

## SECTION 2.1.90

### COMPREHENSIVE REVIEW OF THE CONDITIONS OF SERVICE OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES

**1987** By **resolution 42/221**, the GA requested ICSC to undertake a comprehensive review of the conditions of service of the staff in the P and higher categories in order to provide a sound and stable methodological basis for their remuneration. It advised ICSC, in carrying out the review, to give due consideration to the following guidelines: (a) the need for securing the highest standards of efficiency, competence and integrity in recruiting staff with due regard being paid to equitable geographical distribution; (b) the need for greater transparency and simplicity in the concepts and administration of the remuneration system; (c) the need for sufficient flexibility to respond to varying requirements resulting from different types of appointments and changing circumstances; (d) the relativity of benefits among duty stations as a factor in staff mobility; (e) the need for long-term improvement in the operation of the PA system, including the separation of the effects of inflation and currency fluctuations and a simpler and more accurate reflection of differences in cost of living between the base of the system - New York - and field duty stations. The GA requested ICSC to complete the review for presentation at its 44th session.

**1988** **28th session (July)**: CCAQ presented a report prepared by the compensation specialist consultant company retained by the organizations (Organization Resource Counselors, Inc: ORC) working in collaboration with three remuneration specialists from the United Nations system. The consultant had been asked to concentrate on compensation elements, including salaries and expatriation benefits: thus not all conditions of service were covered. CCAQ felt that the consultant's report could provide an important input into the comprehensive review. There must be full and active participation by organizations and staff representatives in every step of the process: such participation would contribute to the technical soundness, broad acceptability and administrative workability of any revised system of compensation. CCAQ recommended the establishment of working groups to cover the following areas: (a) comparators; (b) the pay package; (c) merit pay and the grading structure; (d) mobility and hardship incentives. Research and development work in each of these areas should be decided between the ICSC and CCAQ secretariats.

ICSC had a preliminary discussion on all aspects of the comprehensive review on the basis of documentation presented to it (*ICSC/R.28/R.6 and Add.1*). ICSC felt that while the consultant's report submitted by CCAQ contained a number of new and interesting proposals, it was premature to take a position on the recommendations made. These

**1988** proposals could nevertheless be studied further in the context of the ICSC review, in addition to others that had been proposed and might be developed [*A/43/30, paras. 135-139*].

By **resolution 43/226**, the GA recalled its request in resolution 42/221, and reaffirmed the guidelines for the comprehensive review provided therein. It provided further guidance to ICSC in the four areas identified in the preliminary ICSC report on the review, as set out in (1) to (4) below, while noting that the scope of the review should not necessarily be limited to those areas. It: (a) requested ICSC to pursue the comprehensive review as a priority and, if necessary, adjust its programme of work and schedule of meetings, in order to provide for substantive discussion and finalization of the comprehensive review in 1989; (b) invited ICSC to make arrangements to allow for the fullest participation of organizations and staff representatives in all aspects and at all stages of the comprehensive review; (c) requested ICSC to submit a comprehensive report to the GA at its 44th session together with a preliminary assessment of the impact of the relevant recommendations on pensionable remuneration; (d) requested ICSC in its review to be guided by the following: (i) ICSC should examine all elements of the present conditions of service, and after identifying problems related to staff recruitment, retention and mobility should propose solutions to these problems; (ii) the proposed solutions should be accompanied by an indication of their financial implications, together with an estimate of the overall costs; (iii) the overall costs should, as far as possible, be comparable to the costs of the current remuneration system.

(1) COMPARATOR

The Noblemaire principle should continue to serve as the basis of comparison between UN emoluments and those of the highest-paying civil service - currently the United States federal civil service - which, by its size and structure, lends itself to such comparison;

ICSC should review how best the application of the Noblemaire principle can ensure the competitiveness of UN remuneration without resorting to comparison with the private sector;

In this connection ICSC should undertake a comparative study of the concept of the margin including the way in which it is intended to compensate for expatriation.

**1988 (2) REMUNERATION SYSTEM**

A single worldwide salary scale should be a fundamental goal of the remuneration system. Within this framework, a review should be made of how best special recruitment needs can be accommodated. ICSC should look into the present multiplicity of salary scales with a view to their correlation and possible amalgamation;

In the context of equalizing purchasing power, ICSC should consider among other alternatives; the division of the pay package into its major component parts, one of which would be housing, reflecting the spending patterns of staff; major simplification of the PA system, including eliminating negative PA, separating out the housing component, streamlining the cost-of-living survey and computation process;

ICSC should also review the rationale and magnitude of all elements of remuneration.

