-performance when applied to policy jobs was inconclusive, as it was more difficult to establish a link with individual achievement.

259. The representative of CCISUA further pointed out that in private sector companies, and indeed in those common system organizations that had introduced pay-for-performance systems, additional resources were provided. The International Fund for Agricultural Development had a designated pool of funds from which to pay bonuses, and the United Nations Office for Project Services conducted activities that generated profit. Therefore, any savings gleaned by increasing the interval at which salary increments were paid would not be a sustainable way of establishing pay-for-performance in the common system at large. Moreover, the current period of time needed by staff members to advance from the minimum to the maximum of a given salary scale was already in line with the practice in the comparator civil service; hence there did not seem to be a need to slow advancement to the top of the salary scale. Finally, there would also be a need for an objective system to identify the top performers. It was his view that targeting the top 10 or 20 per cent of performers for rewards would invariably demotivate other staff members who were performing satisfactorily. A focus on underperformance would be more useful.

260. Regarding the recommendation for additional targeted incentives, CCISUA did not support the recommendation of the working group to implement a recruitment bonus on a pilot basis. The representative questioned whether it was necessary given the incentives that were already in place.

261. The representative of UNISERV pointed out that currently there was no system of promotion in the United Nations, making the abolition of annual step increases unreasonable. With regard to pay-for-performance, he observed that some research had indicated that pay-for-performance systems in the comparator civil service had not had the desired effect. In his view, this suggested that for the United Nations, which was a public institution operating in non-market conditions on a strict budget with unique rules and expectations, the introduction of pay-for-performance would not be logical. He stated that people who worked for a government or non-profit organization were primarily intrinsically motivated by a desire to serve others. A performance-based monetary incentive to perform work that the staff member already enjoyed could decrease motivation and therefore would be self-defeating.

262. An integral component of any pay-for-performance system was a well-developed performance appraisal system, which he believed the current United

Nations model lacked. He felt also that the United Nations appraisal system was not able to deliver accurate assessments of performance. He suggested that a step in the right direction might be the move to an appraisal system with three levels, namely, “exceeding expectations”, “meeting expectations” and “underperforming”. That, however, could not guarantee that many of the flaws that existed in the current system, for example, lack of accountability, would be overcome. UNISERV considered that the Organization, as a public institution, was not suitable for, and would not benefit from, a pay-for-performance system. Furthermore, given the practices of nepotism, cronyism and favouritism sometimes found in some organizations, it was logical to assume that staff at the higher levels who were more able to influence outcomes would be likely to benefit from such systems. Moreover, pay-for-performance might be subject to political forces that would undermine the very independence of the international civil service. He suggested that a system should be instituted whereby managers would publicly disclose the names of those staff members who were deemed to have performed exceptionally well.

263. The representative of UNISERV expressed concern about the uneven manner in which organizations might apply any flexibility afforded them by the current exercise. He further expressed his disagreement with the recommendation to discontinue the use of steps as a language incentive, as it was his opinion that not enough was being done in the area of languages and that more emphasis should be given to bilingualism.

Discussion in the Commission

264. The Commission recalled that despite certain challenges, the organizations had continued to refine and implement systems for evaluating staff performance and to directly address underperformance. A few of the smaller agencies had also implemented recognition and reward systems, utilizing both cash and non-cash elements. Past attempts by the Commission to implement a broad-banded system, together with proposals made during the current review, such as for a flexible system at senior levels as in a number of national civil services and for broad-banding salaries at the D-1 and D-2 levels, had not found favour with the organizations. The Commission further recalled that although executive heads had emphasized difficulties in recruiting for some highly specialized skills and the need to target resources for that purpose, there had not been widespread support for the introduction of occupation-specific pay by the Human Resources Network or the staff representatives.

265. With regard to performance incentives, the Commission recalled that at its seventy-eighth session, in 2014, it had decided that linking pay more closely to performance was possible. This could be done through within-grade step increments, both for addressing poor performance by withholding steps and for rewarding exceptional performance by granting additional steps or paying performance bonuses. The Commission considered three models for accomplishing this, presented by its working group on performance incentives and other human resources issues. The models were based on the assumption that there would be biennial step increments designed to make the system cost-neutral.

266. The Commission observed that in order to be successful, pay-for-performance awards needed to be significant and make a difference to staff members. Some Commission members questioned the wisdom of revisiting the issue of pay-for-

performance, given past experience in the common system, and further observed that decreasing the periodicity of step increments would not yield substantial savings. The purpose of the current compensation review was not primarily about cutting costs or carving out savings. The current system of annual step increases favoured longevity and experience, but did not recognize exceptional performance. Biennial step increases would assist in reprioritizing the system towards one driven by performance. Accepting that sufficient funds had to be made available for incentive measures, the Commission considered that granting steps biennially would also serve to forge a closer link between individual performance and the budget cycle and could be associated more easily with the organizations' work-planning cycles and goals. It was a distinct shift that would signal a break from the existing culture of entitlement.

267. After discussion on various models of progression through the salary scales using step increments, the Commission decided to modify the granting of within-grade step increments in the following manner:

- (a) To grant increments from step I to step VII annually, and biennially thereafter;
- (b) To maintain biennial steps at the D-1 and D-2 levels as per the current system.

268. It was agreed that although it was the Commission's role to set the parameters to be applied in establishing incentives in organizations, the Commission would not adopt a specific performance incentive model. It was felt that each organization should have the flexibility to design its own system according to its unique needs; indeed, many organizations already had robust performance measurement systems. Moreover, for pay-for-performance systems to be effective, frequent interventions were needed. Such systems should not be allowed to become institutionalized, but should change from time to time in order to incentivize different levels and types of staff in accordance with the individual organization's strategic priorities.

269. With regard to performance bonuses, the Commission considered that using such bonuses to recognize outstanding performance was preferable to merit steps because of the impact of steps on pensions. The Commission discussed the appropriate percentage of staff who should receive performance bonuses and the level of the payments. Some Commission members thought that recognition of high performance should be limited to 10 per cent of staff; to reward a higher proportion would not recognize those staff who were truly outstanding, and might lead to discontent among staff. Regarding the amount of the bonus, the Commission felt that one in the range of 5 to 10 per cent of base salary, without post adjustment, would be meaningful.

270. With regard to targeted incentives, the Commission also considered a proposal to introduce an incentive aimed at attracting candidates with highly specialized skills in instances in which normal recruitment processes had not yielded appropriate candidates. Given that these highly qualified experts were often needed in temporary situations, the most efficient way of engaging them would be through short-term consultancies. The Commission noted that in highly specialized standard-setting agencies, such as the International Civil Aviation Organization, the International Telecommunication Union and the International Atomic Energy Agency, among others, the hiring of consultants would not meet programme needs,

as their staff members were expected to be leaders in the respective industries and fields of work.

271. The Commission decided to approve the introduction of an incentive payment for the recruitment of experts in highly specialized fields in instances in which the organization had failed to attract suitably qualified personnel. Such recruitment incentives should not exceed 25 per cent of annual base salary for each year of the agreed contract. Organizations would be required to report to the Commission periodically on the payment of the additional incentives. The Commission would assess the scheme after a period of three years from the date of its implementation.

272. The Commission discussed an updated version of the performance management and recognition framework that it had first approved in 1997. While the overall principles remained the same, the Commission decided to approve the updated framework and the accompanying training module set out in annex III to the present report.

273. In the context of the framework, the Commission emphasized that there were measures in place to deal with underperformance. It therefore could not comprehend the difficulties reported by organizations in identifying and addressing underperformance. Organizations needed to take responsibility and initiate the action required.

274. The Commission also decided to discontinue the accelerated step increments serving as an incentive for language proficiency. One Commission member opposed the abolition of the language incentive. Other members considered that organizations should encourage multilingualism and incentivize language proficiency through other types of non-pensionable cash or non-cash awards, and encouraged organizations to recognize language proficiency through the performance evaluation system.

275. With regard to the utilization of National Professional Officers, the Commission recalled that at its seventy-seventh session, in 2013, it had decided that the compensation review would commence with the Professional category and later be extended to the National Professional Officers and the General Service and related categories.

276. With respect to timing, the Commission decided that the matter would be considered after the result of the current phase of the compensation review had been submitted to the General Assembly in 2015.

277. The Commission took note of the working group's recommendations to maintain the framework for contractual arrangements, as approved in the Commission's annual report for 2010 (A/65/30).

278. The Commission requested its secretariat to continue to develop a comprehensive communication strategy.

Decisions of the Commission

279. The Commission decided to recommend to the General Assembly:

(a) To grant within-grade step increments annually from step I to step VII and biennially thereafter, and to maintain biennial steps at the D-1 and D-2 levels as per the current system;

(b) To replace the current practice of granting accelerated step increments as an incentive with other cash or non-cash awards;

(c) To introduce an incentive payment for the recruitment of experts in highly specialized fields in instances in which the organization was unable to attract suitably qualified personnel. Such recruitment incentives should not exceed 25 per cent of annual base salary for each year of the agreed contract. Organizations should report to the Commission periodically on the payment of the additional incentives. The Commission would assess the scheme after a period of three years from the date of its implementation;

(d) To maintain the updated performance appraisal and recognition framework and the accompanying training module as set out in annex III to the present report;

(e) To review the use of different categories of staff in line with the Commission's programme of work;

(f) To maintain the framework for contractual arrangements as contained in annex V to the Commission's annual report for 2010 (A/65/30).

D. Adjustments to the margin methodology and margin management

280. The Commission recalled that the General Assembly, in its resolution 69/251, requested the Commission to further examine issues relating to margin management in the context of the comprehensive review of compensation.

281. The Commission considered relevant margin issues emanating from its recommendations on the unified salary scale structure and on performance awards for staff members demonstrating exceptional performance.

1. Adjustments to the margin methodology

Views of the organizations

282. The representative of the Human Resources Network agreed that, with the adoption of the unified salary scale structure, the margin comparison should be based on officials without dependants in both the United Nations and the comparator civil service. He supported the proposal that would maintain continuity and comparability of what for many years had been well-established practice in the margin methodology, with the use of a weighting approach for the relevant staff population. He also agreed that performance-related payments should not be included in the comparisons.

Views of the staff

283. The representatives of the staff federations noted that the proposals would not have any significant impact on margin comparisons. Adjustments to the margin methodology were required, given the proposals of the Commission relating to a unified salary scale and the separation of the dependent spouse benefit, which was currently included in the base salary, as a separate spouse allowance. They had no strong preference among the options proposed. They agreed that, at the current stage, the inclusion of performance awards in the margin would not be appropriate. Few common system organizations had instituted such payments, although they

were more common in the comparator civil service. If the use of such payments in the common system organizations were to increase in the future, the Commission could choose to revisit the matter.

Discussion in the Commission

284. The Commission considered the following options with regard to possible revisions to the margin methodology:

(a) Inclusion of the spouse allowance in the calculation, thereby keeping the current underlying assumption unchanged, that is, a comparison between married officials in the United Nations and in the comparator service;

(b) Comparison between officials with no dependants using the “single” tax schedule to net down the calculation of salaries on the United States side;

(c) Comparison between officials with no dependants in the two services by continuing to net down the calculation of salaries on the United States side using the “married filing jointly” tax schedule, with the caveat that the resulting averages for each grade would need to be reduced by a factor corresponding to the United Nations spouse allowance to obtain the effect of the “single” tax schedule.

The Commission noted that under options (b) and (c) the spouse allowance would be excluded from the calculation.

285. The Commission agreed that option (a) was undesirable as it would maintain the underlying assumption of a comparison on the basis of married officials and therefore undermine the purpose of its recommendation for the introduction of a unified salary scale.

286. Some members of the Commission considered that option (b) was the easiest to understand. By applying the “single” tax schedule on the United States side and excluding the spouse allowance on the United Nations side, the ensuing margin comparison would be made on the basis of officials with no dependants on both sides.

287. The Commission agreed that both options (b) and (c) would ensure comparisons of officials without primary dependants in the two services. It was furthermore pointed out that both options would be expected to produce similar outcomes, given that the spouse allowance being recommended by the Commission of 6 per cent of net remuneration corresponded to the approximate differentiation between the United States “married filing jointly” and “single” tax schedules. A few Commission members were supportive of either option (b) or (c).

288. Most Commission members, however, expressed a preference for option (c). In their view, the option would provide continuity and stability in the margin comparisons, bearing in mind also that the “married filing jointly” tax schedule had been applied since the beginning of net remuneration comparisons. At the same time, option (c) ensured a comparison on the basis of officials with no dependants. It was recalled that the 6 per cent spouse allowance corresponded to the general differentiation between the “married filing jointly” and “single” tax schedules. There was an element of discretion in that regard; the overall United States tax differentiation could evolve based on tax-related changes, however slight, and option (c) was robust enough to handle such changes without introducing changes to the overall comparison methodology. For those members, the Commission’s

recommendation for a unified salary scale and their preference for option (c) were fully compatible.

289. The Commission noted and agreed with the recommendation of the working group on competitiveness and sustainability to exclude performance-related payments from the net remuneration comparisons. A number of related issues also needed to be taken into consideration. Such payments were linked to exceptional performance and were at-risk elements of pay, with likely issues in terms of the level of detail and timely availability of relevant data. The use of such awards was currently rather limited in the common system organizations. While it was useful to review periodically how such payments were being used in the comparator civil service, there was general agreement that they should not be included in the margin methodology.

2. Margin management

Views of the organizations

290. The representative of the Human Resources Network stated that the organizations believed that the current margin management procedure, with a midpoint of 115 and a range between 110 and 120, had worked well in the past. To combine this well-established practice with a proposal to manage the margin within the range 113-117, to the extent possible and beyond which anticipatory adjustment was taken, would be the preferred course of action for the organizations. That option would serve organizations better from the standpoint of cost predictability and would allow the Commission to manage necessary margin adjustments in a more proactive and anticipatory manner. The proposal for a direct link to the comparator's salary adjustment in the Washington, D.C., area would tie developments directly to decisions taken by the comparator and therefore was not desirable.

Views of the staff

291. The representatives of the staff federations called for symmetry in the action that the Commission was authorized to take when the margin was in danger of breaching those limits. The representatives of CCISUA and UNISERV expressed the view that action by the Commission based on the margin levels of 113 and 117 should be done within the range of 110-120 established by the General Assembly.

Discussion in the Commission

292. The Commission considered a number of options relating to the management of the margin, in particular: (a) whether increases in post adjustment in New York should be based on increases in the General Schedule, including locality pay, in the Washington, D.C., area, or (b) whether the margin should be managed within the range 113-117 with a desirable midpoint of 115.

293. The Commission recalled its consideration on averaging the margin at its seventy-ninth session, in 2014. At the time, it had recognized the difficulty of managing the margin on the basis of a five-year average. While the purpose of taking the five-year rolling average was to add stability in the margin calculations from one year to the next, there appeared to be significant difficulties in managing the margin around the desirable midpoint on that basis.

