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## **BUDGET COMMITTEE TAKES UP REPORT OF INTERNATIONAL CIVIL SERVICE COMMISSION**

As the Fifth Committee (Administrative and Budgetary) took up various questions relating to the United Nations common system, including the recommendations of the International Civil Service Commission (ICSC) on improving the conditions of service of international staff, several speakers commented on the Committee's difficult task of "working its way" through the numerous reports and recommendations before it, with several issues deferred from the previous session.

The common system represents shared standards, methods and arrangements applied to salaries, allowances and benefits for the staff of the United Nations and its specialized agencies and organizations. Covering over 52,000 staff members at various duty stations, the common system is designed to avoid serious discrepancies in terms and conditions of employment, to avoid competition in recruitment of staff and to facilitate the interchange of personnel.

Finland's representative, speaking on behalf of the European Union and associated States, said that the Committee found itself in "a somewhat unusual situation"

as it had a great number of reports before it, some of which had been introduced two years ago. The reason for that was that the Committee had been unable to take action on the report of the Panel on Strengthening the International Civil Service and related comments of the ICSC and the United Nations Chief Executives Board for Coordination. The Committee's heavy workload had also prevented it from taking action on the 2005 report of the ICSC. That might complicate the Committee's deliberations, as it needed to consider many interrelated issues.

In that connection, she agreed with the representative of Japan, who said that, with several proposals deferred, the situation seemed to be "even tougher and more complex" now, in light of the additional need to consider human resources management reform. While some issues in the 2005 and 2006 ICSC reports were straightforward and could be considered without delay, others were complex and needed to be further scrutinized. Contractual arrangements and entitlements of international staff were among the issues that speakers said could be considered in the context of the human resources management reform.

The United States' representative urged the delegations to end "an unnecessary and embarrassing stalemate" and act on the recommendations of the Panel on Strengthening the International Civil Service. Those recommendations included, for example, a proposal that the General Assembly seek to introduce greater gender balance in the Commission, which had only 2 women among its members. He was concerned that the Assembly was sending a contradictory message by calling for reform of the Organization, on the one hand, but failing to reform the Commission, on the other.

Also participating in the debate was the representative of India, who said that the Commission's recommendations deserved serious and timely consideration if the United Nations system was to remain attractive as compared to the private sector in the international job market. However, it was also crucial to see that measures being considered should be rule-based and non-discriminatory. They should be applicable to all staff, at Headquarters and in the field.

Addressing the Committee, the President of the Federation of International Civil Servants' Associations, Robert Weissel, expressed the staff representatives' views on the Commission's recommendations, including those on the review of pay and benefits, payment of education grants, contractual arrangements and the scale of staff assessment, as well as revision of the base/floor salary scale, dependents' allowances and conditions of service in the field.

The reports before the Committee were introduced by Chairman of the ICSC, Mohsen Bel Hadj Amor; Katrina Nowlan of the Programme Planning and Budget Division; Andrzej Abraszewski, Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ); and Kenneth Herman of the United Nations Chief Executives Board for Coordination Secretariat.

The Committee will continue its debate on the United Nations common system at 10 a.m. Thursday, 26 October.

### Background

The Fifth Committee (Administrative and Budgetary) met this morning to consider various questions relating to the United Nations common system, including the latest recommendations of the International Civil Service Commission (ICSC).

The common system represents common standards, methods and arrangements applied to salaries, allowances and benefits for the staff of the United Nations, those specialized agencies that have entered into a relationship with the United Nations, the International Atomic Energy Agency (IAEA) and a number of other international organizations. Covering over 52,000 staff members at various duty stations, the common system is designed to avoid serious discrepancies in terms and conditions of employment, to avoid competition in recruitment of staff and to facilitate the interchange of personnel.

The Committee had before it the thirty-second annual report of the ICSC (document A/61/30), which presents decisions and recommendations of the Commission regarding the conditions of service of staff; the base/floor salary scale and staff assessment scale; post adjustment; review of the education grant; and hazard pay.