**(3) MOTIVATION AND PRODUCTIVITY**

Consideration should be given to (a) enhancing productivity through the introduction of incentives for merit and rewards on promotion payable on a one-time basis, coupled with less financial reward for longevity, which should be linked to a more rigorous performance appraisal system; (b) the introduction of administrative arrangements and of other non-monetary awards for meritorious service. ICSC should review and report on the current practice of automatic advancement to the next step without rigorous performance appraisal as well as on existing and new possible non-monetary awards for meritorious performance.

**(4) MOBILITY AND HARDSHIP**

ICSC should analyse how best adequate incentives can be provided for mobility and for service in hardship duty stations. It should take into account the particular needs of organizations whose programmes require that staff be reassigned to and from HQ and field locations. In reviewing the scope and purpose of all the current allowances payable in cases of mobility and hardship, the entitlements provided by the comparator for non-diplomatic expatriates may serve as a general point of reference. In this respect, ICSC should, bearing in mind the different types of contractual arrangements existing in the system, review whether incentives should be provided by way of lump sums on transfers in lieu of or as well as ongoing payments in the form of allowances to compensate for hardship.

- 1988** The GA also requested ICSC to analyse the feasibility of utilizing existing data sources; in this regard, consideration should be given to both public and private sources which publish up-to-date and accurate data on relevant subjects.
- 1989** **2nd special session (January)**: ICSC decided to establish a preparatory working group to prepare documentation for the 29th session (March 1989) and for a Working Group whose composition would include ICSC members. The terms of reference of this Working Group would be developed after review of the Preparatory Working Group's report by ICSC [*ICSC/S-2/R.5, para. 23*].

The Preparatory Working Group, which was composed of representatives of the organizations, the staff and the ICSC secretariat met in February 1989.

- 1989** **29th session (March)**: ICSC considered the report of the Preparatory Working Group (*ICSC/29/R.6 and Adds.1-4*) which consisted of five parts: general considerations and organization of work; matters concerning the comparator and the structure of the remuneration system, including procedures for the establishment of internal relativities; staff mobility and service at hardship duty stations; allowances not related to mobility and hardship; and motivation and productivity.

During a wide-ranging discussion, a variety of views were expressed by ICSC members and, on a number of items, no consensus emerged. Points on which broad agreement was reached as to the guidance to be given to the Working Group are reflected below. In addition to general guidance, including the terms of reference of the Working Group, ICSC provided broad guidelines concerning a number of specific aspects of the review. It invited the Working Group to:

- (a) take into account the guidance provided in GA resolutions 42/221 and 43/226, as well as by ICSC at its current session and the second special session;
  - (b) examine all aspects of the conditions of service of the P and higher categories on the basis of the documentation prepared by the Preparatory Working Group and taking into account the views expressed thereon in ICSC. Priority should be given to the structure of the remuneration package;
  - (c) examine alternatives proposed by the Preparatory Working Group that had been identified for further consideration by ICSC, as well as any additional ones determined to be relevant by the Working Group itself;
  - (d) identify additional specific issues that might be referred to ACPAQ;
  - (e) identify and establish the relative priority of recruitment and retention problems, with particular emphasis on selected duty stations and specific occupations;
  - (f) pay special attention to the problems of mobility and hardship;
  - (g) narrow down the number of options and alternatives as far as possible, with a view to presenting sets of options for a new remuneration system that would constitute an integrated package.
- The Working Group's report should include all

**1989** the elements, including financial implications, that would enable ICSC to adopt, at its 30th session, a comprehensive report with appropriate recommendations for submission to the GA at its 44th session. In particular, the Working Group's report should contain: (i) a description of the conceptual framework of, and rationale for, any set of options considered; (ii) an analysis of the interrelationship between the various component parts and an assessment of their internal consistency; (iii) a description of the changes involved in relation to the existing system, together with an analysis of the impact of the changes; (iv) an indication of the degree of simplification and streamlining achieved *vis-à-vis* the present system; (v) a projection of how the system would evolve over time, along with its long-term financial implications; (h) make a preliminary assessment of the impact of the recommendations on the methodology for the determination of pensionable remuneration.

