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**INTERNATIONAL CIVIL SERVICE
COMMISSION**

**COMMISSION DE LA FONCTION
PUBLIQUE INTERNATIONALE**

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**ITEM 141: UNITED NATIONS COMMON SYSTEM
REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION**

**INTRODUCTORY STATEMENT BY THE ICSC CHAIRMAN
MR. KINGSTON P. RHODES
TO THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY
NEW YORK, 16 NOVEMBER 2017**

**Mr. Chairman,
Distinguished Members of the Fifth Committee,
Ladies and Gentlemen,**

Before introducing the annual report of the International Civil Service Commission (ICSC) for the year 2017, I would first like to congratulate you, Mr. Chair, and your Bureau on your election. Let me assure you of the Commission's highest regard and our best wishes for a successful session. We look forward to working with you over the coming weeks towards a positive outcome.

Last year, I reported to this Committee the status of implementation of the new common system compensation package which focused on staff in the Professional and higher categories. I also informed you that work had begun on the next phase of the review which would deal with the use of the various categories of staff in the common system.

Use of categories of staff including General Service, National Professional Officer and Field Service

The General Assembly took note of the information in its resolution 69/251. This year the Commission completed its review of the use of the National Professional Officer and the Field Service categories.

The National Professional Officer category presently accounts for approximately a quarter of the Professional workforce and is the fastest growing group of staff in the common system. With global organizations increasingly competing for talent, it is imperative that consistent, mutually-reinforcing policies are devised to ensure the strategic use of the NPO

category which has become such a significant presence in today's common system workforce. The guidelines proposed in our report address the need to continue to support the use of NPOs in ways that are consistent with their mandates and that take into account their operational needs. Use of the NPO category will allow common system organizations to continue to benefit from this pool of highly educated and qualified local talent available in many parts of the world.

With respect to the Field Service category, the Commission updated the criteria for the use of this group of staff who deal primarily with peacekeeping, peacebuilding, humanitarian and emergency operations so as to reflect current realities. Further details are contained in our report.

Study on performance management and proposals on performance incentives

At its eighty-fifth session, the Commission considered a number of requests on performance management made by the General Assembly in its resolution 70/244. The Commission reviewed the Assembly's requests and is now resubmitting its earlier recommendations along with two enhancements to the performance and rewards framework: (i) an overall budgetary cap of 1.5 per cent of an organization's remuneration costs is being introduced and; (ii) more detail is provided regarding the limit for individual awards. It is important to recall that these latest proposals by the Commission update the framework approved by the General Assembly in 1997 which formed the basis for the introduction of performance recognition and rewards schemes in many organizations.

Evolution of the United Nations/United States net remuneration margin

In accordance with a standing mandate from the General Assembly, the Commission continued to monitor the net remuneration margin, which is the relative difference between the net remuneration of United Nations staff in the Professional and Higher categories in New York and that of officials in comparable positions in the United States federal civil service in Washington, D.C.

Based on the latest available statistics, the Commission estimated the 2017 margin to be 113.4, as is shown in our report. In reporting this estimate, the Commission asked me to take into account updated common system personnel statistics from the Chief Executives' Board for Coordination (CEB) which was expected to become available before this Committee's consideration of the ICSC report. This update has recently been received from the CEB and the 2017 net remuneration margin has been revised and now stands at 113.7.

On the same subject, I would recall that the General Assembly, in its resolution 71/264, requested the Commission to include information on the movement of the UN/US margin over time in an annex to its annual reports. This information covering a 10-year period from 2008 to 2017 is presented in annex VIII B of the report before you. I would like to point out that the margin has continued its downward trend for four consecutive years, moving from 119.6 in 2013 to 113.7 in 2017. As the margin remains close to the trigger point of 113, the

Commission intends to continue monitoring its level so that corrective action could be taken through the operation of the post adjustment system should this become necessary in 2018.

Base/floor salary scale

Adjustments to the new unified base/floor salary scale which came into effect as of 1 January 2017 are made on the same basis as previously reported, i.e. a comparison of net base salaries of United Nations officials with their counterparts in the United States federal civil service. In view of the 2017 movement of comparator salaries under the General Schedule and the tax changes in the United States, the Commission is recommending a 0.97 per cent increase in the United Nations base/floor salary scale effective 1 January 2018. The same adjustment is also recommended for the pay protection points introduced under the comprehensive review of the common system compensation package in accordance with General Assembly resolution 70/244. As is the usual practice, the increase in the base/floor salary scale would be implemented with a commensurate reduction in post adjustment multiplier points, resulting in no-loss/no-gain in net take-home pay.

Other activities of the Commission

Let me turn now to some of the other activities in which the Commission continues to be involved.