294. With regard to option (a), the Commission noted that it required tying increases in the United Nations post adjustment for New York directly to the comparator civil service's increases under the General Schedule in the Washington, D.C., area. It would be implemented once the current level of the margin reached 115. By providing the same increase as the comparator civil service, the margin should in theory remain at that level going forward.

295. The Commission considered that option (a) appeared at first glance to be relatively simple. However, the direct link to increases granted by the comparator civil service in the Washington, D.C., area would require continued interventions into the normal evolution of the post adjustment system by scaling forward or scaling back the post adjustment at all other duty stations, as necessary, in order to realize the increase or decrease experienced in the post adjustment system as compared to what would have been due under its normal operation. For example, if the comparator provided a 2.0 per cent increase in the Washington, D.C. area, and a 1.5 per cent increase had been due in New York under the normal operation of the post adjustment system, the real increase in purchasing power of 0.5 per cent realized in New York would need to be reflected in the post adjustment at all other duty stations by scaling up their multipliers.

296. In addition, many other variables were included in the margin, including the cost-of-living differential between New York and Washington, D.C. and changes in staff distribution, the weighting pattern in the two services and matters relating to taxation. It was not possible to foresee how those elements affected the actual level of the margin. Also, if the common system increases in New York were to be tied in such a rigid manner to the comparator civil service's decisions relating to the Washington, D.C., area, a margin range of 110-120 would no longer be required. Finally, there was general agreement that option (a) would subject the authority of the General Assembly and the Commission to the national considerations of the comparator. Given those considerations, the Commission did not support option (a), of tying increases in New York directly to the decisions of the comparator civil service relating to Washington, D.C.

297. Option (b) would allow the margin to fluctuate between the levels of 113 and 117, with a desirable midpoint of 115. The Commission would use its discretion to take action if the margin was in danger of breaching either level, including to bring the margin back to the desirable midpoint or to take any other action as necessary. Some members of the Commission noted that option (b) would allow the post adjustment system to operate normally when the margin was between 113 and 117, requiring relatively fewer interventions than under option (a). One member of the Commission expressed the view that any action by the Commission should be triggered on the basis of a percentage deviation from the desirable midpoint to be discussed and agreed upon by the Commission, rather than on specified upper and lower limits.

298. Some members of the Commission noted that option (b) appeared to suggest a narrowing of the margin range of 110-120 established by the General Assembly. It was pointed out that since the Assembly had requested the Commission to review the issue of the management of the margin, the Commission could recommend a narrower margin range of 113-117 with a desirable midpoint of 115. They were of the view that the Assembly might be amenable to option (b) as it would hamper the movement of the margin to its current upper limit of 120.

299. Most members of the Commission did not consider it necessary to recommend a change to the current margin range. They considered that option (b) should not be construed as a recommendation to change the margin range from 110-120 to 113-117. Rather, in their view, 113 and 117 represented actionable trigger points within the range of 110-120 with a desirable midpoint of 115 approved by the Assembly.

300. The Commission noted that both options would require more active management of the margin by the Commission than currently. The lack of symmetry under the current arrangements was discussed. It was noted that although the Commission was currently required to take action to avoid a margin exceeding the upper limit of 120, it could make recommendations only when the margin was in danger of breaching the lower limit of 110, at which point it would be for the Assembly to take action as it considered necessary.

301. It was agreed that if the Commission were to manage the margin more actively, it would need to be able to take timely action through the operation of the post adjustment system. That would mean that the Commission would need to act when the margin was in danger of breaching the actionable levels of 113 or 117 under option (b). The Commission would therefore need to scale the post adjustment at all duty stations forward or backwards, based on whether the margin was in danger of going below or above the trigger points of 113 and 117.

Decisions of the Commission

302. On the margin methodology, the Commission decided to recommend to the General Assembly:

(a) That margin comparisons be based on officials with no dependants. The calculation of the comparator civil service gross salaries should be netted down by the continued application of the “married filing jointly” tax schedule, with the resulting averages for each grade reduced by a factor representing the United Nations spouse allowance;

(b) That performance-related payments not be included in the margin comparison.

303. In order for the Commission to manage the margin more actively within the range of 110-120 with a desirable midpoint of 115, the Commission decided to recommend to the General Assembly that if the margin trigger levels of 113 or 117 were breached, appropriate action be taken through the operation of the post adjustment system.

E. Education grant

304. The Commission designed a revised education grant scheme aimed at providing assistance with education-related expenses to expatriate staff in a cost-effective manner. The Commission established the following directives:

(a) The scheme should continue to be based on the cost-sharing principle between the organization and the staff member;

(b) The level of the grant would no longer be based on claim data, but determined by alternative means in order to prevent the maximum admissible expense from being unduly influenced by a few excessively large claim amounts;

(c) Admissible expenses should be revised to include tuition only, or tuition and enrolment-related fees, and the option of providing lump-sum reimbursement based on actual tuition fee data should be further considered;

(d) For the tertiary level, options should be developed on the basis of a detailed analysis of the overall cost of the scheme and its assessment in reference to that of the comparator civil service;

(e) Reimbursement of non-refundable capital assessment fees would remain outside the administration of the education grant scheme.

305. In addition, the Commission reviewed proposals on new zones, a sliding reimbursement scale as opposed to the granting of a lump sum at both the primary/secondary and the tertiary levels, the potential use of adequate representative schools for setting the ceilings, and the conditions under which boarding expenses and the cost of education travel would be considered acceptable in the grant scheme.

306. The Commission considered two sliding scale structures and a proposed lump-sum amount for assistance with boarding expenses. The first proposal was for a sliding scale of six brackets (see table 12), with an implied level of reimbursement of 75 per cent of tuition at the \$30,000 expenditure bracket. The second proposal was for a seven-bracket sliding scale, with an implied level of reimbursement of 75 per cent of tuition at the \$35,000 expenditure bracket (see table 13).

Table 12

Six-bracket sliding scale structure: 2010/11 academic year

<i>Claim amount bracket (United States dollars)</i>	<i>Reimbursement rate (percentage)</i>
1-10 000	83
10 001-15 000	78
15 001-20 000	73
20 001-25 000	68
25 001-30 000	63
30 001 and above	–

Table 13

Seven-bracket sliding scale structure: 2010/11 academic year

<i>Claim amount bracket (United States dollars)</i>	<i>Reimbursement rate (percentage)</i>
1-10 000	86
10 001-15 000	81
15 001-20 000	76
20 001-25 000	71
25 001-30 000	66
30 001-35 000	61
35 001 and above	–

Views of the organizations

307. Stressing the importance of the education grant scheme in attracting senior staff, the representative of the Human Resources Network stated that any proposed changes should focus on simplification and on maintaining the competitiveness of the United Nations system as an employer, not on cost reduction. The Network therefore welcomed the proposed scheme, which was focused on a global approach and would be easier to administer. It supported the proposal for a sliding scale, which would provide incentives for cost containment through differentiated reimbursement rates that declined as expense levels rose, but on the understanding that claim amount brackets would be updated to reflect any changes in fees before implementation. The introduction of a sliding scale would greatly assist in simplifying the scheme and reducing the administrative burden, while helping to minimize the need for special measures. The global approach underlying the proposal was also supported as being equitable to staff, given that globally the school fees of reputable international schools were increasingly similar.

308. In order to realize those benefits to the full extent, however, the Network considered it desirable to take account of duty stations facing particular difficulties. In that regard, the seven-bracket model would better capture the situation at those duty stations, while the six-bracket model might not eliminate the need for special measures. The representatives of several organizations expressed a preference for a seven-bracket model, which was considered a vast improvement over the existing scheme based on 15 currency/country zones. The model would also apply to duty stations currently subject to special measures and would provide significant simplification both in terms of the administration of the scheme and ease of understanding among stakeholders.

309. The Network believed that the decision on how to set the sliding scale should be taken on the basis of the most recent tuition information of representative schools, given that education costs continued to rise faster than average global inflation and that the previous review of the education grant had taken place in 2010/11.

310. Some concerns were expressed with regard to the more restrictive eligibility provisions for proposed assistance with boarding expenses. While support for such expenses did not appear justified at large headquarters duty stations, the Network felt that some assistance should be provided at other “H” duty stations. The particular cases of staff who were highly mobile, subject to rapid deployment and/or expected to relocate at short notice were highlighted. Flexibility on offering assistance with boarding expenses to such staff would be welcomed.

311. The representative of the World Food Programme reiterated the need to extend assistance with boarding expenses to staff serving at “H” duty stations in some specific circumstances. In her experience, a stay of four years or less at those locations was more typical in the case of staff working for her organization. For staff who were required to be mobile, the option of sending their children to a boarding school should not be seen as a matter of choice, but of necessity. Special consideration or flexibility was required in terms of assistance with boarding expenses.

312. The representative of the Network supported flexibility in providing boarding assistance for organizations that had a need for high mobility and/or rapid

deployment of staff, to other organizations in some circumstances. Boarding assistance, even to staff serving at “H” duty stations, was crucial for allowing organizations with rotational staff assignments to carry out their operations. The suggestion was made that boarding assistance be provided to staff at both field and “H” duty stations for the sake of simplicity, rather than trying to define exceptional circumstances requiring flexibility and thereby introducing complexity.

313. The representative of the Network highlighted that its support of the revised provisions was based on the assumption that the age limits and four-year coverage after secondary-level education would remain unchanged. The suggested change would lead to inequities among staff, given the prevailing differences between and complexities in education systems. It would also lead to a further lowering of effective reimbursement rates, thus rendering the revised education grant scheme unfavourable in comparison with the provisions of the comparator civil service. The representative stated that such a change in tertiary education coverage would not be supported by the organizations.

314. The representative of the Network stated that, ideally, concurrent maintenance of two systems should be avoided. If parallel schemes were unavoidable, the transition time should not exceed two to three years in order to contain administrative complexity. Organizations pointed to the need to have sufficient time for preparation, including revising their staff regulations and rules and changing the information technology systems for processing claims.

Views of the staff

315. The representative of FICSA stated that consideration of the education grant had been based on the incorrect perception that the scheme was overly generous, although a comparison with the comparator civil service conducted by the working group on competitiveness and sustainability did not support that perception. He added that the education provided to the children of staff should be well-rounded and include extracurricular activities. While the sliding scale model had attractive features in terms of simplicity and ease of administration, the proposed scheme only addressed some education costs, since items of expense that occurred routinely, such as transportation, books, exam fees, music lessons, sports opportunities and educational field trips, were now excluded from the list of admissible expenses. Without increasing the upper bracket of the proposed sliding scale, he believed that the revised scheme would result in large reductions in the support offered to staff. FICSA also did not support the sliding scale structure on the grounds that it was not considered an equitable way to reimburse education-related costs, which varied significantly from location to location.

316. The representative of CCISUA stated that the Coordinating Committee had conducted a staff survey in relation to the compensation review and presented findings pointing to differing levels of support for the proposals of the Commission on the revised education grant scheme. The results, summarized by the age of staff and the number of geographical moves made by staff, seemed to indicate that younger staff, as well as those who were most mobile, were most concerned about the proposed changes to the scheme. With reference to the sliding scale structure, it was felt that the proposed reimbursement rates would not compensate for the loss resulting from the elimination of other items admissible for reimbursement. In addition, CCISUA expressed concern that the sliding scale structure would be

difficult to explain to staff and inequitable to those staff who served at duty stations where education-related costs were high.

317. The representative of UNISERV supported the points made by the representatives of FICSA and CCISUA, adding that changes to the education grant scheme would have a damaging effect on staff with dependants, who stood to lose out as a result of other changes proposed under the compensation review. In particular, staff serving in high-cost locations would clearly be worse off under the proposed scheme. Thus, the proposed changes, if implemented, would risk compromising the mobility of staff. Given that the existing grant scheme functioned well, it was difficult to justify any drastic change. Moreover, since other international organizations offered similar assistance to staff as included in the existing education grant scheme, there was a risk, if too many cuts were to be made, that organizations could no longer recruit for positions.

318. Regarding assistance with boarding expenses, the staff federations emphasized the importance of guaranteeing stability and continuity of education for the children of common system staff, given the patterns of duty assignments in the organizations. The lack of assistance with boarding expenses at “H” duty stations was flagged as a problem by all staff federations, as it would lead to inequity in the treatment of staff. The particular case of staff who were required to change duty stations on a frequent basis, including those moving between headquarters duty stations, was highlighted as an example in which staff should be granted assistance with boarding expenses, in particular if the future mobility of staff were to be incentivized.

319. The representative of FICSA believed that parents must have legitimate reasons for requesting boarding support in the best interests of a family, and not for financial gain. The representative referred to the partial reimbursement of boarding-related expenses under the existing scheme as an imbedded cost control mechanism, thereby reducing the possibility that staff would abuse the provision. He also recalled that according to the latest data available, the number of claims for boarding expenses submitted by staff serving at “H” duty stations amounted to less than a quarter of the total. Therefore, given the very limited use of the benefit, FICSA believed that the provision should remain available to staff at “H” duty stations, together with the associated education grant travel.

320. The representative of CCISUA stated that boarding was not a luxury but a last resort for staff, and that flexibility to provide support for boarding expenses to staff at “H” duty stations would be required across all organizations, and not only within the specialized agencies. In particular, CCISUA recalled that only 3 per cent of staff serving at “H” duty stations had submitted boarding-related expenses, according to the existing education grant claim data. Therefore, the estimated additional financial implications of providing boarding assistance to staff at “H” duty stations would be rather limited and potentially lower than the costs of evaluating, justifying and approving special circumstances in which such treatment would apply. In its view, the eligibility for boarding assistance should therefore continue for all staff, regardless of the location of duty, with children at a boarding school at the primary or secondary level.

321. The staff federations objected to the further limitation on post-secondary education, which would not only introduce inequality in the availability of the grant depending on the place of study, but also reverse the decision of the Commission in 2006 (see [A/61/30](#), para. 63).

322. The staff federations requested that the new system not be implemented before at least two-and-a-half academic years had passed following the approval by governing bodies, in order to allow staff to adjust to the new scheme while evaluating the impact on their children's education, given the varied school fee structures across duty stations. Staff representatives also noted that the current ceilings had not been reviewed by the Commission since 2011 and that, with the submission of the present report to the General Assembly and the consequent lifting of the freeze on allowances, the ceilings should be reviewed.

Discussion in the Commission

323. Members of the Commission reiterated the importance of the education grant scheme in the overall package, recognizing it as a key element in the attraction and retention of staff. One Commission member considered that there was a risk that staff would leave the organization if changes to the education grant were too drastic, especially since the existing system based on the practice of 75 per cent cost-sharing had worked well. The subsequent discussions focused on the considerations set out below.

Sliding scale

324. In general, Commission members welcomed the proposed introduction of a global sliding scale. The uniform application to staff, regardless of duty station, was viewed as equitable and easy to administer. In contrast to the existing scheme, which was criticized for being difficult to understand and for giving the impression that staff choices were determining costs to the organizations, the proposed scheme was clearer and would facilitate cost containment. The higher reimbursement rates at the lower expense levels should largely compensate for the removal of some items from the list of admissible expenses. Overall, the proposed system was not expected to be more costly than the existing one and could even result in some savings. The declining reimbursement scale might encourage staff to opt in the future for less expensive schools, where available.