**Composition.** The Working Group would be composed of a maximum of 16 members, of whom 5 would be members designated by ICSC; 5 would be representatives of organizations; and a maximum of 6 would be designated by CCISUA and FICSA. The Working Group could break into sub-groups to consider specific issues and call upon technical expertise as required. The Secretary of UNJSPB would be invited to participate.

**Schedule of meetings.** The Working Group would meet on three occasions, as follows: (a) for one to two days during the current session of ICSC to determine its work methods as well as the documentation required for the second meeting, including arrangements for the preparation of such documentation; (b) for three weeks from 24 April to 12 May, with the possibility of extension by a few days; (c) for one week from 12 to 16 June in order to finalize its report to the ICSC at its 30th session. The Working Group could amend the meeting schedule in the light of emerging needs, subject to the firm requirement that a final report would be produced in a timely manner for the 30th session.

**Modalities.** The secretariat of the Working Group would be the ICSC secretariat, assisted by the CCAQ secretariat and staff members who might be designated for that purpose by the staff representatives. In addition to supplying the services of a secretary to the Working Group, the ICSC secretariat would provide technical support on substantive issues. Information relating to the costing of alternatives under consideration would be prepared by the ICSC secretariat in consultation with the CCAQ secretariat.

**Methods of work.** The Working Group should strive to reach conclusions by consensus. In the event that there were differing views, they should be reflected in the report of the Working Group. In order to enable the Working Group to undertake its task within the framework of the above terms of reference and guidelines, the organizations should

- 1989** provide the Working Group with detailed statistics on recruitment and retention difficulties. The ICSC secretariat should prepare detailed cost estimates relating to various options in the report of the Working Group in such a way as to enable ICSC at its 30th session to assess the cost effectiveness of the various approaches and provide cost implications of its recommendations to the GA. Following the consideration of the report of the Working Group, ICSC, at its 30th session, would adopt a report to the GA at its 44th session.

**Broad guidelines on specific aspects of conditions of service.** ICSC decided that: (a) the net remuneration margin methodology should be considered in the context of the comprehensive review; (b) the modalities for periodic checks for competitiveness should be studied. There was no urgent need to consider the total compensation methodology as part of the comprehensive review if it was to serve as a tool for periodic checks for competitiveness. Methodological considerations should, therefore, be postponed until after the completion of the comprehensive review; (c) options V and VI under paragraph 68 of document ICSC/29/R.6/Add.1 did not seem to be viable and should not be developed further; (d) taking into account the views expressed at the current session, the options included in the document prepared by the Preparatory Working Group on mobility and hardship (ICSC/29/R.6/Add.2) should be examined; (e) the possibility should be studied of restructuring mobility and hardship entitlements in order to respond more effectively to the operational needs of the organizations; (f) a comparative analysis should be made of the hardship entitlements of the UN scheme and those of the comparator; (g) measures could be studied - other than direct financial payments or reimbursements - that might be taken to alleviate hardship (e.g., the provision of schooling, dispensaries, recreational facilities and security arrangements); (h) in its examination of existing allowances, in addition to the studies of the education grant and dependency allowances that had been specifically requested by the GA, the Working Group should give priority to allowances and benefits that were most closely linked to those elements being studied as part of the comprehensive review. The importance of the integration of allowances in coherent system should be borne in mind; (i) the Working Group should examine various options in the area of motivation and productivity, bearing in mind, *inter alia*, the problems experienced by others in the introduction of merit-based systems. The feasibility of further improving the performance appraisal system and linking pay to performance should be studied. Non-financial factors which could enhance motivation and productivity in the organizations, such as the team approach and increased emphasis on management training, should also be reviewed; (j) consideration should be given, at an early stage after completion of the first phase of the comprehensive review, to the restructuring of the salary scale [ICSC/29/R.11, paras. 56-68].

**1989 30th session (August):** ICSC considered the report of the Working Group (*ICSC/30/R.4, and Adds.1-8*), which included separate chapters on the competitiveness of the present UN salary system; margin considerations; the structure of remuneration and implications for pensionable remuneration; the PA system; mobility and hardship; motivation and productivity, and allowances.