The financial implications of those recommendations are outlined in the Secretary-General's report on the matter (document A/61/381). According to this document, the recommendations of the Commission would give rise to requirements in the order of \$9.56 million under the current budget. The Secretary-General intends to

reflect these additional requirements in the first performance report for the biennium 2006-2007, and the ACABQ, in a related report (document A/61/484), states that it has no objection to that approach.

The General Assembly deferred its consideration of the ICSC report last year, but adopted a resolution on special subjects relating to the proposed budget for 2006-2007, which included approval of a new scale of staff assessment for Professional and higher categories with effect from 1 January 2006, as recommended by the ICSC. The Commission's 2005 report presented several other proposals, including its new framework for contractual arrangements within the common system.

As indicated in the reports, the comparator (the United States federal civil service in Washington, D.C.) reference salary (GS-13/GS-14 salary level) was 4.57 per cent higher than the net salary of a P-4/VI in the current United Nations base/floor scale. In accordance with approved procedures and past practices, this would call for an upward adjustment of 4.57 per cent in the common system salary scale for staff in the Professional and higher categories, with effect from 1 January 2007. The increase would be implemented through the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis. On the financial implications of this recommendation, the Secretary-General states that it would give rise to increased requirements for separation payments, estimated at \$355,600 for the year 2007. The Commission also revised the amounts of children's and secondary dependents' allowances.

Also, according to the reports, comprehensive place-to-place surveys were conducted in 2005 in Geneva, London, Madrid, Montreal, Paris, Rome, Vienna and Washington, D.C.; in addition, a price collection exercise, which is the basis of the post adjustment system, was carried out in New York. The Commission decided to approve the results of the 2005 place-to-place surveys and to take them into account in determining the respective post adjustment classifications, with effect from 1 April 2006. The financial implications of this recommendation of the Commission for the United Nations 2006-2007 budget are estimated at some \$3.1 million.

On education grants for international staff, the Commission proposes that: the eligibility period should continue up to the end of the school year in which the child completes four years of post-secondary studies, even if a degree has been attained after three years; the grant rates should be adjusted; and the separate zone of Norway should be subsumed into the United States dollar area outside the United States, with special measures maintained for China, Indonesia and the Russian Federation and introduced

with regard to designated English curriculum schools in France. For the United Nations, annual financial implications of this recommendation are estimated at \$830,500 for 2006-2007.

On the basis of its 2005 review, the ICSC decided to increase the level of hazard pay granted to internationally recruited staff at several duty stations from \$1,000 to \$1,300 per month, effective 1 January 2006. Financial implications of the decision on hazard pay are estimated at some \$3.32 million for the United Nations budget for the current biennium, assuming that the revised level would become effective 1 January 2007.

Following its 2005 surveys of the best prevailing conditions of employment for staff in the General Service and related categories in New York, the Commission recommended salary scales for the General Service, Trades and Crafts, Language Teacher and Public Information Assistant categories that are 1.74 per cent higher than the current scales. The recommended salary scale for the Security Service is 3.87 per cent above the current scale. As noted in the Secretary-General's financial implications statement, the recommendations of the Commission concerning the conditions of service of staff in the General Service and related categories would give rise to the requirements of about \$1.96 million in 2006-2007.

The ICSC also recommended lowering dependency allowance rates for those categories, which would be applicable only in respect of children, dependent spouses or secondary dependants for whom dependency allowances have become payable on or after 1 September 2006. The reduced dependency allowances will result in an estimated savings of \$45,000 per annum for the common system.

Concerning the conditions of service in the field, the Commission recommended that the Assembly allow maximum flexibility under the current contractual arrangements for staff in peacekeeping missions by removing the four-year limitation on 300 series appointments, permitting conversion to mission-specific 100 series contracts for staff members who have a minimum of four years of service, and also allow reassignment of 300 and 100 series mission-specific appointees to another mission in a similar capacity to meet the requirements of the Organization. Finally, it reported its decision to reaffirm the criteria set out in 1994 for the employment of National Professional Officers, updated to reflect the use of the new job evaluation system in the classification of positions in the category.