325. In reviewing the difference between the two proposed sliding scale models, the Commission noted that the six-bracket model would work well for duty stations where a broad range of schools with varying tuition fee levels was available. For other duty stations, however, in particular those currently under special measures for the education grant and with a narrow range of schools and tuition fees (all costing approximately \$35,000 or more per annum), the seven-bracket model appeared more appropriate.

326. The Commission noted the increased effective reimbursement rate for smaller claim amounts resulting from the proposed reimbursement rates for each bracket. This raised the question of whether the proposed scheme would be more generous than the existing scheme. It was clarified that although the reimbursement percentage was higher, the overall amount to which it was applied was being reduced as a consequence of the streamlined admissible expenses under the proposed scheme.

327. Some members of the Commission, while considering the impact of the proposed models to be an important part of the analysis, cautioned that the focus should not be on "winners" and "losers" when compared with the existing scheme, but rather on designing the best scheme for the future. While some staff would

inevitably lose out financially as a result of the reduction in the eligible expenses, others would see an increase in reimbursement. This was an unavoidable consequence of many reform efforts.

328. The Commission noted that the original sliding scales shown in tables 12 and 13 had been developed on the basis of tuition fees for the 2010/11 academic year, which were the latest data available when the secretariat of the Commission had begun its analysis under the comprehensive review of compensation, in 2013. The view was expressed that the original scale should be updated to reflect data that had become available in the meantime.

329. The Commission recalled that the global sliding scale would be adjusted according to the proposed procedure (see section (iv) below). Members of the Commission reviewed an updated sliding scale (see para. 115, table 5) calculated on the basis of a subset of representative schools for which tuition fee movements could be traced back over the past four years, from 2010/11 to 2014/15.

330. Commission members held differing views on adjusting the original seven-bracket scale. Some members believed that, in view of the freeze in allowances, the original sliding scale should be submitted to the General Assembly without further revision. Others considered that the latest information on tuition fees, if available, would be more appropriate. The Commission therefore concluded that both scales should be presented to the Assembly for its consideration.

Boarding expenses

331. The Commission recalled the proposal to limit the provision of assistance with boarding expenses. For staff serving at headquarters duty stations in particular, where adequate schools within commuting distance existed, the provision of assistance with boarding expenses was difficult to justify. Against that background, it was recalled that the option to completely exclude boarding assistance from the scheme had been considered but subsequently rejected. Since staff in the field often did not have access to an adequate local school, there was a strong case for granting support in such situations.

332. Some members of the Commission were of the view that staff joined the organizations knowing they would have to relocate periodically, but considered that their mobility should not be influenced by the provision of boarding assistance. Most members believed that the provision of boarding assistance to staff at “H” duty stations, where adequate schools were likely to exist, was considered beyond the organizations’ responsibility.

333. Other members of the Commission believed that boarding assistance must at one time have been based on a genuine need, and not an attempt to exploit the system. Still others were of the view that granting flexibility to organizations to provide assistance with boarding expenses to staff serving at “H” duty stations might be warranted.

334. While agreeing in principle that boarding assistance should only be provided to staff serving in the field, the Commission reviewed a list prepared by the secretariat, in consultation with the organizations, of the conditions under which the executive head of an organization might extend boarding assistance to staff serving at “H” duty stations. Some examples were considered reasonable, but the Commission agreed that it was not possible to create an exhaustive list of such exceptions.

335. The Commission was of the view that the executive heads were better positioned to evaluate special cases among their staff and make appropriate decisions according to the circumstances, although concerns were expressed that, without clear guidelines by the Commission, inconsistencies might emerge.

336. The effect of paying a lump-sum amount for assistance with boarding expenses, rather than including them for reimbursement under the sliding scale, was queried, but it was noted that under the existing system, expenses for boarding were already reimbursed based on a flat rate, rather than on the actual fees charged by educational institutions. In general, the lump-sum approach for assistance with boarding expenses was favoured for simplicity and ease of administration.

Admissible expenses

337. The Commission generally did not support the proposed inclusion of additional costs relating to extracurricular activities, such as music or sport, under the provisions of the education grant scheme. Elements included in the scheme should be reasonable and should relate to the responsibility of the organizations.

Adjustment of the sliding scale and the amount of boarding assistance

338. The Commission agreed to periodically adjust the sliding scale and lump-sum amount provided to assist with boarding-related expenses. Both would be adjusted on a pragmatic basis, using the movements in relevant fees in a defined sample of schools as a reference point.

339. For the sliding scale, it was proposed that the selection of schools be made on the basis of the level of patronage (a minimum of 50 education grant claims from a school was set as a cut-off point). Based on those criteria, 29 schools had been selected. The sliding scale would be reviewed when the average tuition fee movement exceeded a 5 per cent threshold and at least half of the schools had tuition fee increases of more than 5 per cent. The movement would be calculated cumulatively by looking at the representative schools.

340. A suggestion was made to increase the number of representative schools to minimize bias. A subsequent review of the impact of expanding the list of representative schools by lowering the threshold for the number of claims from a particular school produced results consistent with those recorded for the original list of schools chosen as representative. The Commission therefore decided to endorse the list of 29 schools.

341. With regard to the adjustment of the lump-sum boarding assistance, a selection of boarding schools offering the International Baccalaureate Diploma was put forward as a suitable data source for tracking the movement in boarding fees.

342. It was further proposed that both lists be reviewed every six years to ensure that the schools remained representative.

Flexibility on the time frame of the education grant

343. The Commission considered introducing flexibility with regard to the levels of education for which staff could submit an education grant claim, subject to a total coverage of up to 17 years and including the preschool level. Some members drew attention to the risk of duplication with other elements of compensation, such as the

child allowance or the potential single parent benefit currently under consideration as part of the review. It was also felt that introducing flexibility would increase the complexity and administrative burden of the scheme on the organizations. Some Commission members believed that allowing staff to choose when to submit the education grant claims could lead to cost escalation if staff made use of the grant to cover the most costly years.

344. The Commission expressed views on providing support for children at the preschool level. If provision of a flexible time frame for claiming the education grant was too cumbersome administratively, one alternative could be to introduce a global minimum age of four years in the grant scheme. This would ensure equal treatment in the light of the legal requirement in Geneva that children start school at four years of age.³ An increase in the allowance for children aged four and under could also be considered in view of the fact that wherever there was a legal requirement for children to start attending school before five years of age, the minimum age requirement was adjusted in the provisions of the existing scheme.

345. The Commission noted that preschool support was not included in the proposals before it, as consensus on the matter had not been reached. While recognizing the importance of the matter, the Commission agreed that it should be taken up separately, outside of the discussions on the revised education grant scheme, on the grounds that children under five years of age would normally require care rather than education.

Age limit for the education grant

346. While discussing the age limit for the special education grant, the Commission revisited the upper eligibility limit for the education grant. Recalling the provision that the grant should be payable up to the end of the school year in which the child completed four years of post-secondary studies, the Commission reviewed the rationale for providing financial support even when a degree was attained after three years of post-secondary studies.

347. The Commission recalled that the Bologna Declaration, aimed at harmonizing academic degree and quality assurance standards throughout Europe, covered two cycles of higher education, undergraduate and graduate, and corresponded roughly to the former one-degree system. The Commission had envisioned in 2006 that the introduction of a new, lower-level first academic degree would, under the grant eligibility definition then in effect, reduce the expense reimbursement period for European students from four to three years, which seemed to run counter to global post-secondary education coverage trends. The option of extending the reimbursement for post-secondary studies from four to five years was considered but rejected because of the potential financial impact. The Commission had therefore recommended to the General Assembly that the eligibility period for the education grant continue up to the end of the school year in which the child completed four years of post-secondary studies, even if a degree had been attained after three years, and that students continue to be subject to the age limit of 25 years (A/61/30, para. 63). The Assembly approved, with effect from the school year in

³ The specific case of Geneva was cited, where children were legally required to start primary education at four years of age, and provision of support before children reached five years of age already existed. The provision was also applicable in other locations with similar legal requirements.

progress on 1 January 2007, the recommendation modifying the eligibility period for the education grant.

348. Commission members exchanged views regarding the eligibility period described above. Some members were of the view that the education cycle, and not the number of school years, should be used as a criterion. Others stressed that students enrolled in postgraduate programmes should not be considered as dependants and their parents should thus be excluded from eligibility for the education grant.

349. Given the comprehensive nature of the current review, the Commission decided that the eligibility criteria for the regular education grant should be revised. It concluded unanimously that the grant should be payable up to the end of the school year in which the child completed four years of post-secondary studies or attained the first post-secondary degree, whichever came earlier. The age limit of 25 years would also be maintained.

Transitional measures

350. A suggestion was made that the scheme be implemented as soon as possible, and that the claims on behalf of children for the school year in progress at the time of implementation of the new system be reimbursed under the current system. However, that option did not find favour because of its administrative complexity.

351. The Commission decided to propose that implementation of the new education grant scheme for both the education and the special education grants take place a full school year cycle after the one in progress at the time when the new schemes were approved by the General Assembly and other governing bodies. It was agreed that the time frame would provide the organizations with sufficient time to prepare for implementing the schemes in a harmonized manner.

Special education grant for children with a disability

352. The Commission took note of the proposals to maintain the list of admissible expenses, the full reimbursement of the total expenses up to a ceiling amount, the eligibility for boarding assistance and the education grant travel for special education cases. Under the revised scheme for the education grant, with the exception of boarding assistance to eligible staff in the field, only tuition and enrolment-related fees would be reimbursable. It was acknowledged, however, that additional items were critical to special education and that there were compelling reasons to treat such items as admissible. Moreover, the Commission considered that owing to the challenges faced by children with a disability in receiving education, the full reimbursement principle and the eligibility for boarding assistance and education grant travel should be maintained in the special education grant scheme.

353. Further, a new ceiling would need to be introduced for the special education grant, given that the proposed scheme had eliminated the 15 separate country/currency zones for the education grant. Commission members agreed to a suggestion that the upper limit of the top bracket of the global sliding scale applicable to the education grant be used as a global ceiling for the special education grant.

354. With regard to boarding assistance, the Commission was presented with two options: either to use actual costs associated with boarding or to provide a lump-

sum amount of \$8,000. That amount had been calculated based on actual boarding fees in the claim database. After having reviewed the distribution of the fees charged by educational institutions offering special education programmes, which varied significantly, the Commission concluded that the calculation of total admissible expenses should be based on actual expenses. In order to avoid the possibility of the special education grant resulting in a lower amount than the education grant for similar education costs, the Commission agreed to establish the ceiling for the special education grant by adding a boarding lump sum of \$5,000 to the global ceiling.

355. The Commission noted that the age eligibility for the special education grant under the current scheme could be extended until the end of the school year in which children with a disability reached 28 years of age, 3 years more than the upper age limit for the regular education grant. The rationale was that children with a disability might require one or two additional years to complete their education. At the same time, a limit was needed so as not to keep the scheme open-ended.

Decisions of the Commission

Education grant

356. The Commission recommended to the General Assembly:

(a) That the criteria covering post-secondary education be revised to make the grant payable up to the end of the school year in which the child completed four years of post-secondary studies or attained the first post-secondary degree, whichever came first, subject to the upper age limit of 25 years;

(b) That the cost-sharing principle between the staff member and the organization be maintained;

(c) That admissible expenses be tuition (including mother tongue language tuition) and enrolment-related fees, as well as assistance with boarding expenses:

(i) That tuition and enrolment-related expenses be reimbursed under a global sliding scale consisting of seven brackets, with declining reimbursement levels ranging from 86 per cent at the lowest bracket to 61 per cent at the sixth bracket and zero per cent at the seventh bracket;

(ii) That boarding-related expenses be paid with a lump sum of \$5,000 only to staff serving in field locations whose children were in a boarding school at the primary or secondary level. In exceptional cases, boarding assistance could be granted to staff at "H" duty stations under the discretionary authority of the executive head;

(d) That education grant travel be provided for each academic year for the child of staff in receipt of assistance with boarding expenses;

(e) That capital assessment fees be covered outside the education grant scheme by organizations;

(f) That the global sliding scale be reviewed for possible adjustment, based on movements in tuition fees tracked biennially for a list of representative schools and upon assessment by the Commission;

(g) That the amount of assistance with boarding expenses be reviewed for possible adjustment, based on the movements in fees charged by boarding facilities of International Baccalaureate schools tracked biennially and upon assessment by the Commission;

(h) That the lists of both the representative schools and the International Baccalaureate schools mentioned in subparagraphs (f) and (g) be reviewed every six years for possible update.

357. Additionally, while mindful of the freeze in allowances in effect during the comprehensive review, the Commission decided to draw the attention of the General Assembly to the fact that the original seven-level scale had been developed on the basis of school fees for the 2010/11 academic year and that, should the scale be updated to reflect the fees for 2014/15, the brackets would be revised as shown in paragraph 115, table 5.

Special education grant for children with a disability

358. The Commission recommended that the scheme be maintained with regard to the eligibility and the conditions of the entitlement, the list of admissible expenses, the eligibility for boarding assistance and the provision of education grant travel.

359. The Commission also recommended the following changes with regard to the amounts of reimbursement:

(a) The maximum admissible expenses should be synchronized with those of the education grant, so as to set the maximum at equal to the upper limit of the top bracket of the applicable global sliding scale;

(b) For boarding assistance, actual expenses should be used in the calculation of total admissible expenses for reimbursement, up to the overall grant ceiling equal to the upper limit of the top bracket of the global sliding scale, plus the amount of \$5,000, equivalent to the boarding lump sum paid for in the education grant scheme.

Transitional measures

360. The Commission recommended that the new scheme for both the education and the special education grants be implemented a full school year cycle after the one in progress at the time when the new scheme is approved.

F. Repatriation grant

361. Turning to the remuneration structure, the Commission highlighted the implications of introducing a unified salary scale for all staff in the Professional and higher categories without regard to dependency status for the repatriation grant and other allowances in the light of the linkages to the existing dual salary scale.

362. In the current repatriation grant scheme, the difference in expenses for reintegration between staff with and staff with no dependants was recognized through two elements: the number of weeks of base salary payable to the staff member and the applicable pay rate. Under the proposed salary structure, that double differentiation would be eliminated: the grant would be calculated on the same base salary irrespective of the staff member's family status, with the

differentiation made in relation to the time period only. Accordingly, there would still be a difference between staff with and staff with no dependants.

363. Following a review, the Commission considered that it could accept the rationale for the repatriation grant as an earned service benefit payable to expatriate staff who left the country of the last duty station upon separation. At the same time, it proposed the introduction of a threshold of five years of expatriate service as an eligibility requirement for the grant. It further suggested that should such a threshold be introduced, current staff should maintain their eligibility for the current repatriation grant schedule up to the number of years of expatriate service accrued at the time of implementation.