ICSC noted that the current review was the twelfth in a series of major studies and reviews of UN common system salaries, allowances, benefits and other conditions of service that had been undertaken since the UN Preparatory Commission had reported on the matter in 1945. In reviewing present conditions of service, ICSC had borne in mind the objectives, considerations and conclusions of earlier bodies. ICSC further noted that a number of recommendations were equally relevant to the GS and related categories. It was agreed that these should be borne in mind when ICSC next conducted a general review of conditions of service for such staff. ICSC also observed that it had not been possible in the time available to consider in any depth to what extent its recommendations would be appropriate to the conditions of employment of P staff hired for limited periods of time. They included both technical cooperation project staff and staff regularly appointed on a "short-term" basis. It would be necessary to review, at the earliest opportunity, the desirability of establishing a separate remuneration system for such staff members [*A/44/30, vol. II, paras. 20, 33-36 and 40*].

*The Commission's consideration of the specific chapters of the Working Group's report is reflected in the relevant sections of the Compendium as follows: Noblemaire principle and competitiveness (2.1.10); margin considerations (2.1.40); remuneration structure (2.1.130) and implications for pensionable remuneration (5.10); the PA system (2.1.70); mobility and hardship (3.80 and 3.90); motivation and productivity (2.1.60 and 9.70); allowances (sections 3.10 to 3.90); education grant (4.10).*

As the result of the 1989 comprehensive review, ICSC made the following recommendations and reported the following decisions to the GA [*see A/44/30, vol. II, paras. 38-73*]:

**(a) Competitiveness of the UN salary system related to recruitment and retention needs**

ICSC recommended: (a) the establishment of a base/floor salary at a level equivalent to the current base salary plus 17 multiplier points; (b) a 5 per cent general increase in remuneration (*see also sections 2.1.10 and 2.1.60*).

**1989 (b) Matters relating to the comparator and the margin**

ICSC decided to recommend to the GA that: (a) in the application of the Noblemaire principle as the basis for the determination of the conditions of service of UN staff in the P and higher categories, the comparator should continue to be the highest paid national civil service. A periodic check of the highest paid national civil service should be made every 5 years; (b) the current concept of the margin should continue to apply to all staff; (c) the current margin range of 110 to 120 should continue to apply; (d) in order to calculate the net remuneration margin: (i) comparisons should continue to be based on the net remuneration of UN officials in grades P-1 through D-2 in New York and that of their counterparts in the comparator civil service in Washington; (ii) the cost-of-living differential between New York and Washington, based on the post adjustment indices for the two cities, should continue to be taken into account. A 12-month average of the amount of the New York/Washington cost-of-living differential should be applied in margin calculations, rather than the spot measurement currently taken; (iii) the margin reference period should be changed to the calendar year, i.e., the period 1 January to 31 December of each year should be used in margin comparisons; (iv) average salaries at each grade should be used on both sides of the comparison; (v) bonuses and performance awards that were not considered by the US Government to be included in base salary should be excluded from these comparisons; (vi) the tax calculation procedure reported to the GA in annex I to the eleventh annual report should continue to apply; (e) the margin should be allowed to fluctuate freely within the range. As long as the ratio between net remuneration in the UN system and in the comparator civil service remained within the range, no action would be required. If it became evident that the margin would drop below the lower limit, ICSC would make a recommendation to the GA for an across-the-board salary increase. On the other hand, if it became evident that the margin would exceed the top of the range, a freeze on emoluments would be applied until the margin was brought within the approved range; (f) the cumulative margin procedure approved by the GA at its 43rd session should be discontinued; (g) the four-month waiting period between the granting of successive classes of post adjustment for New York approved by the GA at its 43rd session should cease concurrently with (f) above (*see also section 2.1.40*).

**(c) Remuneration structures**

ICSC decided to establish a Working Group composed of the secretariats of ICSC, CCAQ, FICSA and CCISUA to guide the ICSC secretariat in undertaking further tests on remuneration structures (*see also section 2.1.130*).

**1989 (d) The post adjustment system**

(i) Common expenditure weights: ICSC decided that a single set of common expenditure weights should be used in PA calculations at all duty stations. The procedures recommended by ACPAQ to derive common expenditure weights should be used.

(ii) Use of reduced list of items for pricing in cost-of-living surveys: ICSC decided that the cost-of-living survey process would be simplified by adopting a reduced list of items.

(iii) Treatment of out-of-area expenditures: ICSC decided to introduce a number of changes in the way the out-of-area expenditures were treated within the PA system.