The Secretary-General also provided the Assembly with a statement adopted by the United Nations System Chief Executives Board for Coordination on mobility and hardship allowance (document A/60/723). The Board executive heads urged the Assembly to approve the new mobility and hardship allowance scheme for implementation as from 1 July 2006.

The Board noted that an increasing number of the 627 duty stations operated by the United Nations are classified as hardship locations, where staff are confronted on a daily basis with deteriorating security and public health situations and generally challenging conditions of life. They said that staff mobility will only be encouraged if incentives and rewards are provided to take up assignments in hardship duty stations, especially as the issue of suitable spouse employment becomes more prominent.

The executive heads further explained that Organizations and staff strongly disagreed with the decision taken by the ICSC in July 2004, to decouple the mobility and hardship allowance from the base/floor salary scale. At the same time, the review process was of a collaborative nature and took into account a number of the concerns of the organizations of the common system, and the Board, therefore, expresses its support for the new proposed scheme, as the Commission's proposals are in line with the overall reform objectives, because it is easier to administer and more transparent to staff. They also support the proposed increases in the hardship element and the introduction of an additional mobility category for staff on their seventh and higher assignment, while regretting that the goal of overall cost neutrality and subsequent reduction in mobility and non-removal allowances would offset the increase. The Board also strongly supports continuing the mobility allowance for staff at duty stations classified as "H" and "A" locations, as they firmly subscribe to the need to make a clear distinction between considerations that relate to mobility and those that relate to hardship. This will also encourage and increase inter-agency mobility.

### Introduction of Documents

Introducing the report of the International Civil Service Commission, its Chairman, MOHSEN BEL HADJ AMOR, also recalled major recommendations from the 2005 annual report, discussion on which had been deferred to the current session. Chief among the outstanding issues were the new arrangements for mobility and hardship allowances. Previously, the recommended implementation date had been 1 July 2006,

but due to deferral of that item, the Commission now proposed an implementation date of 1 January 2007. The second item from the 2005 report that needed to be addressed was hazard pay. With respect to the base/floor salary scale, the Commission had decided to combine its recommendation on the adjustment of that scale for 2005 and 2006 to reflect the two-year movement of the comparator net salaries for that period. The recommendation in the 2005 report was, therefore, superseded by the recommendation in this year's report to adjust the base/floor salary scale for the Professional and higher categories by 4.57 per cent through the standard consolidation procedure of reducing post adjustment and increasing base salary on a no loss/no gain basis with effect from 1 January 2007. The margin level for 2005 had been 111.1, while, for the calendar year 2006, it was 114.3.

On contractual arrangements, he recalled that in its 2005 report, the Commission had presented a framework for new contractual arrangements -- continuing, fixed-term and temporary -- as contained in paragraph 129 of its 2005 report. Also, by resolution 59/266, the Assembly had mandated the Commission to review and harmonize practices relating to entitlements of staff serving at non-family duty stations. Having been informed that different operational requirements of the organizations supported the need to maintain two separate regimes with regard to staff serving in non-family duty stations, the Commission had concluded in paragraph 161 of its 2005 report that separate approaches should be maintained to meet the needs of different groups of staff serving under different types of appointment, in particular in special peacekeeping and peacebuilding missions. That conclusion had been subsequently set aside following the receipt of new information.

Yet another threat in the theme of disparity of conditions of service related to the question of staffing field missions and the practice of converting staff holding the 300 series appointments of limited duration to 100 series contracts. As there were several constraints associated with the contractual status of mission staff, the concept of a career service for peacekeeping missions within the contractual framework recommended in the 2005 report was being explored. In light of this topic's complexity, the ICSC had established a working group to explore the feasibility and impact of harmonizing entitlements and benefits across the system under the contractual framework.