Views of the organizations

364. The representative of the Human Resources Network concurred with the rationale for the repatriation grant and recognized the strong logic behind the differentiation built into the scheme, owing to the higher expected costs of re-establishment for those staff members with families and the additional adaptation required on the part of staff members returning home after a longer period of expatriation. It was also suggested that the objective of eliminating the possibility of double differentiation in the repatriation grant would be met with the introduction of one net salary scale.

365. The representative of the Network pointed out that, with voluntary funding increasingly accounting for a larger share of organizational budgets, the organizations would face the challenge of managing a growing number of term-limited contracts for staff working on those voluntarily funded activities. Those internationally mobile expatriate staff members whose return and re-establishment upon separation the organizations had the obligation to facilitate would undoubtedly need support to reintegrate into their home countries or other foreign labour markets. Nonetheless, he further indicated that the organizations could accept the introduction of a threshold of five years of expatriate service as an eligibility requirement for payment of the repatriation grant according to the current five-year payment schedule, which could be a reasonable measure given that the difficulties and challenges resulting from repatriation after prolonged expatriate service were not necessarily faced to the same extent by staff who had spent only a few years abroad. At the same time, the organizations highlighted the existence of jurisprudence with regard to the acquired rights to this particular entitlement.

366. With regard to a proposal to rename the grant to better capture its true intent, some organizations believed that this could result in unintended consequences for both organizations and staff members without providing a practical benefit. The representative of the Human Resources Network indicated that currently the grant was well understood by organizations and staff. To change the name might add complexity owing to the required changes in policies, rules and regulations, as well as in forms and information technology systems. It might also cause certain confusion, given that the substance of the grant remained essentially unchanged.

Views of the staff

367. The staff federations expressed the belief that any possible changes would require the question of the acquired rights of staff to be considered carefully, taking into account the fact that eligible staff members currently paid at the dependency

rate would see the grant reduced significantly. The representative of FICSA insisted that the grant should be considered to be a cost-recovery element. The staff federations also suggested that support should be extended to staff members who had served in their home country and moved to a different location upon separation. Such a measure would address the comparative level of expenses incurred by those staff members and those expatriate staff members currently eligible for payment of the grant who established themselves in a different country upon separation. They stressed that with the sustainable development goals, staff members separating at working age would more frequently enter and leave the service mid-career and face challenges in reintegrating into the labour market, making the need for the repatriation allowance more relevant. CCISUA made the point that the purpose of the repatriation grant was to compensate for the consequences of removing someone from their national labour market.

368. The representatives of the three staff federations indicated that since most of the separations in which the repatriation grant was payable related to staff members who had not reached five years of expatriate service, the introduction of a five-year eligibility threshold would have a significant negative effect. It was recognized, however, that since the grant would continue to be available to staff with prolonged service abroad, the grant would remain fit for purpose.

369. Representatives of the staff federations indicated that some of the proposed new names for the grant (relocation, resettlement and re-establishment) could have a different connotation in the common system and consequently create unnecessary confusion and possible legal and financial implications.

Discussion in the Commission

370. In the ensuing discussion, additional questions were raised with regard to the rationale for and the practices and evolution of the repatriation grant.

371. Although some members of the Commission welcomed the idea of extending the provisions of the repatriation grant to staff members who had served in their home country and moved to a different location upon separation, others believed that repatriation should be recognized only if staff assigned to a location outside their home country returned to their home country upon separation. Further, because the travel, shipment and settling-in costs of staff members were paid by the organization upon recruitment, the same should hold true upon separation. Other members of the Commission expressed the view that the repatriation grant should be abolished owing to the existence of other entitlements relating to the relocation of staff members. They believed that once the contract with the organization expired, there was no need to pay an additional allowance or grant. Some members of the Commission expressed their conviction that service in the United Nations system conferred on its staff a certain status, which helped them to find work more easily.

372. In view of an overlap perceived by some between the repatriation grant and other separation payments, some Commission members preferred to redirect available resources to priority areas such as field allowances. They were also of the opinion that the assistance provided through the payment of the grant was less relevant to staff members who separated upon retirement. Generally, however, most Commission members recognized that while the situations faced by staff on repatriation had evolved since the establishment of the grant in 1951, the principles of and the rationale for the grant remained valid.

373. Some members were of the view that the meaning of repatriation was clear and referred solely to the return to and re-establishment in one's home country at the end of expatriate service. It was therefore proposed that since eligibility to the grant required a geographical move away from the country of the last duty station, including a possible move to a third country, the repatriation grant should be renamed for accuracy.

374. With regard to the possible renaming of the grant, some Commission members also recalled that under United Nations Staff Rule 3.19, repatriation was defined as relocation to a country other than the one of the last duty station upon separation. The term was easily and universally understood and its correct application did not cause problems. The Commission agreed, however, that the issue should be reviewed when the matter of the repatriation grant was revisited in the future.

Decision of the Commission

375. The Commission recommended to the General Assembly:

(a) That the rationale for the repatriation grant be confirmed as an earned service benefit payable to expatriate staff members who leave the country of the last duty station upon separation;

(b) That a threshold of five years of expatriate service be established as an eligibility requirement for the repatriation grant;

(c) That, on transition to the new scheme, current staff retain their eligibility to the current grant schedule up to the number of years of expatriate service accrued at the time of implementation of the revised scheme.

G. Relocation-related elements

376. The Commission considered payments for relocation under the current system. It noted that such payments included both cost-recovery measures and incentives linked to removal entitlements (for "full removal" and "non-removal" of household goods) and type of duty station (headquarters and field locations). The Commission concluded that there were too many layers of payments and decided:

(a) To discontinue the additional payment of the equivalent of one month of salary currently paid at the beginning of the third year in field duty stations when staff opted for "non-removal" (that is, partial removal) under the assignment grant provisions for household goods;

(b) To group the non-removal allowance with relocation-related payments instead of putting the allowance under the mobility and hardship scheme.

377. Based on the above, the Commission considered an approach in which the new package for relocation for internationally recruited staff would include relocation travel, relocation shipment with a lump-sum optional removal grant, and a settling-in grant. Under the approach, all current payments relating to relocation would be streamlined in order to eliminate overlaps and provide a consolidated payment system reflecting real costs.

378. Noting that its secretariat had not been presented with sufficient data by the organizations on actual shipment costs, the Commission stressed the importance of

receiving data on shipment costs from the organizations, since the purpose of this element was to reflect the real cost borne by staff. The secretariat had requested data and information on the actual costs of relocation shipment and storage from common system organizations. Only one organization had complied, with an average expenditure for shipment of approximately \$8,000. Another organization provided a list of quotations from one shipping vendor with a median quote of \$18,650 and a mean of \$19,848 for 8,150 kg. For a smaller shipment of 4,890 kg, the median quote was \$13,600 and the mean was \$15,213.

379. Under the proposed package, there would be no change to relocation travel, which would continue to be administered by each organization. Lump-sum payments consisting of an optional removal grant of up to \$18,000 for staff with eligible family members and up to \$13,000 for single staff would be introduced. This would be similar to the current relocation grant used by some common system organizations.⁴ Eligibility would be based on assignments of two years or more. The proposed amounts were derived from the data obtained from the Travel and Transportation Section of the United Nations Secretariat on actual shipment costs paid by the United Nations to the shipping vendor, based on door-to-door rates associated with full removal to and from Africa, Asia and the Pacific, Europe, Latin America and the Caribbean, and North America during the period 2011-2013.

380. The proposed optional removal grant would establish ceilings for organizations, with flexibility in the amounts according to varying circumstances, such as appointments of less than two years, reassignments within the same country, mission area or area of operations, or moves between non-family duty stations. It was proposed that staff members moving from one non-family duty station to another within the same country or mission area would not be eligible to receive the proposed optional removal grant when transportation of personal effects was provided by the organization.

381. The Commission also considered eliminating the weight criteria used in the current full removal entitlement for relocation shipments⁵ and instead adopting current shipping industry practice establishing the entitlement in the form of standard container sizes. The shipment entitlement for full removal of household goods for staff members with contracts of two years or more would be based on a standard 20-foot container for a single staff member and a standard 40-foot container for staff with eligible accompanying family members. Although these shipment entitlements were for surface transportation, conversions to air shipments could be authorized within the cost of the relevant surface transportation entitlement and in accordance with the conditions set by the organization.

382. Under the proposed package, a settling-in grant would be provided to staff to assist with the expenses for temporary accommodation and other incidental settling-in expenses associated with the relocation of staff and accompanying family members at the beginning of an assignment. The proposed settling-in grant would

⁴ For example, the current global rates of the relocation grant in the United Nations Secretariat and some organizations were \$15,000 for staff with eligible family members and \$10,000 for staff with no eligible family members.

⁵ In the United Nations and its funds and programmes, staff members with contracts of more than two years are entitled to full removal of household goods up to 4,890 kg (30.58 m³) for staff with no eligible family members and up to 8,150 kg (50.97 m³) for staff with eligible family members, by the most economical means.

consist of two portions: (a) a daily subsistence allowance portion to assist with the expenses for temporary accommodation and other incidentals associated with the move, through 30 days of the allowance at the new duty station for the staff member and 30 days of the allowance at 50 per cent for each eligible family member; and (b) a global lump-sum portion to cover direct and indirect miscellaneous expenses associated with the move, including departure and arrival expenses, through a payment equivalent to \$6,500 for all staff. The accommodation portion of the allowance would not be granted when accommodation was provided by the organization. Further, in cases in which eligible family members arrived after the staff member had settled into permanent accommodation at the new duty station, the daily subsistence allowance portion for the family members would not be granted.

Views of the organizations

383. The representative of the Human Resources Network expressed concern regarding the proposals for significant cuts in relocation entitlements. It noted that the basic contract between the international civil servants and the organizations was based on the expectation that if an organization required a staff member to move from one duty station to another, it would take care of all costs associated with the relocation. The representative recalled that the current scheme had been developed as one cohesive scheme, so what currently might be perceived as complexity was the result of conscious choices at the time of devising the scheme. The Network noted that the organizations had a wide variety of mobility patterns and different operational settings, which was why they were handling the removal side of relocation as deemed fit in their specific environment. It was therefore of utmost importance to the organizations that that flexibility be retained. The proposed optional removal grant and the related proposed ceilings would cause that flexibility to be undermined and the administrative burden to be increased in a number of organizations. The Network considered that to deviate from a well-established practice of stipulating the basic entitlements and leaving the implementation to organizations would further restrain the flexibility of the organizations. The Network observed that the proposed ceiling amounts had lessened since the first discussion in November 2014, even though the underlying data set used to derive them had remained unchanged. It expressed regret that a list of removal quotes for a variety of different routes illustrating the wide variations in removal costs that was provided to the Commission secretariat by the CEB secretariat had not been taken into account in the exercise.

384. With regard to the proposal to establish a lump sum of 70 per cent of the actual cost of shipment, the representative of the Human Resources Network expressed the view that the proposed option was unimplementable, since it would not be possible for organizations to obtain actual quotations from shipping providers as a basis for the lump sum. Organizations would therefore be required to re-establish internal shipping units in the large variety of their locations to administer shipments, adding administrative burden, complexity, and staffing and overhead costs. It would also remove the ability of staff to make informed decisions and meet their specific relocation needs based on their own set of circumstances. In addition, the 70 per cent lump-sum option would not cover the cost of full removal, thus rendering it compensation for partial removal. Unlike the current system, in which a non-removal element was provided to compensate staff for having only partial rather than full removal, the elimination of the non-removal element would mean

that no such compensation would be provided to staff. This would hamper the organizations' efforts to encourage mobility and would be particularly disadvantageous to staff going to non-family or difficult duty stations.

385. The organizations highlighted that they had put forward an alternative proposal, whereby the Commission, as currently, stipulated the entitlement itself but continued to leave the requested flexibility for organizations to establish administrative details such as lump-sum amounts. They suggested that the Commission stipulate upper ceilings of such lump sums at \$23,000 for staff with eligible family members. The proposal would ensure cost containment and predictability, while allowing organizations to continue to manage the relocation of staff according to their operational circumstances.

Views of the staff

386. The three staff federations supported the statement made by the Human Resources Network. The representative of FICSA believed that establishing appropriate amounts for relocation elements should be left with the organizations. The representative of CCISUA questioned whether the proposed lump-sum ceilings for the optional removal grant were realistic and considered that the Commission was not the best forum to set such lump sums. Staff federations mentioned that the lump-sum option of the settling-in grant needed to match the comparator's foreign transfer allowance, which varied by duty station. The representative of UNISERV said that it could endorse any proposal that ensured that staff could ship their personal effects with the proposed container scheme at no cost. UNISERV particularly shared the concerns of the organizations that they would need to maintain shipping departments in many locations worldwide.

Discussion in the Commission

387. The Commission recognized that the purpose of all payments related to relocation, such as the assignment grant, relocation grant, shipment entitlement and non-removal allowance, was to cover the costs borne by staff members when moving to a new duty station. It noted that the current relocation grant (non-removal lump sum of \$10,000 for single staff and \$15,000 for staff with eligible family members) had not been established by the Commission, but by certain organizations. The Commission wished to differentiate between measures and allowances aimed at cost recovery, and monetary incentives, which already existed in the hardship allowance through both hardship and mobility incentives. The Commission further noted that the current system was overly complicated, with too many layers of payments for the same purpose, and the conditions and criteria further complicated the system.

388. The Commission concurred with the pure cost recovery approach, which in its view was a sound concept, and with the proposed ceilings for the optional removal grant based on actual shipment cost data. It considered that the proposed relocation package covered all aspects of relocation and provided an appropriate rationale for each element. Under the proposal, all payments related to relocation would be streamlined in order to eliminate overlaps and provide a consolidated payment system. The new package would also offer flexibility to deal with a variety of situations and scenarios, such as the differences between family and non-family duty stations, provision of accommodation and transportation by the organization,

the arrival of family members after the staff member and whether shipment would be handled by the staff member or the organization.

389. After considerable discussion, the Commission decided that the new relocation package should consist of three elements: relocation travel, relocation shipment and the settling-in grant. Commission members favoured discontinuation of the non-removal allowance because the rationale for it was not clear and because the payments could continue for a relatively long period of time (up to five years). The Commission also pointed out that several other elements of the current relocation package would need to be discontinued once the new package was introduced, namely, the current shipment and assignment grant provisions.

390. While noting that some organizations did not offer the option of full removal of household goods, the Commission considered that the provision of full removal within an established entitlement should be a legal obligation of the organizations unless the staff member waived the right. However, taking into account the fact that most staff opted for the lump sum in the organizations in which it was offered, the Commission felt that it would be appropriate to provide options to staff for the removal of household goods. The options would include shipment by organizations within the established entitlement or a lump-sum approach for staff to undertake their own removal.

391. The Commission debated whether there was a need to regulate the lump-sum option for relocation shipment or establish a global lump sum. Some Commission members were of the view that relocation shipments should be left to organizations to decide within an established entitlement, similar to relocation travel. They were in favour of a set of guidelines so that appropriate lump sums could be set in accordance with the actual cost of shipment, rather than through a global lump sum. Many Commission members noted that there were appropriate checks and balances, as well as audits within each organization, to ensure cost-effectiveness and safeguard equity. The Commission noted that a similar approach was applied with regard to the lump sum option offered to staff for home leave travel, which was also a cost recovery measure. It considered that the lump-sum approach would provide flexibility as requested by organizations in order to manage their mobility requirements in programme delivery and ensure equity in payments made to staff.