(iv) Use of external data sources: ICSC decided to use external data sources for prices and housing costs to supplement or replace existing sources in order to streamline the PA system. Adequate controls should be exercised on the quality, accuracy and consistency of all data obtained from external sources.

(v) Separation of the effects of currency fluctuations and inflation: ICSC decided not to pursue the use of separate salary scales for hard currency duty stations.

(vi) Frequency of time-to-time adjustments: ICSC decided: (a) to review PAIs at HQ and other European and North American duty stations on a monthly basis for both cost-of-living and exchange-rate movements. Changes in post adjustment/cost-of-living allowances in respect of cost of living should be granted either after a full 5 per cent movement had been measured or after a 12-month lapse since the last change, whichever came first. Changes owing solely to currency fluctuations should continue to be implemented monthly whenever they became due; (b) to review PAI for field duty stations on a four-monthly cycle for both cost-of-living and exchange rate movements. Between those four-monthly reviews the PACs of the duty stations should remain unchanged. However, in the case of duty stations experiencing continuous devaluations, pricing surveys should be undertaken frequently; (c) to carry out promptly new pricing surveys for field duty stations experiencing abrupt devaluations and reflect the increase as soon as the results were received. Post adjustment changes resulting from devaluations should be deferred by two months, following which a downward adjustment of a maximum of 10 multiplier points could be made.

(vii) Use of a multiplicative rather than an additive method to adjust multipliers affected by exchange rate fluctuations: ICSC decided that in the case of fluctuations in exchange rates, post adjustment multipliers should be adjusted by the percentage change in the PAI.

**1989 (viii) Removal of regressivity and elimination of the remuneration correction factor and floor protection measures**: ICSC recommended that: (a) all regressivity should be removed

from the PA system; (b) the pension contribution should be treated as a separate item in the PAI so as to ensure that there would be no shift from staff to organizations in the share of expenditures relating to pension contributions.

ICSC decided that the current RCF and floor protection measures should be discontinued, subject to, and in conjunction with, the removal of regressivity and the modification in the treatment of out-of-area expenditures.

(ix) Elimination of special measures: ICSC decided that the post adjustment system should be simplified by the elimination of special measures for high inflation; abrupt devaluation; continuous devaluation; and duty stations with a low or negative post adjustment classification.

**(e) Mobility and hardship**

The current scheme of assignment allowance, with or without the mobility element, financial incentives for service at hardship duty stations, installation grant and pre-departure allowance should be replaced by a new mobility and hardship scheme as follows:

(i) Mobility and hardship matrix: The elements of field service/mobility/hardship should be recognized by payments in accordance with the matrix shown in paragraph 313 and the detailed conditions and modalities for those payments specified in paragraphs 316 to 322 (*see also section 3.80*).

(ii) Assignment grant: (a) at field duty stations, the assignment grant (formerly the installation grant) should consist of 30 days of DSA, plus half that amount for each accompanying dependant, and a lump-sum payment equivalent to two months' base salary plus PA at the new duty station at the staff member's grade and step (*see para. 323*); (b) at HQ duty stations and other European, North American and similar designated locations, the grant should consist of 30 days' daily subsistence allowance, plus half that amount for each accompanying dependant, and a lump sum equivalent to one month's base salary plus post adjustment at the new duty station at the staff member's grade and step. The payment of the assignment grant should be made in accordance with the detailed modalities specified in the ICSC report (*see A/44/30, vol. II, paras. 323-326*).

(iii) Relationship to removal entitlements: The following provisions should apply pending a review by CCAQ of removal and shipping entitlements (see also (f) below): (a) for staff with removal entitlements: (i) at HQ (and related) locations, the mobility/hardship

**1989** elements would be recognized as per the matrix. The lump-sum payment of one month's salary would not apply under the assignment grant; (ii) at field locations a reduction of five percentage points in the mobility/hardship matrix would be applied and only one month's salary would be paid under the assignment grant; (b) for staff without removal entitlements: (i) at HQ (and related) locations, the mobility/hardship percentages under the matrix would be increased by three percentage points on the line shown for HQ, which would represent the approximate existing value of the assignment allowance. The assignment grant applicable at HQ would apply; (ii) in the field, the mobility/hardship element would be recognized as per the matrix and the field assignment grant would apply.

(iv) Home leave: (a) 24-month home leave would apply at HQ and locations at hardship levels A and B; consequently the 18-month home-leave entitlement currently applicable to duty stations in category B would be discontinued; (b) annual home leave would apply at locations at hardship levels C, D and E.