He then elaborated on this year's recommendations regarding the education grant, dependents' allowances and the survey of gender balance in the United Nations common system. On the latter, he said that the Commission's review of gender balance had shown that progress had been limited, particularly at the senior levels, where women continued to be significantly underrepresented. The Commission had decided to urge organizations to establish and implement policies to improve that imbalance. Also, recognizing the

value of local professional expertise to the successful delivery of programmes, the Commission had reaffirmed the principles established for National Professional Officers in 1994.

He also referred to the continuing pilot study on broadbanding/pay-for-performance, saying: “We would have wished for a faster pace, but various investigative actions into the procurement procedures ... have impacted on the pace of delivery of services for this project.” Nonetheless, the project continued with good results, particularly in the areas of performance management in some of the volunteer organizations.

Turning to compensation comparison, he said that in 2005 the Commission had reported to the General Assembly that, in applying the Noblemaire principle -- founded on the premise that total compensation of the United Nations staff in the Professional and higher categories should be determined by reference to the civil service of the country with the highest compensation package -- it had initiated a study to determine the highest paid national civil service. Reviews of four national civil services ( Germany, Switzerland, Singapore and Belgium) were now complete. Based on those reviews, the Commission had agreed not to proceed with a phase II study of any of those services, as none could be considered a suitable replacement for the current comparator. It was, therefore, decided to recommend to retain the United States federal civil service as the common system comparator.

In conclusion, he said that the Commission had continued to monitor the progress of the Senior Management Network in response to Assembly resolution 59/268 of December 2004. It had been provided with a progress report by the human Resources Network of the Chief Executives Board on the concept, modus operandi and strategic plans for further development of the Senior Management Network. The ICSC had found that the briefing provided important information in that regard, but believed that some areas, such as consistency in purpose and coordination of a diverse group of senior managers across organizations with different mandates, remained unclear. The Commission saw its role as facilitating and monitoring the introduction of objective criteria entry to the network and establishment of balance between cultural diversity and organizational needs. It had requested continued updates from the Human Resources Network at regular intervals.

KATRINA NOWLAN of the Programme Planning and Budget Division introduced the Secretary-General's report on the financial implications of the decisions of the International Civil Service Commission.

ANDRZEJ T. ABRASZEWSKI, Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ), introduced a related Advisory Committee's report.

KENNETH HERMAN, Senior Adviser on Information Management Policy Coordination of the Secretariat of the Chief Executives Board, introduced the note by the Secretary-General on mobility and hardship allowance. She said that, in their statement, the members of the Board had stressed the important role that a mobile workforce played in their ability to achieve their strategic goals, and had put in place policies that sought to enhance staff mobility.

#### Statements

ROBERT WEISSEL, President of the Federation of International Civil Servants' Associations, stated his resolve to protect and uphold the principles and conditions of service that uniquely define the international civil service

He said that the Federation would have preferred to retain the existing mobility and hardship scheme, but believed that ICSC's current proposal represented the best compromise. He took note of the base/floor salary increase for staff in the Professional and higher categories, and further noted that the recommendation reflected the movement of comparator net salaries for 2005 and 2006. He remained seriously concerned that the United States/United Nations net remuneration margin had not reached the desirable midpoint of 115, and continued to be disappointed with the failure of ICSC to recommend returning the margin to that level. He was also deeply disappointed that the ICSC had concluded its Noblemaire study to identify the highest paid national civil service by retaining the current comparator, as he did not believe the study had been sufficiently comprehensive or inclusive. He said the Federation was closely following salary surveys of General Service staff, and that feedback received from field locations indicated a need to increase the level of participation of the local salary survey committees through improved transparency and access to information.

The progress reports on the pilot studies on broadbanding and pay-for-performance indicated most of the five volunteer organizations were taking measures to ensure they had viable performance appraisal mechanisms in place, he said, but little information had been provided on other aspects of the study. He said that was paradoxical, because one of the conditions for participation in the study was already having viable performance appraisal systems. He, therefore, reiterated the Federation's long-standing and serious concerns about the present review of the pay and benefits system and the suitability of those concepts for the United Nations system, especially as the organizations had not strictly adhered to the pilot study's criteria, and could skew the results of the study.