392. The Commission noted that the shipment of household goods was a business, with costs determined by shipping vendors. Although costs could vary within a wide range based on distance and route, the Commission wished to establish a lump sum for relocation shipment at a percentage of actual cost of shipment within the established entitlement, for example, around 70 per cent. Commission members believed that a single lump sum for the optional removal grant was advantageous to both organizations and staff and would treat staff equitably by covering the actual cost of shipment, avoiding huge losses or gains. Addressing the concerns of organizations that did not handle relocation shipments, some Commission members were of the view that to allow staff the choice of handling relocation shipment within the established shipment entitlement and receiving reimbursement of the cost could be another option. They considered that this approach would be an appropriate option for staff and for organizations that were reluctant to return to handling relocation shipments for staff.

393. The Commission noted that current shipping entitlements of staff members were based on weight and volume established in the 1980s, before the expanded use

of containers in the transportation industry. Over the years, the shipping industry had evolved and current shipping rates had come to be established on the basis of a particular commodity or container size, rather than on weight, volume and distance. Some international organizations had already eliminated the weight criterion in their shipment entitlement for staff relocation. The Commission therefore decided to eliminate the weight criterion in the current entitlement and to establish instead an entitlement for relocation shipment of household goods based on standard shipping container sizes: single staff with assignments of two years or more would be entitled to a standard 20-foot container, and staff with eligible family members would be entitled to a 40-foot container; the weight of household goods would not be taken into account. The Commission specified that the shipments should be made via the most cost-effective route and mode of transportation which, in most cases, was by surface transportation.

394. The Commission considered the approach for the new settling-in grant, which would consist of a daily subsistence allowance portion and a global lump sum of \$6,500 to cover the initial cost of relocation. It noted that the daily subsistence allowance included accommodation, meals and other incidentals and thus reflected the location-specific characteristics of settling-in costs. It also recognized that the direct and indirect expenses of relocation, including predictable and unpredictable expenses, would be compensated through the global lump-sum portion.

395. The Commission noted that current practice was to pay the equivalent of one month of salary as the lump-sum portion of the assignment grant for staff in the field who opted for full removal and to not pay that portion to staff at "H" duty stations who opted for full removal. It considered that there should be no differentiation between "H" and field duty stations with regard to relocation-related payments, given that the purpose was to cover the settling-in expenses of relocation. It therefore agreed that the proposed global lump-sum portion of the settling-in grant should be applicable to staff moving to a new duty station without differentiating between "H" and field duty stations.

396. The Commission discussed whether the global lump sum should also reflect location-specific characteristics of the duty station at the arrival or at the departure point. Some members, however, considered that this aspect of the settling-in grant could best be provided in the form of salary. Others noted that mixing two elements, the daily subsistence allowance and salary, as was the case under the current system, would perpetuate the current complexities. The Commission further considered that since salary varied according to the grade of the staff member, using salary for the lump-sum portion would contradict the principle of cost recovery. They also considered that an expense allowance of \$9,000, as proposed by the Human Resources Network, would not cover the variations in settling-in expenses by location or take into account the family status of staff. The Commission therefore agreed to use the equivalent of one month of salary at grade P-4/step VI as the global lump sum provided to all staff, as it could be standardized for all staff and at the same time address the variation in costs between different duty stations through the post adjustment.

397. The Commission noted that the new relocation package would be applicable to all staff who moved on or after the implementation date. Relocation travel and relocation shipment would also be applicable to staff who separated from service, subject to relevant eligibility criteria set by organizations. It agreed that as a

transitional measure, staff who moved before the implementation date and opted for non-removal of household goods (that is, partial removal) should continue to receive the non-removal allowance for up to five years of service at the same duty station or until they moved to a different duty station, as per the current provisions.

398. The Commission recognized that the total cost of the new relocation package could not be calculated currently as there would be no single lump sum for relocation shipment in the package. It requested the organizations to report on actual annual costs of relocation under the current and new relocation packages, including on removal costs (relocation travel and shipment) of staff separated from service, the costs for storage of personal effects and household goods and the reimbursement costs for transportation of privately owned automobiles, after two years of implementation of the new compensation system, in order to review and evaluate the system in terms of its cost implications and effectiveness.

Decisions of the Commission

399. The Commission decided:

(a) To establish a new relocation package consisting of three main features: relocation travel, relocation shipment and a settling-in grant;

(b) To discontinue the current non-removal allowance, assignment grant and relocation grant upon introduction of the new relocation package;

(c) To retain the current approach to relocation travel, which would remain the responsibility of the organization;

(d) To provide full removal of household goods for relocation shipment if that option was available, and, if not, to provide the option of full removal up to the established entitlement, which would be reimbursed to staff upon presentation of an invoice. In lieu of full removal, one of the following options could apply:

(i) Lump-sum option established at 70 per cent of the actual cost of relocation shipments;

(ii) Lump sum set by organizations based on 70 per cent of costs of past shipments, not exceeding \$18,000;

(e) To provide an approach similar to that in subparagraph (d) above for partial removal of household goods within an appropriate entitlement according to circumstances, including for appointments of less than two years, reassignments within the same country, mission area or area of operations and moves between non-family duty stations;

(f) To provide an entitlement for relocation shipment of household goods for staff with assignments of two years or more up to a standard 20-foot container for single staff and a 40-foot container for staff with eligible family members, regardless of the weight of household goods, via the most cost-effective route and mode of transportation;

(g) To provide a settling-in grant for the initial cost of relocation equivalent to 30 days of local daily subsistence allowance for staff, plus 15 days of local daily subsistence allowance for each accompanying eligible family member, plus a lump-sum amount equivalent to one month of the net base salary at grade P-4/step VI, plus the applicable post adjustment;

(h) To continue to pay the non-removal allowance to staff who move before the implementation date of the new relocation package and opt for non-removal of household goods (that is, partial removal) up to five years at the same duty station or until the staff move to another duty station, as a transitional measure.

400. The Commission requested the organizations to report on the actual annual costs of relocation under the current and new relocation package after two years of implementation of the new compensation system, in order to conduct its review.

H. Field allowances and benefits

1. Hardship allowance

401. The Commission recalled that the hardship allowance was a non-pensionable allowance designed to compensate for the degree of hardship experienced by staff assigned to difficult duty stations, payable to internationally recruited staff on assignment of one year or more. Under the current hardship scheme, the Commission classified duty stations into six categories by level of difficulty: “H” and “A” to “E”. “H” duty stations were headquarters and similarly designated locations where the United Nations had no developmental or humanitarian assistance programmes, or locations in countries that were members of the European Union. “A” to “E” locations were considered to be field duty stations, with “A” locations being the least difficult in terms of conditions of life and work, and “E” locations the most difficult. The amount of the hardship allowance varied according to the category of duty station and the staff member’s grade and family status. For locations designated as “H” or “A” duty stations, there was no hardship compensation.

402. At its seventy-ninth session, in 2014, the Commission provided directives to its working group on the remuneration structure with regard to the hardship allowance and the additional hardship allowance. The Commission wished to review its recommendations to simplify and further streamline the hardship classification system into three broad categories: a hardship allowance differentiated by groups of grades of staff and category of duty station; the integration of the additional hardship allowance for non-family duty stations into the hardship classification system; and payment of a further hardship allowance to staff with and staff with no eligible dependants at non-family duty stations.

403. At its eightieth session, in 2015, the Commission took into account the views of the working group participants. Some participants had recommended a simplified and streamlined hardship classification system with three broad hardship categories, coupled with a payment for service in non-family duty stations. Others had considered that too much simplification could lead to the classification of two very different duty stations at the same level. This would have the effect of penalizing some staff in difficult duty stations by reducing their hardship allowance, while unduly rewarding staff in relatively less difficult duty stations.

404. The Commission considered the following proposals:

(a) Hardship system payment matrix with three levels: “A” duty stations at one level, “B” and “C” duty stations at another level and “D” and “E” duty stations at a third level, with one flat amount of non-family service allowance (replacing the

current additional hardship allowance) for both staff with and staff with no dependants;

(b) Hardship system payment matrix with four levels: “A” duty stations at one level, “B” and “C” duty stations at another level, “D” duty stations at a third level and “E” duty stations at a fourth level, with one flat amount of non-family service allowance (replacing the current additional hardship allowance) for both staff with and staff with no dependants;

(c) Adjusted current hardship system with five categories, with zero loss for staff in terms of hardship allowance and the current payment matrix of additional hardship allowance;

(d) Adjusted current hardship system with five categories, with zero loss for staff in terms of hardship allowance and one payment amount for the non-family service allowance.

Views of the organizations

405. The Human Resources Network noted with satisfaction that an alternative proposal for the hardship scheme was presented that was based largely on the current system of classification, with a streamlining of amounts disbursed. The proposal was supported by organizations, as it would continue to support work in the most difficult field duty stations. The Network highlighted the need for a revision of the methodology in order to arrive at a realistic determination of the non-family status of duty stations. The Network maintained that while security considerations were of the utmost importance, other factors, such as adequate health care and education, were also key decision-making criteria for families. Such a review of the methodology could take place following the finalization of the current compensation review.

406. Organizations supported the model cited in paragraph 404 (c), as it differentiated the amounts for the additional hardship allowance. Organizations also favoured one hardship rate for staff with and staff with no eligible dependants, but did not favour a simplified system with three levels. They were also opposed to reducing any of the current amounts for certain duty stations in order to maintain cost neutrality. In their view, there would be savings from other elements that could be redistributed in favour of that important allowance.

407. The Human Resources Network noted that the current set of mobility and hardship allowances was adequately serving its purpose to encourage and support staff to serve in often dangerous hardship duty stations. It recalled that a number of hardship provisions had already been reduced in the past several years, in particular for staff serving in the United Nations funds and programmes. The Network cautioned that further reduction to such entitlements bore the risk of unintended consequences for the attractiveness of United Nations field operations, especially for senior staff. It reiterated its request for evidence-based confirmation that that would not be the case. Despite the limited ability to cost the total impact of the proposed changes, it was apparent that the highest impact would be in the “deep field” operations of the agencies.

Views of the staff

408. FICSA was in favour of keeping the current six-level system and supported the proposal in paragraph 404 (c). The Federation strongly objected to the adoption of the proposal in paragraph 404 (d), which would considerably decrease the additional hardship allowance for staff with dependants, potentially creating a situation in which staff with families would no longer be interested in applying for jobs at those duty stations. CCISUA was open to the three-level proposal in paragraph 404 (a). UNISERV supported maintenance of the current system of classification of duty stations, since it was working well, and was strongly of the view that there should be equal pay for equal hardship. The amounts should therefore be the same for all staff, especially as lower-level staff members were exposed to more hardship situations.

Discussion in the Commission

409. The Commission underscored the importance of the hardship allowance as a critical incentive for staff to serve in difficult duty stations and enable organizations to deliver their programmes. Its discussion would focus on proposals to simplify and streamline the hardship scheme.

410. Some Commission members were in favour of the proposal to establish three levels of hardship, considering that it would streamline and simplify the system. They agreed that the current “B” and “C” duty stations should be combined into a single hardship level, and the “D” and “E” duty stations into another level with recognition that they were locations where the greatest hardship existed. The non-family service allowance, which would replace the additional hardship allowance, would provide the same flat amount for both staff with and staff with no dependants, and equalize the incentive for service at non-family duty stations, which were among the most difficult and dangerous. Other Commission members were not in favour of the proposed new grouping of duty stations, as it might have unforeseen effects. They felt that a system with more classification levels would provide more information on the various degrees of hardship and that a matrix with only three levels would not sufficiently differentiate such degrees. Therefore, their preference was to maintain the current five categories of hardship from “A” to “E”.

411. After in-depth discussion, the Commission decided to maintain the current five categories of hardship from “A” to “E”, to set standard hardship rates that would apply equally to staff members with and staff members with no eligible dependants and to determine the new hardship allowance amounts as shown in paragraph 122, table 7.

412. The Commission also reminded organizations that motivating staff was not only a compensation matter, but also a human resources management issue. Organizations had to look at ways to improve conditions for staff serving in difficult duty stations.

Decisions of the Commission

413. The Commission decided to recommend to the General Assembly an adjusted hardship system consisting of five categories. Transitional measures would not be required as there would be no major departure from the current system and no decrease in amounts to any staff member. The new amounts should therefore be effective immediately upon implementation.

2. Additional hardship allowance/non-family service allowance

414. The additional hardship allowance was introduced on 1 July 2011 for staff serving in non-family duty stations. An incentive for staff to undertake assignments at non-family locations, it recognizes the increased level of financial and psychological hardship incurred owing to the involuntary separation of staff from their families. It is paid in addition to the normal hardship allowance and varies according to the staff member's grade and family status. For staff paid at the dependency rate, the additional hardship allowance is equivalent to 100 per cent of the applicable dependency rate of the hardship allowance for "E" duty stations, where conditions are the most difficult. For staff paid at the single rate, the additional hardship allowance is equivalent to 50 per cent of the applicable single rate of the hardship allowance for "E" duty stations. A staff member paid at the single rate receives the equivalent of 37.5 per cent of the dependency rate amount at the same grade.

415. A number of proposals were put forward for setting the amounts for the allowance, including whether it should be differentiated by family size.

416. In the comparator civil service, an amount of \$17,400 per year was paid as involuntary separate maintenance allowance for an employee with two eligible family members to compensate for the additional cost of maintaining a second household. Single employees did not receive a separate maintenance allowance.

Views of the organizations

417. The Co-Chair of the Human Resources Network stated that the organizations strongly supported the differentiation between staff with and staff with no dependants. The Network wished to highlight, however, that reductions should be avoided.

418. The Network expressed concern that limiting the eligibility for the non-family service allowance to staff in receipt of the spouse allowance would seriously affect staff in non-family duty stations by discriminating against staff members who had no spouse but who had dependent children (that is, single parents). It would also create significant obstacles for successful programme delivery in non-family duty stations. A number of organizations also noted that such an approach would be a deviation from the current eligibility criteria of the additional hardship allowance, which was paid to staff with dependants (dependent spouse or child). They recalled the purpose of the additional hardship allowance when it was introduced in 2011, and stressed the need to retain the current eligibility criteria of the additional hardship allowance, which the non-family service allowance would replace.