(v) Boarding costs: For staff serving at locations where educational facilities were not available or were deemed to be inadequate, the current limit of \$1,500 for reimbursement of 100 per cent of boarding costs in addition to the maximum amount of the education grant should be increased to \$3,000 (only in the case of children in primary and secondary school).

(vi) Review of removal entitlements: A number of recommendations were also made with regard to a review by CCAQ of removal and shipping entitlements, as well as family-related measures, including measures to deal with the problem of "split households".

(vii) Time off for medical/dental check-ups: Concurrent with the improvement of conditions of service at hardship duty stations, this entitlement should be discontinued.

(viii) Pre-departure allowance: This entitlement was to be subsumed under the proposed assignment grant (*see para. 325*).

#### **(f) Motivation and productivity**

ICSC recommended to the GA that the following structural improvements to the salary scale for staff in the P and higher categories be introduced at the earliest possible opportunity: (i) the value of annual increments (step values) should be reduced; (ii) the point in the salary grade at which overlap occurred with the next higher grade should be raised; (iii) a number of steps should be added at the top of each grade at the P-2 to D-2 levels, but these should be granted every two years; (iv) the step I values of the grades

**1989** should be increased, especially those at grades P-1 to P-3, to render the UN system more competitive on recruitment; (v) aberrations in the existing scale should be eliminated by: (a) making the average value of a step in each grade at least higher than the value of the step in the next lower grade; (b) making inter-grade differentials descend as the grade increased; (c) establishing salary spans that widened from grades P-1 to P-4 to reflect the distribution of staff at those levels, then decreased from levels P-4 to D-2 to reflect staff patterns at those levels; (vi) if step values were changed, care should be taken to ensure that the last step of the new scale was never less than the last step of the present scale.

ICSC also recommended that the organizations: (i) modify their promotion policies to ensure that upon promotion the staff member was placed at a step in the higher grade representing no less in monetary terms than the value of two steps in the staff member's present grade; (ii) follow the previous (1987) ICSC recommendation on cash awards as follows: "These may be considered for staff whose performance over a single appraisal period on all the important elements of the job exceeds expectations. Organizations may exceptionally grant a cash award to a staff member who exceeds expectations on one or a few tasks that are particularly critical while performing at the expected level on the other elements of the job. Cash awards allow a one-time performance to be given a single reward that has no permanent costs. Organizations that cannot provide more permanent rewards for sustained performance exceeding expectations, such as accelerated within-grade salary increments, may wish to use repeated cash awards to achieve the same purpose"; (iii) in connection with (ii) above, ensure that groups, as well as individuals, were equally eligible to receive such rewards; (iv) introduce, as appropriate, non-monetary awards such as service pins, plaques and certificates of achievement in line with the earlier ICSC recommendation; (v) introduce, to the extent possible, the environmental motivators described above in the areas of security, health, education and briefing, and other work-related conditions.

**(g) Allowances**

(i) Education grant: ICSC recommended to the GA that: (a) the grant should remain solely an expatriate benefit, subject to the existing exception for staff reassigned to their home country following service abroad which should be maintained; (b) the grant should continue to be payable at the primary, secondary and post-secondary levels; (c) the pattern of reimbursement should continue to be the same at the primary, secondary and post-secondary levels; (d) the uniform existing pattern of reimbursement should be maintained, i.e., the grant should not be differentiated by duty station or according to whether the educational institution was located in the duty station country, the home country or a third country; (e) the existing provisions regarding education grant travel should remain unchanged; (f) existing provisions in respect of the age limit for the payment of the education grant should be maintained; (g) the current ceiling for the special

**1989** education grant for disabled children should remain unchanged for the time being, but should be kept under review; (h) the revised arrangements on the currency of payment of the education grant approved by the GA at its 43rd session (*referred to in para. 381*) should remain in place for the time being, but should be evaluated based on experience with the first round of education grant claims; (i) the level of the grant should normally be reviewed every two years; the period between reviews should in no case exceed three years.