Post adjustment matters

You may recall that last year, I informed the Committee that the 2016 cost-of-living surveys were underway at eight headquarters duty stations. The surveys resulted in overall decreases of 4.7 per cent for Geneva, 2.2 per cent for Madrid and 2.5 per cent for Rome; for Montreal and London, there were net salary increases of 2.1 per cent and 0.4 per cent, respectively; and there was no change for three headquarters duty stations. Since the Commission's approval of the results and implementation modalities, several Geneva-based organizations and staff associations have repeatedly challenged the analysis of the Geneva survey conducted by the ICSC secretariat, the validity of the PAI methodology and the operational rules. A desk review was also conducted by a team of senior statisticians from ILO and UNCTAD and a consultant. The Commission, at its 85th session, took up the report of the Geneva statisticians together with the response prepared by the ICSC secretariat. After full consideration of the reports, as well as feedback during the deliberations at its 85th session, the Commission reaffirmed its original conclusion that the ICSC secretariat had correctly implemented all aspects of the ICSC-approved methodology in the survey process.

In response to repeated appeals by Geneva-based organizations and staff federations, the Commission approved a recommendation made by the Advisory Committee on Post Adjustment Questions (ACPAQ) to augment by a 3 per cent margin, survey results that fall below the prevailing pay index by more than 3 per cent. Furthermore, the Commission modified the transitional measures under the gap closure arrangements which guarantee no change in salary for existing staff for six months after the implementation date of the survey,

and adjusted downwards by 3 per cent (originally 5 per cent) every 4 months (originally every 3 months). The Commission further decided to change the implementation date of the results of the Geneva survey from May to August 2017, to align it with those of Rome and Madrid, the other two duty stations with negative survey results. It is however our understanding that some Geneva-based organizations are yet to implement the survey results.

The Commission has engaged the services of an independent expert to conduct a review of the methodology used for compiling the post adjustment index (PAI) and in particular also assess whether or not it was fit for the purpose for which it was established and whether it remains consistent with best practices, particularly in the field of cost-of-living measurement and more generally in international statistics. The expert's report will be submitted to ACPAQ in early 2018, which will make its recommendations to the Commission at its 86th session, in spring, 2018. As usual, the ACPAQ process will be open to full participation by representatives of organizations and staff federations, including their statistical experts. We firmly believe that a review conducted by an independent expert is the best way to ensure a fair and objective review of the post adjustment methodology.

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

The status of women in the United Nations common system is an important item on the Commission's agenda, one that it has addressed periodically under a standing mandate from the General Assembly. At its eighty-third session, the Commission recognized that issues relating to inclusiveness and diversity should be reviewed holistically. At its eighty-fifth session, the Commission considered diversity-related issues such as gender parity, geographical distribution, multiculturalism, generational diversity, multilingualism and disability policies. It noted that the field of diversity and inclusion has developed and evolved at a considerable pace in recent years. Many studies have made the business case that diversity and inclusion promote a more balanced representation of men and women in the workforce, enhance the organization's reputation and account for higher productivity and innovation. The Commission urges all organizations to increase their efforts and to invest time and resources to strengthen diversity and inclusiveness.

Additional details can be found in the Commission's report in paragraphs 145 to 159.

Review of pensionable remuneration

This year, the Commission initiated a comprehensive review of pensionable remuneration that will continue through 2018. As a first step, the Commission agreed on a list of issues to be reviewed, which included:

- Options for recalculating the pensionable remuneration under the unified salary scale;
- Review of the grossing-up factors, which are percentage relationships between salary and pension applied in the calculation of pensionable

remuneration;

- Update of the common scale of staff assessment, an important element of the pensionable remuneration calculation procedure aimed at reflecting the eventual tax burden on United Nations pensions; and
- Incidence of income inversion whereby the pensionable remuneration of General Service staff is higher than that of Professional staff at the same or even lower net income level.

The Commission considered recent policy-related changes in the common system, including the increase in the mandatory age of separation. Recognizing the complexity and interdependence of the various elements, it decided to establish a working group to explore various options holistically, options that would include the potential impact on benefits and contributions, including the actuarial implications. The Pension Board has established a contact group to liaise with the Commission in its review of this item. The working group will meet early next year, and report its finding to the Commission at its 2018 spring session. ICSC intends to cooperate closely with the Pension Fund in this exercise and will report on the outcome of the review to the Assembly next fall.

Conditions of service of the General Service and other locally recruited categories: survey of best prevailing conditions of employment in Vienna

In accordance with established practice, the Commission's report, in addition to its recommendations to the General Assembly, also includes for information its decisions and recommendations to the executive heads of common system organizations. These cover, *inter alia*, the salaries of locally-recruited staff, which this year reports on results of the salary survey for the General Service category in Vienna. The resulting salary scale and the revised dependency allowances as recommended to the executive heads of the Vienna-based organizations are shown in Annex IX of the Commission's report.

Mr. Chairman, distinguished members of the Committee,

Let me conclude by thanking you, Mr. Chairman and Members of the Committee, for your attention.

As usual, the Commission's recommendations, together with their financial implications, are summarized at the beginning of our report for ease of reference. My secretariat and I will be happy to answer your questions and provide any clarification you may need.