Views of the staff

419. All three staff federations supported the statement of the Human Resources Network.

Discussion in the Commission

420. Commission members considered that there were clear differences between staff members who had to maintain a separate household for their families when their duty station was designated as "non-family" and those who did not have dependants and thus were not affected. They therefore considered that staff with no

dependants should not receive the same allowance as staff with dependents. They were of the view that staff with no spouse but with a dependent child or children (that is, single parents) should be treated in the same way as staff with a dependent spouse. Some members considered that since a unified salary scale was being proposed for future implementation, dual field allowance systems should not be maintained and there should be a single amount for all staff under the hardship system. They considered, however, that an additional amount should be provided to staff with eligible dependants under the spouse allowance to compensate for the additional cost of maintaining a second household. Other members were of the opinion that a non-family service allowance should be paid only to staff with dependants, given that the name of the allowance had changed from “additional hardship allowance” under the mobility and hardship scheme to “non-family service allowance”, to reflect that service at non-family duty stations had associated additional costs owing to separation from family. Another view was that there should be one flat rate for all staff to incentivize service in non-family duty stations, with the possibility of reimbursing the cost of maintaining a second household for staff with dependants.

Decisions of the Commission

421. After having debated the implications of various approaches in relation to the rationale for the non-family service allowance, the Commission decided:

- (a) To differentiate the amount for the non-family service allowance by staff with dependants and staff with no dependants, as follows:
 - (i) Staff with eligible dependants: \$19,800/year (\$1,650/month);
 - (ii) Staff with no dependants: \$7,500/year (\$625/month);
- (b) That transitional measures were not needed.

3. Mobility incentive

422. At its seventy-ninth session, in 2014, the Commission had noted the overall low mobility pattern in the common system organizations whose mandates did not require their operations to be highly mobile. Some members of the Commission questioned the usefulness of the mobility allowance, since mobility was an inherent characteristic of the international civil service. Furthermore, the Commission did not see a reason for considering the number of moves made by staff in setting the allowance. It also considered that there was no need to incentivize staff movement to “H” duty stations using an allowance. The Commission was of the view that the mobility scheme should be simplified by merging the assignment grant with the mobility allowance into one package to be paid up front. Other possibilities would be to exclude “H” duty stations and establish annual flat amounts based on the degree of hardship and the grade of the staff member, to be paid for a period up to a maximum of five years.

423. The Commission agreed that the amounts should not be differentiated by category of duty station since it would overlap with the purpose of the hardship allowance, but rather by grade bands. The purpose of the proposed mobility incentive should be to encourage mobility of staff in general to field duty stations. The Commission set the annual amount for the P-1 to P-3 grade band (100 per cent of the weighted average monthly base salary) as the lower limit. It determined the

amount for the P-4 and P-5 grade band at 125 per cent of the limit, and for the D-1 and above grade band at 150 per cent of the limit.

424. With regard to the Commission's request to explore possibilities for streamlining and integrating the mobility incentive and the assignment grant into one system, the Commission noted the working group's proposal to keep the settling-in grant and the mobility incentive separate, since merging them would not simplify the system and the purpose of separate elements would be lost.

Views of the organizations

425. Organizations again highlighted their concern regarding the exclusion of "H" duty stations from the mobility incentive. The Co-Chair of the Human Resources Network reiterated that geographical mobility and service in field and hardship duty stations were two critical but distinct priorities for organizations. Organizational success depended not only on the ability to rotate staff from headquarters to field duty stations but also on the mobility of experienced field staff to headquarters and between "H" duty stations in many inter-agency mobility cases.

Views of the staff

426. All three staff federations supported the statement made by the Human Resources Network.

Discussion in the Commission

427. The Commission reiterated that mobility was characteristic of the international civil service and was therefore an obligation for staff members of the common system organizations. There was no need for a separate allowance to incentivize mobility. The Commission also noted that there were already numerous elements in place to encourage mobility, including the hardship allowance, the additional hardship allowance, the rest and recuperation framework and relocation-related payments, such as the relocation grant.

428. The Commission discussed the possible merging of the current mobility and hardship allowances, as it seemed to some that they overlapped, with both allowances serving the same purpose. Some members were in favour of strengthening the hardship allowance overall and also providing a payment to staff serving at category "A" duty stations. The Commission noted that while the hardship allowance was a recurring allowance paid as long as a staff member served in a hardship duty station, the mobility allowance was paid for a period of up to five years in the same duty station and only to staff members with five consecutive years of prior service in the common system. It considered the possibility of consolidating the proposed mobility incentive under the new relocation-related elements. Members underscored that the purpose of the mobility incentive should be for organizations to move staff with the right talent to the right place. The incentive was a flexible, discretionary tool that organizations could use to recognize different circumstances and mandates, similar to the relocation bonus in the comparator civil service.

429. The Commission recognized that staff mobility varied according to the needs, mandates and post structures of the organizations of the United Nations common system and that not all organizations had a mobility policy or fully developed

mobility culture. Some organizations, such as the United Nations Secretariat, had recently implemented a comprehensive mobility policy, whereas other organizations were in the process of developing or implementing such a policy. There might therefore be a need for a mobility incentive until a mobility culture existed in all organizations. The Commission therefore agreed to maintain the mobility allowance, but with revised annual payment amounts. Under the current scheme, a mobility allowance was granted for a period up to a maximum of five years at a given duty station and only to staff with five consecutive years of prior service in the common system and from their second assignment (that is, the first geographical move). The Commission decided that the mobility incentive should be reviewed in five years in order to re-evaluate its need, with the expectation that by that time all organizations in the common system would have a mobility culture.

430. In the light of the above, the Commission proposed payment amounts (by grade band, in United States dollars), with annual payments to be made up front for a period up to a maximum of five years. Category “H” duty stations would be excluded from the mobility incentive. The proposed payment amounts and grade bands were as follows:

P-1 to P-3	6 500
P-4 and P-5	8 125
D-1 and above	9 750

Decisions of the Commission

431. The Commission decided to recommend a mobility incentive in lieu of the current mobility allowance to encourage mobility of staff to field duty stations, with annual payments for a maximum period of five years at the same duty station, as shown in paragraph 430. The mobility incentive would be structured in the following manner:

- (a) To apply to staff with five consecutive years of prior service in a common system organization and from their second assignment (that is, the first geographical move);
- (b) To exclude “H” duty stations from the mobility incentive;
- (c) To discontinue payment for past moves.

432. The Commission further decided to recommend, as a transitional measure, continuation of current amounts of the mobility allowance for up to five years at the same duty station for staff who moved before the implementation of the new incentive, or until they moved to a different duty station. It also decided to revisit the mobility incentive after five years to re-evaluate the need for it.

4. Rest and recuperation framework

433. The Commission recalled its prior consideration of the rest and recuperation framework, which it viewed as an essential part of a broader package of measures crucial to the effective delivery of programmes. The framework was seen as a way to relieve accumulated stress under the difficult and dangerous conditions that characterized non-family duty stations. It was an important tool for both the well-being of staff members and the effectiveness of operations, although it was

important to manage its frequency carefully. The Commission also noted that because the current framework, endorsed by the General Assembly as at 1 July 2012, was rigid and did not provide flexibility to staff or managers, the right balance needed to be struck between the health and well-being of staff and programme delivery. While staff should be able to take leave when they were stressed, the judgement of managers should also be taken into account in providing breaks, rather than being subject to the mechanical application of a scheme. Therefore, in order to enable flexible utilization of the framework, the Commission considered that there could be a minimum and a maximum duration between breaks, based on conditions at the duty stations.

434. The Commission noted the existence of other paid travel provided by the organizations, such as home leave, family visit and education grant travel, and noted the overlap between the rest and recuperation framework and accelerated home leave travel.

435. Recalling the expert information it had received and discussed in 2011 on stress levels and burnout, the Commission had recommended that the current rest and recuperation framework be maintained and adjusted. In keeping with its previously expressed view regarding the overlap between accelerated home leave travel and rest and recuperation travel, it recommended that accelerated home leave travel be discontinued and that family duty stations with high hardship levels continue to be covered within the rest and recuperation framework.

Views of the organizations

436. The Human Resources Network supported the recommendations of the working group that the rest and recuperation framework be maintained, noting that it should not be viewed as a compensation element. In addition, the Network repeated its request for the establishment of a lump sum, which would cover the accommodation portion of rest and recuperation travel, suggesting that the funds saved from the discontinuation of accelerated home leave travel could be used for that purpose. The Network recalled that not long before, the Commission had made the recommendation to the General Assembly that an accommodation portion be established, and that the Assembly had decided not to approve it. With regard to accelerated home leave travel, the Network agreed that there was an overlap with rest and recuperation travel, noting, however, that some duty stations to which accelerated home leave travel applied were not covered under the rest and recuperation framework. That would result in the loss of allowances for staff members in some duty stations that were not designated as non-family duty stations but, nevertheless, had a high level of hardship.

Views of the staff

437. The staff federations underscored the importance of the rest and recuperation mechanism for staff well-being and productivity and thus for the effective delivery of mandates. The federations noted, however, that the framework did not go far enough in the absence of an accommodation portion. Staff were not always able to travel on rest and recuperation, owing to exigencies of service, scarcity of transportation options and the high cost of accommodation at rest and recuperation destinations, which represented significant out-of-pocket expenses to be borne by staff. The federations were of the view that the framework could be greatly

improved by payment of a daily subsistence allowance at the rest and recuperation destination or the provision of onward travel to home countries to reunite staff with their families. The representative of CCISUA also noted that, with the discontinuation of accelerated home leave travel, some staff would unduly lose their entitlement in the “D” and “E” duty stations that did not fall under the rest and recuperation framework. The representative insisted that it was important that accelerated home leave travel be maintained. The representative of UNISERV expressed strong agreement with the major elements of the statement of the Human Resources Network and requested that the accelerated home leave travel not be abolished without adequate substitution.

Discussion in the Commission

438. The Commission addressed the overlap between the rest and recuperation framework and the accelerated home leave travel. Most Commission members expressed a preference for the discontinuation of accelerated home leave travel, while one member suggested that the discontinuation be limited to duty stations with a six-week or eight-week rest and recuperation cycle, which would provide sufficient frequency of travel away from difficult duty stations.

439. Some members of the Commission expressed the view that the rest and recuperation framework should provide flexibility for staff members so that they could accumulate more than five days and take longer rest and recuperation breaks. Such flexibility would allow staff members with families living at a distance to travel home to reunite with their families, instead of going to a nearby rest and recuperation destination.

440. Some members of the Commission questioned conditions in difficult duty stations that were not designated as non-family but fell under the rest and recuperation framework, namely, those at which the staff member would be eligible for rest and recuperation travel but would leave the family behind at the duty station. This was an anomaly that needed to be corrected by extending rest and recuperation travel to the eligible family members in such duty stations. Other members wanted to examine the feasibility of reclassifying those family duty stations as non-family in order to comply with the principle that it was the staff member alone who was entitled to rest and recuperation travel. The Commission had asked the organizations to provide data on the number of staff members and their dependants in family duty stations falling under the rest and recuperation framework.

441. With regard to an accommodation portion for rest and recuperation travel, some Commission members expressed the view that it was appropriate to resubmit the proposal to establish a lump sum to the General Assembly. Other members, however, disagreed, noting that the financial situation of the organizations had not improved sufficiently to accommodate the proposal.

442. The Commission reiterated that the current rest and recuperation framework was a good tool that should be maintained. Other issues that were discussed, such as the possible inclusion of family members, the payment of an accommodation portion and the accumulation of rest and recuperation cycles, needed further study and elaboration.

Decisions of the Commission

443. The Commission decided:

- (a) To maintain the current rest and recuperation framework;
- (b) To discontinue accelerated home leave travel.

I. Competitiveness and sustainability**1. Comparability of compensation systems of the United Nations and the United States of America**

444. Recalling the request by the General Assembly in its resolution 68/253 that the Commission ensure the comparability of the total compensation package in the United Nations common system, including all monetary and non-monetary elements, under the Noblemaire principle, the Commission considered comparisons of various elements of the common system package with the comparator civil service.

445. Those studies included recent benchmarking exercises conducted by both the Commission secretariat and external entities. They related to pensions and medical insurance, an analysis of leave and holiday provisions, and a comparison of other benefits, encompassing cash items offered by the respective organizations and other elements. The findings of those comparisons are described below.

Benchmarking with the United States federal civil service pension and medical insurance

446. After completion of a study of pensionable remuneration in 2012, the Commission reported to the General Assembly, inter alia, that the income replacement ratios under the Federal Employees Retirement System and the United Nations Joint Staff Pension Fund were broadly comparable. However, United States employees had the potential to receive significantly higher benefits under the Federal Employees Retirement System, owing to the employer match of up to 5 per cent of voluntary employee contributions (A/67/30, para. 59 (a)).

447. In a study of key compensation elements dated June 2014 (GAO-14-546), the United States Government Accountability Office concluded, inter alia, that results obtained from comparing the pension schemes varied depending on assumptions made in terms of the number of years of service and other factors. For employees with 30 years of service retiring at 62 years of age, both the Federal Employees Retirement System and the United Nations Joint Staff Pension Fund replaced a similar percentage of pre-retirement salary. For employees with 20 years of service retiring at 62 years of age, the Federal Employees Retirement System replaced a higher percentage of pre-retirement salary.

448. With regard to medical insurance, it was recalled that in 2014 the Commission had recommended that the current apportionments of health insurance premiums between the Organization and both active and retired staff, whether in United States or non-United States health insurance plans, be maintained at their existing ratios. The study by the United States Government Accountability Office, which limited itself to the United Nations plans in New York, had concluded that the average cost to the employer per staff member was 5 per cent higher for the United States Government than for the United Nations. That difference increased to 29 per cent

for participating staff only. A more in-depth comparison of apportionments of medical insurance premiums would require detailed actuarial evaluations of the varied plans offered by the comparator and the various common system organizations.

Leave and holidays

449. The United Nations system provides annual leave of 30 days per year for staff on fixed-term and continuing appointments while, in the comparator civil service, the number of days of annual leave per year varies with years of service according to the following schedule for employees based in the United States and those posted abroad: 13 days per year for up to 3 years of service; 20 days per year for 3 to 15 years of service; and 26 days per year for more than 15 years of service.

450. While common system organizations do not provide additional days of leave for home leave besides travel time, the comparator civil service provides home leave to employees posted abroad,⁶ at the rate of 5 to 15 days per year, dependent on certain conditions. In addition to annual leave, common system organizations provide 10 holidays per year, the same number of days as offered by the comparator civil service to employees posted at home and those posted abroad. In addition, United States employees posted abroad benefit from an additional 7 to 12 days annually, owing to the observance of local holidays.

Other benefits

451. A comparison of other benefits provided in the two compensation systems was conducted by the secretariat. In addition to base salaries, benefits included: post adjustment or cost-of-living allowance; housing benefits; dependency benefits; education grant/allowance; and hardship, danger, mobility and related payments, such as the proposed non-family service allowance (currently the additional hardship allowance).

Views of the organizations and staff

452. The representative of CEB noted the findings of the comparability study and concurred with the conclusions about the broad comparability of the United States and common system compensation packages. Representatives of the staff federations pointed to particular differences between the remuneration package of the United Nations common system and that of the comparator. In the case of health insurance and pensions, it was suggested that the schemes available to United States civil servants appeared more favourable than those available to common system staff. At the same time, it was acknowledged that the paternity and maternity leave policies of the common system were clearly more advantageous. In general terms, however, it was considered that the remuneration packages available to staff were largely comparable.