The Federation had continuously repeated that any new contractual arrangements must be fair and transparent and offer the possibility of career service to a designated proportion of the staff. He urged the Fifth Committee to reject any contractual terms of service that did not safeguard an impartial and independent international civil service, which was not possible without the prospect of career-length service.

He was pleased that the ICSC decided to urge the organizations to establish policies and strategies to achieve improved gender balance, and called it imperative that there be an understanding of why there was an unacceptably high exit rate among women after a relatively short period of service. He supported the establishment of a working group to examine questions concerning the conversion from 300 to 100 series, and stressed the 2005 recommendation of ICSC to increase hazard pay, as no corners could be cut or savings sought when acknowledging the work of dedicated staff facing increasing risks in an ever increasing number of precarious areas. He highlighted the work of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) staff, which worked in the highly volatile environments of Gaza and the West Bank, and noted that calls for hazard pay to those staff members remained unfulfilled. He said one possible solution was a special annual allocation pledged by Member States for that purpose. He commended the Diplomatic Security Service and Office of Human Resources Management for taking swift action to ensure the safety and security of staff during the recent Middle East crisis, and called for sustained funding of the United Nations security management system.

He then said a review of the ICSC was needed, and noted the Federation's support for the first eight recommendations of the Panel's report on strengthening the function and composition of the ICSC, because reform was sorely needed. He also noted that the Redesign Panel on the United Nations System Administration of Justice found the present

internal justice system outmoded, dysfunctional, ineffective and lacking independence. He said the costs of the present system to the Organization's reputation were enormous, and establishing a redesigned system that was decentralized, streamlined, and cost efficient would be far more effective than piecemeal improvements. He also supported the request of the Coordinating Committee for International Staff Unions and Associations for a system of binding arbitration as an interim measure.

Finally, he noted that, during the July 2006 session of the Pension Board, there was considerable debate concerning the correct balance between risks and returns in the Pension Fund's investment policy. He said the Federation supported that any major change in investment policy should be considered within the framework of the forthcoming Asset Liability Management study. Because that was not the case, he said that usual process of reaching consensus did not occur, and that a special session might be needed to restore communication among all members of the Board.

KATJA PEHRMAN (Finland), speaking on behalf of the European Union and associated States, said that the great number of reports on the international civil service and the United Nations common system could complicate deliberations, since many interrelated issues needed to be considered. She thanked the ICSC for facilitating that effort.

She said the ICSC had a unique role to play in the centre of the triangle formed by Member States, management and staff, and that much depended on its expertise and skill in satisfying very different interests. A failure by the ICSC to find a proper balance seriously hampered the work of the Organization. She called on the ICSC to be the centre of knowledge and expertise, guiding multilateral organizations inside and outside of the United Nations system on human resource management issues and, for those reasons, the Union welcomed the report of the Panel.

She noted that some issues in the 2005 and 2006 reports were straightforward, but others were complex and needed time to be digested. She said that issues like the harmonization of conditions of service, contractual arrangements, and the survey of gender balance might be better taken up under the human resources management agenda item. She looked forward to hearing about the progress of the pilot study, and she planned to seek more information in the question-and-answer session on the financial implications. Finally, she said the Union intends to build upon the work of the Fifth Committee from the sixtieth Assembly to resolve as many issues as possible before the

end of the main session, and said that effort was owed to the staff, which was the Organization's most valuable asset.

BENJAMIN GARCÍA ( United States) expressed his delegation's continuing disappointment that the Fifth Committee had been unable to reach consensus during the sixtieth session, due to disagreement on the recommendations of the Panel on the review of the international civil service. Those recommendations included, for example, a proposal that the General Assembly seek to introduce greater gender balance in the Commission, which had only two women among its members. He was concerned that the Assembly was sending a contradictory message by calling for reform of the Organization, on the one hand, but failing to reform the Commission, on the other. He urged the delegations to end an unnecessary and embarrassing stalemate and act on the recommendations of the Panel.