Discussion in the Commission

453. The Commission agreed that conducting a comparison of the United Nations and United States federal civil service was difficult, owing to the fundamental differences in underlying philosophies of seemingly similar allowances, which

⁶ United States of America, Department of State, *Foreign Affairs Manual*, vol. 3, handbook 1.

were, however, designed to cater for the unique circumstances of each civil service (for example, requirements for hardship in the common system and housing in the comparator). Moreover, the results of any comparison were by definition constrained by the availability of data, as well as by the number of assumptions needed to complete the necessary calculations.

454. Nonetheless, qualitative and quantitative analyses of the two packages, complemented by additional recent studies of major and individual elements (pensions, insurance and leave) showed that they were largely comparable. The comparison also confirmed a competitive level of United Nations compensation vis-à-vis that of the comparator civil service. After the full implementation of the revised compensation package and initial experience relating to its operation was gained, the Commission considered that it would be useful to conduct further studies to assess whether the compensation packages offered by the common system and by its comparator remained broadly comparable.

2. Total rewards

455. In the context of General Assembly resolution 68/253, the Commission undertook a review of total rewards of the human resources policies and practices in the United Nations common system and the comparator civil service, based on an inventory comparing the two services that had been reviewed by the working group on sustainability and comparability.

456. The Commission acknowledged the concept of total rewards as a package providing organizations with a framework for strategies to attract, motivate and retain employees. Organizations' total rewards packages varied and were based on their philosophy, staff demographics, needs and budgets. Although four elements were generally accepted as key parts of a total rewards package, many organizations tended to view them as separate programmes and practices. However, staff tended to recognize the value of the entire package as being greater than the sum of its individual parts. The key elements of a total rewards package are:

- (a) Compensation and performance;
- (b) Benefits;
- (c) Work-life balance;
- (d) Development and career opportunities.

457. The above-mentioned elements represent a tool kit for organizations to choose from and offer as they see fit. They create value for both the organization and staff and can be used as different levers by organizations to attract, retain and motivate staff.

Views of the organizations and staff

458. The Human Resources Network and the three staff federations took note of the information regarding total rewards provisions in both the United Nations common system and the comparator civil service, and the conclusions of the working group that there was broad comparability between the two entities.

Discussion in the Commission

459. The Commission noted the broad comparability between the concepts in the two civil services. From a non-cash perspective, both offered various total rewards programmes. It appeared that the United States might be more advanced in terms of work-life programme implementation. With regard to total rewards benchmarking, the use of a single comparator made benchmarking challenging. Because the total rewards programmes of the comparator civil service were mainly linked to the needs of the national workforce and national regulatory environment, rather than to its overseas staff, it was difficult to compare them to the United Nations international expatriate staff.

460. The Commission observed that the comparator placed high priority on work-life balance issues and seemed to be ahead of the common system in that area. The Commission expressed the view that more could be done to support staff with regard to their work-life balance and other areas involving non-cash elements. It encouraged organizations to increase efforts to provide low- or no-cost options to staff to improve work-life balance, which was an important element in motivating and retaining staff.

Decision of the Commission

461. The Commission decided to report to the General Assembly that it endorsed the overall conclusion of the comparability studies and that the compensation package, together with the major elements of the total rewards packages of the United Nations common system and of the comparator civil service were broadly comparable.

J. Financial implications

462. A full estimate of the cost of the proposed compensation system compared to the current package was calculated, and is presented in table 14.

Table 14

Summary of estimated cost of existing system compared to proposed changes, for all staff, without transitional measures

(Millions of United States dollars)

	<i>Current system</i>	<i>Proposed system</i>	<i>Difference</i>
Recurring costs			
Base salary	2 487.6	2 390.0	} (40.9)
Post adjustment	1 397.9	1 343.4	
Spouse allowance	–	111.1	
Child allowance	107.6	128.0	20.4
Rental subsidy ^a	55.1	55.1	–
Hardship allowance	115.6	123.6	8.0
Additional hardship allowance/ non-family service allowance	65.0	66.7	1.7
Mobility	52.2	43.0	(9.3)
Danger pay	27.9	27.9	–

	<i>Current system</i>	<i>Proposed system</i>	<i>Difference</i>
Other benefits			
Education grant ^b	225.8	200.3	(25.5)
Education travel	14.0	1.6	(12.5)
Special education grant	8.3	8.3	(0.1)
Home leave (paid travel)	139.1	139.1	–
Accelerated home leave travel	35.3	–	(35.3)
One-time payments			
Termination indemnity	16.4	15.5	(0.8)
Death grant	1.13	1.1	(0.1)
Repatriation grant ^c	37.1	35.2	(1.9)
Relocation ^d	319.0	302.0	(17.0)
Total	5 105.2	4 992.0	(113.2)

Source: Personnel statistics of the United Nations System Chief Executives Board for Coordination for 2012, unless otherwise stated.

^a Based on average costs for 2012.

^b Under the proposed scheme, capital assessment costs will be dealt with outside of the education grant.

^c Additional savings are anticipated owing to adjustments to the payment schedule.

^d Based on estimates. Excludes costs relating to staff leaving on separation.

463. The assumptions, data sources and calculations applied to derive these estimates are as set out below.

1. Salary structure

464. The estimates for this item were based on the latest available United Nations system personnel statistics (2012) and assumed the placement of all staff on the new unified scale (as explained in annex II, sect. B) and the application of new eligibility provisions for the receipt of the proposed spouse and child allowances. Changes in the salary structure, affecting base salaries, post adjustment, spouse allowance and child allowance, were therefore viewed in their entirety.

465. Based on the above, the introduction of the revised salary structure would result in an overall cost reduction estimated at approximately \$20.5 million. This takes into account the zero change for staff with a dependent spouse once the new spouse allowance was introduced, the combined effect of the cost increase resulting from moving single staff to the new structure (a cost of \$11 million) and the reduced payments for staff currently receiving the dependency rate of pay in respect of the first dependent child (savings of \$31.5 million) once transitional measures had been phased out.

466. The cost estimate also assumed that staff receiving compensation outside the new salary structure would be maintained on “personal steps”, which would be phased out by attrition. Going forward, fewer staff would be expected to be eligible for the spouse allowance as a result of the broadening of the spousal earnings definition used to determine eligibility for the allowance, thus resulting in additional savings.

2. Field allowances

467. Based on estimates derived from the CEB personnel statistics for 2012, the proposed changes to the hardship scheme (that is, eligible staff would be paid at the same rate regardless of dependency status) would result in a cost increase of approximately \$8 million. There would also be a slight increase in cost for the additional hardship allowance/non-family service allowance (\$1.7 million) as a result of changes to the payment matrix. The combined cost increase for the two elements (\$9.7 million) would be slightly more than the reductions under the mobility incentive (\$9.3 million), thereby generating an additional cost of \$0.4 million. The discontinuation of accelerated home leave is estimated to generate a further \$35.3 million of savings.

3. Education grant

468. The cost estimate for the education grant was derived by applying the current and proposed provisions of the scheme to the latest education grant claims (2010/11 academic year, updated to a 2014/2015 basis). Reimbursement levels were then compared.

469. Overall, the revised education grant scheme is likely to result in cost reductions, primarily due to the streamlining of admissible expenses and reduced levels of reimbursement at the higher end of the declining scale (savings of \$25.5 million). Reductions in the provision of education grant travel yield further savings (\$12.5 million).

4. Other elements

470. Changes in the salary structure also affect benefits expressed as a percentage of salary, that is, separation payments. The Commission noted in that context that the removal of the spousal element from the salary structure would result in an overall cost reduction for the termination indemnity, repatriation grant and death grant. Owing to lack of data, however, these reductions could not be estimated.

5. Projections of cost evolution over time

471. In addition to the immediate changes as described above, the impact of other changes to be phased into the compensation package in the next several years should be taken into account. For example, the modified periodicity of step increments is expected to result in cumulative cost reductions over time and will serve as an important long-term cost-containment tool. The volatility and unpredictability of many of the factors affecting actual savings render it somewhat difficult to make a precise estimate of total savings. However, as a minimum, approximately 1 per cent of base salary plus post adjustment and spouse allowance would be expected to be saved annually from changes in the periodicity of steps and the discontinuation of granting accelerated steps, such as those for language proficiency.

472. Full implementation of the performance incentives within the performance appraisal and recognition framework agreed upon by the Commission could amount to some \$23.9 million, depending on details of the agreed scheme. Bearing in mind that individual organizations were yet to decide on the specific parameters of their scheme within the established framework, the Commission noted that the

implications of the framework for recognition and reward programmes were not immediate and could not be reasonably estimated at the current stage. The costs of such programmes were expected to be fully covered, however, by savings generated by the modifications to the step periodicity.

473. Regarding recruitment incentives, the Commission observed that such payments would be rare and would be approved, managed and reported in the same manner as ex gratia payments currently authorized by executive heads. Significant additional costs are therefore not expected.

Annex I

Programme of work of the International Civil Service Commission for 2016-2017

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 of the Professional and higher categories:
 - (a) Base/floor salary scale;
 - (b) Review of staff assessment for grossing up purposes;
 - (c) Evolution of the United Nations/United States net remuneration margin;
 - (d) Implementation of the revised compensation package;
 - (e) Report of the thirty-eighth session and agenda for the thirty-ninth session of the Advisory Committee on Post Adjustment Questions;
 - (f) Report of the thirty-ninth session and agenda for the fortieth session of the Advisory Committee on Post Adjustment Questions.
3. Conditions of service of the General Service and other locally recruited staff:
 - (a) Review of the common system compensation package for locally recruited staff and field service staff;
 - (b) Review of the National Professional Officer category;
 - (c) Review of the use of the categories of staff;
 - (d) Surveys of best prevailing conditions of employment at:
 - (i) Geneva;
 - (ii) Vienna.
4. Conditions of service applicable to both categories of staff:
 - (a) Framework for human resources management;
 - (b) Guidelines for agreed termination of staff;
 - (c) Contractual arrangements: review of the implementation of the three types of contracts;
 - (d) Review of the level of existing allowances (pending decisions by the General Assembly on the comprehensive review of the compensation package).
5. Monitoring of the implementation of the decisions and recommendations of the International Civil Service Commission and the General Assembly by organizations of the United Nations common system.

Annex II**Proposed unified salary scale and related issues****A. Proposed unified salary scale for the Professional and higher categories showing annual gross salaries and net equivalents after application of staff assessment**

(Effective date to be determined)

(United States dollars)

<i>Level</i>		<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X</i>	<i>XI</i>	<i>XII</i>	<i>XIII</i>
USG	Gross	201 445												
	Net	148 454												
ASG	Gross	182 820												
	Net	136 161												
D-2	Gross	137 954	140 969	143 981	147 000	150 018	153 215	156 414	159 611	162 809	166 006			
	Net	106 068	108 178	110 287	112 400	114 512	116 622	118 733	120 843	122 954	125 064			
D-1	Gross	123 410	126 059	128 709	131 359	134 000	136 650	139 299	141 943	144 594	147 240	149 887	152 686	155 494
	Net	95 887	97 741	99 596	101 451	103 300	105 155	107 009	108 860	110 716	112 568	114 421	116 273	118 126
P-5	Gross	106 237	108 489	110 743	112 993	115 247	117 497	119 753	122 004	124 257	126 509	128 763	131 011	133 267
	Net	83 866	85 442	87 020	88 595	90 173	91 748	93 327	94 903	96 480	98 056	99 634	101 208	102 787
P-4	Gross	87 413	89 414	91 417	93 418	95 421	97 421	99 426	101 550	103 723	105 896	108 073	110 241	112 416
	Net	69 934	71 455	72 977	74 498	76 020	77 540	79 064	80 585	82 106	83 627	85 151	86 669	88 191
P-3	Gross	71 699	73 551	75 405	77 255	79 111	80 963	82 814	84 671	86 522	88 375	90 232	92 082	93 937
	Net	57 991	59 399	60 808	62 214	63 624	65 032	66 439	67 850	69 257	70 665	72 076	73 482	74 892
P-2	Gross	55 343	57 000	58 658	60 314	61 972	63 632	65 289	66 943	68 603	70 259	71 916	73 576	75 230
	Net	45 561	46 820	48 080	49 339	50 599	51 860	53 120	54 377	55 638	56 897	58 156	59 418	60 675
P-1	Gross	42 934	44 222	45 510	46 798	48 084	49 373	50 722	52 129	53 536	54 943	56 349	57 755	59 162
	Net	35 635	36 704	37 773	38 842	39 910	40 980	42 049	43 118	44 187	45 257	46 325	47 394	48 463

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

B. Grade and step matching at the time of transitioning

Grade	Present step	Proposed		Grade	Present step	(Present D)	(Present S)	Grade	Present step	(Present D)	(Present S)	Grade	Present step	(Present D)	(Present S)
		(Present D)	(Present S)												
P-1	1	4	4	P-2	11	13	13	P-4	4	4	4	P-5	9	9	8
P-1	2	5	5	P-2	12	– ^a	–	P-4	5	5	5	P-5	10	10	9
P-1	3	6	6	P-3	1	1	1	P-4	6	6	6	P-5	11	11	10
P-1	4	7	7	P-3	2	2	2	P-4	7	7	7	P-5	12	12	11
P-1	5	8	8	P-3	3	3	3	P-4	8	8	8	P-5	13	13	12
P-1	6	9	9	P-3	4	4	4	P-4	9	9	9	D-1	1	3	2
P-1	7	11	10	P-3	5	5	5	P-4	10	10	10	D-1	2	4	3
P-1	8	12	11	P-3	6	6	6	P-4	11	11	11	D-1	3	5	4
P-1	9	13	13	P-3	7	7	7	P-4	12	12	11	D-1	4	6	5
P-1	10	– ^a	–	P-3	8	8	8	P-4	13	13	12	D-1	5	7	6
P-2	1	3	3	P-3	9	9	9	P-4	14	– ^a	– ^a	D-1	6	8	7
P-2	2	4	4	P-3	10	10	10	P-4	15	– ^a	– ^a	D-1	7	9	8
P-2	3	5	5	P-3	11	11	11	P-5	1	1	1	D-1	8	10	9
P-2	4	6	6	P-3	12	12	12	P-5	2	2	2	D-1	9	11	10
P-2	5	7	7	P-3	13	13	13	P-5	3	3	3	D-2	1	2	1
P-2	6	8	8	P-3	14	– ^a	– ^a	P-5	4	4	4	D-2	2	3	2
P-2	7	9	9	P-3	15	– ^a	– ^a	P-5	5	5	4	D-2	3	4	3
P-2	8	10	10	P-4	1	1	1	P-5	6	6	5	D-2	4	5	4
P-2	9	11	11	P-4	2	2	2	P-5	7	7	6	D-2	5	6	5
P-2	10	12	12	P-4	3	3	3	P-5	8	8	7	D-2	6	7	6

Abbreviations: D, dependency status; S, single status.

^a Salaries to be maintained by the International Civil Service Commission.

C. Proposed staff assessment rates to be used with the unified salary scale

(United States dollars)

Current staff assessment scale				Proposed staff assessment scale			
Bracket		Bracket size	Tax percentage	Bracket		Bracket size	Tax percentage
From	To			From	To		
–	50 000	50 000	15	–	50 000	50 000	17
50 000	100 000	50 000	21	50 000	100 000	50 000	24
100 000	150 000	50 000	27	100 000	150 000	50 000	30
150 000	Upward	–	30	150 000	Upward	–	34

D. Proposed pensionable remuneration scale after the introduction of a unified salary scale

(Effective date to be determined)

(United States dollars)

<i>Level</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X</i>	<i>XI</i>	<i>XII</i>	<i>XIII</i>
USG	319 865	–	–	–	–	–	–	–	–	–	–	–	–
ASG	295 646	–	–	–	–	–	–	–	–	–	–	–	–
D-2	226 417	231 676	236 943	242 208	247 468	252 732	257 995	263 258	268 520	273 781	–	–	–
D-1	201 410	205 868	210 577	214 896	219 215	223 524	227 842	232 374	237 003	241 629	246 248	250 418	254 870
P-5	175 226	178 897	182 568	186 245	189 915	193 588	197 258	200 934	204 605	208 278	211 951	215 632	219 569
P-4	143 031	146 571	150 103	153 637	157 180	160 711	164 248	167 788	171 321	174 854	178 387	181 935	185 465
P-3	117 554	120 559	123 558	126 554	129 559	132 557	135 557	138 562	141 702	144 985	148 264	151 543	154 825
P-2	91 077	93 761	96 441	99 131	101 810	104 495	107 179	109 862	112 545	115 226	117 913	120 597	123 276
P-1	69 933	72 211	74 489	76 766	79 044	81 322	83 600	85 878	88 156	90 434	92 711	94 989	97 267

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

E. Derivation of pensionable remuneration scale

1. The proposed net base salary amounts in annex II, section A, are based, in most cases, on the current net dependency rate salaries, reduced by a factor of 1.06. In such cases, the existing pensionable remuneration amounts were maintained. However, where steps have been added to the proposed scale, which are not based on the current net dependency rate salaries, the interpolation/extrapolation model described in the next paragraph was applied.

2. A linear regression model based on the relationship between the existing net dependency rate salary scale and the associated pensionable remuneration amounts within each grade was used, such that new pensionable remuneration values could be calculated using the new base salary amounts. For example, at the D-1 grade, step II, the process yields a pensionable remuneration amount equivalent to \$205,868.

3. In the case of the Under-Secretary-General and Assistant Secretary-General levels, the new pensionable remuneration amounts were calculated using 90 per cent of the current differential in net dependency rate salaries, relative to the top of the current D-2 scale (that is, step VI). Those proportions were applied to the pensionable remuneration associated with the highest step within the proposed scale at the D-2 grade (that is, step X). As such, the pensionable remuneration amounts for both levels are higher than under the current arrangements.

Annex III

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

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 in the range of 5 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
- Appropriate budgetary arrangements should be made to ensure the long-term sustainability of the system

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 in dealing with staff and that the root of many performance management problems lies in conflicts that could have been avoided with 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 establishing 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 to have such training essential for progressing 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 account of 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 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 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.

Annex IV

Base/floor salary scale for the Professional and higher categories showing annual gross salaries and net equivalents after application of staff assessment, effective 1 January 2016

(United States dollars)

Level	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
USG Gross	194 136														
Net D	149 395														
Net S	134 449														
ASG Gross	176 463														
Net D	137 024														
Net S	124 080														
D-2 Gross	144 751	147 815	150 920	154 117	157 314	160 510									
Net D	114 668	116 905	119 144	121 382	123 620	125 857									
Net S	105 345	107 233	109 114	110 990	112 861	114 721									
D-1 Gross	132 290	134 984	137 668	140 362	143 055	145 742	148 437	151 174	153 980						
Net D	105 572	107 538	109 498	111 464	113 430	115 392	117 359	119 322	121 286						
Net S	97 583	99 289	100 994	102 692	104 389	106 081	107 766	109 451	111 130						
P-5 Gross	109 449	111 738	114 029	116 315	118 608	120 895	123 188	125 475	127 766	130 055	132 344	134 632	136 923		
Net D	88 898	90 569	92 241	93 910	95 584	97 253	98 927	100 597	102 269	103 940	105 611	107 281	108 954		
Net S	82 586	84 072	85 552	87 032	88 510	89 981	91 454	92 923	94 390	95 853	97 316	98 771	100 229		
P-4 Gross	90 038	92 080	94 122	96 162	98 205	100 264	102 475	104 685	106 895	109 101	111 314	113 521	115 730	117 941	120 151
Net D	74 130	75 743	77 356	78 968	80 582	82 193	83 807	85 420	87 033	88 644	90 259	91 870	93 483	95 097	96 710
Net S	69 032	70 499	71 969	73 431	74 895	76 358	77 820	79 278	80 736	82 193	83 646	85 100	86 554	88 004	89 454
P-3 Gross	74 013	75 903	77 794	79 680	81 572	83 461	85 348	87 241	89 129	91 019	92 911	94 799	96 690	98 578	100 505
Net D	61 470	62 963	64 457	65 947	67 442	68 934	70 425	71 920	73 412	74 905	76 400	77 891	79 385	80 877	82 369
Net S	57 379	58 751	60 126	61 497	62 873	64 244	65 615	66 991	68 361	69 735	71 103	72 473	73 838	75 209	76 577
P-2 Gross	60 715	62 405	64 095	65 786	67 477	69 165	70 857	72 544	74 235	75 928	77 615	79 306			
Net D	50 965	52 300	53 635	54 971	56 307	57 640	58 977	60 310	61 646	62 983	64 316	65 652			
Net S	47 803	49 015	50 223	51 434	52 642	53 853	55 063	56 270	57 477	58 683	59 889	61 095			
P-1 Gross	47 464	48 976	50 516	52 146	53 767	55 392	57 016	58 644	60 265	61 887					
Net D	40 344	41 630	42 908	44 195	45 476	46 760	48 043	49 329	50 609	51 891					
Net S	38 056	39 239	40 423	41 605	42 786	43 969	45 151	46 319	47 481	48 644					

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

Annex V

Comparison of average net remuneration of United Nations officials in the Professional and higher categories in New York with that of United States officials in Washington, D.C., by equivalent grade (margin for calendar year 2015)

Grade	Net remuneration (United States dollars)		United Nations/ United States ratio (United States, Washington, D.C. = 100)	United Nations/ United States ratio adjusted for cost-of- living differential	Weights for calculation of overall ratio ^c
	United Nations ^{a,b}	United States			
P-1	73 961	54 873	134.8	119.6	0.2
P-2	96 383	68 517	140.7	124.8	7.4
P-3	117 652	87 693	134.2	119.1	28.7
P-4	139 857	107 049	130.6	115.9	33.6
P-5	163 422	125 863	129.8	115.2	21.6
D-1	186 508	145 511	128.2	113.8	6.4
D-2	200 589	155 107	129.3	114.7	2.0
Weighted average ratio before adjustment for New York/Washington, D.C., cost-of-living differential					132.1
New York/Washington, D.C., cost-of-living ratio					112.7
Weighted average ratio, adjusted for cost-of-living differential					117.2

^a Average United Nations net salaries at dependency level by grade, reflecting 12 months at multiplier 66.7 on the basis of the salary scale in effect from 1 January 2015.

^b For the calculation of the average United Nations salaries, personnel statistics of the United Nations System Chief Executives Board for Coordination, as at 31 December 2014, were used.

^c These weights correspond to the United Nations common system staff in grades P-1 to D-2, inclusive, serving at Headquarters and established offices, as at 31 December 2014.

Annex VI

Agenda for the thirty-eighth session of the Advisory Committee on Post Adjustment Questions

1. Methodological issues pertaining to the 2016 round of cost-of-living surveys:
 - (a) Final proposals and recommendations regarding the list of items and their specifications;
 - (b) New design of data collection forms:
 - (i) New design of the expenditures survey questionnaire;
 - (ii) Revised pricing form;
 - (iii) New design of the survey coordinator's report;
 - (c) Procedures for establishing new common expenditure weights;
 - (d) Procedures and guidelines for data collection for the baseline cost-of-living surveys at headquarters duty stations and Washington, D.C.;
 - (e) Results of the evaluation of the existing basket of countries and new survey weights used in the calculation of the out-of-area index.
2. Proposed schedule for the baseline cost-of-living surveys at headquarters duty stations and Washington, D.C.
3. Other business.

Annex VII

Recommended net salary scales for staff in the General Service category and other locally recruited staff in Kingston

A. Recommended net salary scale for staff in the General Service category in Kingston

(Jamaican dollars per annum)

Survey reference month: September 2014

	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X^a</i>
G-1	971 429	1 017 572	1 063 715	1 109 858	1 156 001	1 202 143	1 248 286	1 294 429	1 340 572	1 386 715
G-2	1 126 858	1 180 384	1 233 910	1 287 435	1 340 961	1 394 487	1 448 013	1 501 538	1 555 064	1 608 590
G-3	1 307 155	1 369 245	1 431 335	1 493 425	1 555 515	1 617 604	1 679 694	1 741 784	1 803 874	1 865 964
G-4	1 516 300	1 588 324	1 660 349	1 732 373	1 804 397	1 876 421	1 948 446	2 020 470	2 092 494	2 164 518
G-5	1 789 234	1 874 223	1 959 211	2 044 200	2 129 189	2 214 177	2 299 166	2 384 154	2 469 143	2 554 132
G-6	2 111 296	2 211 583	2 311 869	2 412 156	2 512 442	2 612 729	2 713 015	2 813 302	2 913 588	3 013 875
G-7	2 491 329	2 609 667	2 728 005	2 846 343	2 964 682	3 083 020	3 201 358	3 319 696	3 438 034	3 556 372

^a Longevity step.

B. Recommended net salary scale for National Professional Officers in Kingston

(Jamaican dollars per annum)

Survey reference month: September 2014

	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X^a</i>
NO-A	3 101 119	3 256 175	3 411 231	3 566 287	3 721 343	3 876 399	4 031 455	4 186 511	4 341 567	4 496 623
NO-B	3 752 354	3 939 972	4 127 590	4 315 207	4 502 825	4 690 443	4 878 061	5 065 678	5 253 296	5 440 914
NO-C	4 577 872	4 806 766	5 035 659	5 264 553	5 493 447	5 722 340	5 951 234	6 180 127	6 409 021	6 637 915
NO-D	5 585 004	5 864 254	6 143 505	6 422 755	6 702 005	6 981 255	7 260 506	7 539 756	7 819 006	8 098 256

^a Longevity step.

Annex VIII

Recommended net salary scales for staff in the General Service and related categories in New York

A. Recommended net salary scale for staff in the General Service category in New York

(United States dollars per annum)

Survey reference month: November 2014

	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X</i>	<i>XI</i>
G-1	28 992	30 096	31 200	32 304	33 408	34 512	35 616	36 720	37 824		
G-2	32 038	33 258	34 478	35 698	36 918	38 138	39 358	40 578	41 798	43 018	
G-3	35 387	36 736	38 085	39 434	40 783	42 132	43 481	44 830	46 179	47 528	48 877
G-4	39 119	40 607	42 095	43 583	45 071	46 559	48 047	49 535	51 023	52 511	53 999
G-5	43 223	44 865	46 507	48 149	49 791	51 433	53 075	54 717	56 359	58 001	59 643
G-6	47 770	49 586	51 402	53 218	55 034	56 850	58 666	60 482	62 298	64 114	65 930
G-7	52 766	54 778	56 790	58 802	60 814	62 826	64 838	66 850	68 862	70 874	72 886

B. Recommended net salary scale for staff in the Security Service category in New York

(United States dollars per annum)

Survey reference month: November 2014

	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X</i>	<i>XI</i>	<i>XII</i>	<i>XIII</i>
S-1	41 398	42 641											
S-2	46 182	47 568	48 954	50 340	51 726	53 112	54 498	55 884	57 270	58 656	60 042	61 428	62 814
S-3	50 971	52 504	54 037	55 570	57 103	58 636	60 169	61 702	63 235	64 768	66 301		
S-4	54 273	56 228	58 183	60 138	62 093	64 048	66 003	67 958	69 913				
S-5	59 044	61 175	63 306	65 437	67 568	69 699	71 830	73 961	76 092				
S-6	63 745	66 039	68 333	70 627	72 921	75 215	77 509	79 803	82 097				
S-7	68 421	70 884	73 347	75 810	78 273	80 736	83 199	85 662	88 125				

C. Recommended net salary scale for staff in the Trades and Crafts category in New York

(United States dollars per annum)

Survey reference month: November 2014

	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>
TC-1	37 936	39 150	40 364	41 578	42 792	44 006	45 220
TC-2	41 620	42 950	44 280	45 610	46 940	48 270	49 600
TC-3	45 269	46 720	48 171	49 622	51 073	52 524	53 975
TC-4	48 935	50 500	52 065	53 630	55 195	56 760	58 325
TC-5	52 594	54 275	55 956	57 637	59 318	60 999	62 680
TC-6	56 249	58 050	59 851	61 652	63 453	65 254	67 055
TC-7	59 919	61 837	63 755	65 673	67 591	69 509	71 427
TC-8	63 589	65 623	67 657	69 691	71 725	73 759	75 793

D. Recommended net salary scale for staff in the Language Teachers category in New York

(United States dollars per annum)

Survey reference month: November 2014

	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X</i>	<i>XI</i>	<i>XII</i>
Language Teacher	56 933	58 775	60 618	62 460	64 303	66 145	67 988	69 830	71 673	73 516	75 358	77 201

E. Recommended net salary scale for staff in the Public Information Assistants category in New York

(United States dollars per annum)

Survey reference month: November 2014

	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>
Tour Coordinator/Supervisor and Briefing Assistant	46 799	49 006	51 213	53 420	55 627
Public Information Assistant II and Tour Coordinator	41 463	43 165	44 867	46 569	48 271
Public Information Assistant I	38 212	39 767			

Annex IX

Recommended net salary scale for staff in the General Service category in London

(Pounds sterling)

Survey reference month: May 2015

	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>	<i>IX</i>	<i>X</i>	<i>XI^a</i>
G-1	17 473	18 177	18 881	19 585	20 289	20 993	21 697	22 401	23 105	23 809	24 513
G-2	19 573	20 356	21 139	21 922	22 705	23 488	24 271	25 054	25 837	26 620	27 403
G-3	21 919	22 797	23 675	24 553	25 431	26 309	27 187	28 065	28 943	29 821	30 699
G-4	24 549	25 530	26 511	27 492	28 473	29 454	30 435	31 416	32 397	33 378	34 359
G-5	27 494	28 594	29 694	30 794	31 894	32 994	34 094	35 194	36 294	37 394	38 494
G-6	30 798	32 029	33 260	34 491	35 722	36 953	38 184	39 415	40 646	41 877	43 108
G-7	34 496	35 872	37 248	38 624	40 000	41 376	42 752	44 128	45 504	46 880	48 256

^a Longevity step.

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