With the conditions of service of staff considered again during the latest session of the ICSC, he said that he was looking forward to further discussion on the revision of mobility and hardship scheme. He also noted progress that some of the participating organizations were making in the pilot study of the broadbanding/pay-for-performance system. At this point, it was important to establish indicators to evaluate the achievements of the study and ensure that organizations stay within the approved parameters of the study.

Regarding the staffing of field missions, he welcomed the Commission's decision to form a working group to explore the entitlements and benefits within the system and the situation of internationally recruited staff in non-family duty stations. It was important to harmonize the entitlements and benefits throughout the system. He also looked forward to considering the results of the review and interim measures proposed by ICSC regarding the conversion of the 300 series appointments to 100 series arrangements.

RAGBUNATH JHA ( India) stressed the importance of the ICSC, saying that the United Nations was only as good as the human resources that backed it up. It was very important that suitable financial and other incentives were given to the staff of the Organization in order to attract the best and the brightest of human talent available on the market. That would motivate them to perform at their highest level of efficiency and ensure their enthusiastic and consistent commitment to their job.

The Commission's recommendations covered such issues as review of pay and benefits, payment of education grants, contractual arrangements and the scale of staff assessment, as well as revision of the base/floor salary scale, dependents' allowances and conditions of service in the field. Decisions on several of those issues were still pending with the Assembly. Those recommendations deserved serious and timely consideration, if the United Nations system was to remain attractive as compared to the private sector in the international job market. However, it was also crucial to see that measures being considered should be rule-based and non-discriminatory. They should be applicable to all staff, at Headquarters and in the field.

His delegation called for a sympathetic review of hazard pay and other entitlements of internationally recruited staff in field missions, particularly those located in high-risk areas, he said. It was important to recognize the outstanding service by United Nations staff in very challenging circumstances in the field. That recognition deserved to be manifested in some form of special compensation. On the vital issue of gender balance, his delegation had time and again called for urgent implementation of all relevant resolutions. All United Nations organizations must be encouraged to achieve the set gender targets within a time frame. Those failing to do so should be held accountable. Special focus should be placed on the recruitment of women from developing countries, where high-quality female candidates were available in abundance.

YASUO KISHIMOTO (Japan) said that his delegation had always extended its full support to the function of the common system, which not only allowed each participating organization to avoid otherwise burdensome administrative arrangements, but also ensured equal and consistent conditions of service throughout the system and thus eliminated unnecessary competition. Because of the tremendous volume of work during the last session, the Committee had deferred consideration of several proposals contained in the 2005 ICSC report. This year, the situation seemed on the whole to be even tougher and more complex, in light of the additional need to consider human resources management reform. Some of the Commission's proposals, however, could be considered for action without further delay, so that the common system could continue to be able to carry out its functions. On the other hand, some of the aspects of the Commission's work needed to be scrutinized with a view towards creating a more coherent and reliable system in the context of the proposed human resources policy. The contractual arrangements and entitlements of international staff in the field were among such subjects.

The ICSC could play a significant role in deepening the Committee's discussions on staff in the field, he said. The Commission's decision to establish a working group to study that issue could be expected to make a substantive contribution in that regard. To

take full advantage of the Commission's skills and wisdom, he hoped that the working group and the ICSC, at its next session, would analyse the nature of the work being carried out by the international staff in each participating organization, study salaries and recruitment systems and carry out a similar study for non-international staff, to make a comparison.

The recommendations of the Commission on the level of basic salary and allowance were in line with the approved methodology, he continued, and the creation of the new arrangements relating to mobility and hardship allowances would be helpful in making the system more transparent and clear. He was encouraged by the diligence shown by the ICSC in its ongoing efforts to implement the pilot study on a broadband pay scheme and salary comparisons under the Noblemaire principle. He took note of the fact that the Commission would continue its work and extend its outreach to all leave entitlements and the methodology for determining the education grant, among other things. He expected that those future reviews and the outcome of the work of the Commission would be valuable and cost-effective.