(ii) Dependency allowances: ICSC recommended to the GA that: (a) a dependent spouse or the first dependent child of a staff member without a spouse should continue to be recognized through differentiated rates of staff assessment and post adjustment. There should be no change at this time in the current extent of the differentiation; (b) the relevant tax abatements and family allowances payable in the countries of the 7 HQ duty stations should continue to serve as the basis for the determination of the UN children's allowance; (c) the children's allowance should be set at 2 per cent per child of net base salary plus post adjustment at the dependency rate, payable at P-4, step VI, at the staff member's duty station, subject to a floor allowance equivalent to 2 per cent of net base salary plus post adjustment at P-4, step VI, in New York. The allowance should be adjusted on the basis of PA changes for the duty station, subject to the above floor provision; (d) the age limit for eligibility to dependency benefits in respect of a child should remain unchanged; (e) the children's allowance in respect of a disabled child should be double the amount of the children's allowance; (f) a secondary dependant's allowance should continue to be payable in respect of one dependent parent, brother or sister, provided there was no primary dependant. The allowance should be set at 1 per cent of net base salary plus PA at P-4, step VI, at the staff member's duty station, i.e., one half of the children's allowance, subject to a floor allowance equivalent to 1 per cent of net base salary plus post adjustment at P-4, step VI, in New York. The allowance should be adjusted on the basis of PA changes for the duty station, subject to the above floor provisions.

(iii) Separation payments: ICSC recommended to the GA that: (a) the terms and conditions for the payment of a termination indemnity, including the schedule of entitlements, should remain unchanged; (b) the repatriation grant entitlement for staff without a spouse or a dependent child at the time of separation should be set at a uniform 75 per cent of the existing entitlement at the dependency rate. The proposed revised schedule of entitlements for the repatriation grant, calculated on this basis, is shown in subparagraph 453 (b); (c) the terms and conditions for payment of the repatriation grant should remain unchanged in all other respects; (d) the lump-sum amount payable in lieu of unused annual leave should be calculated on the basis of net remuneration, defined as net base salary plus post adjustment under the current system, at the duty station from which the staff member separated. The number of days that may be commuted into a lump sum should remain

**1989** unchanged; (e) the terms and conditions for payment of the death grant should remain unchanged; (f) separate schedules of entitlements should continue to be used for calculation of the termination indemnity, the repatriation grant and the death grant; (g) all separation payments other than the commutation of unused annual leave should be calculated using the base/floor amount for the remuneration system. The existing scale of separation payments should consequently be abolished. In order to avoid financial implications, however, this measure should not be implemented until the scale of separation payments has reached the level of, or exceeded the base/floor scale. The scale of separation payments should continue to be used during the intervening period for all separation payments other than commuted annual leave.

By **resolution 44/198**, the GA acted on the ICSC report on the comprehensive review of the conditions of service of the staff in the P and higher categories as reported below. All enactments took effect from 1 July 1990.

**(a) Remuneration structure**

The GA noted with concern that it had not been possible for ICSC to recommend the introduction of a revised remuneration structure. It: (i) took note of the ICSC views with regard to the proposal that housing should be treated separately from the rest of the remuneration package and of the ICSC decision to undertake further work on remuneration structures; (ii) urged ICSC to complete its consideration of all issues related to the introduction of a revised remuneration structure for the UN common system, including its impact on margin considerations and on the housing needs of staff in hardship duty stations, and to submit its final and complete conclusions to the GA at its 45th session.

**(b) Comparator**

The GA: (i) reaffirmed that the Noblemaire principle should continue to service as the basis of comparison between UN emoluments and those of the highest-paying civil service - currently the US federal civil service - which, by its size and structure, lent itself to such comparison; (ii) endorsed the ICSC recommendation to conduct periodic checks every year to determine the highest-paying civil service and consequently requested ICSC to propose a methodology for carrying out such checks to the GA at its 46th session.

**(c) Margin considerations**

Recalling that, in resolution 40/244 (1985), it had approved a range of 100 to 120 with a desirable mid-point of 115, for the net remuneration margin, on the understanding that the margin would be maintained at a level around the desirable mid-point of 115 over a period of time, the GA: (i) confirmed that the current concept of the margin should

**1989** continue to apply; (ii) endorsed that the current margin range of 110 to 120 should continue to apply; (iii) endorsed the methodological approach, in para 173 (d) of the ICSC report, for the calculation of the remuneration margin; (iv) requested ICSC to continue to report the net remuneration margin on an annual basis; (v) also requested ICSC to monitor the annual net remuneration margin over the 5-year period beginning in the calendar year 1990 with a view to ensuring to the extent possible, that by the end of that period the average of the successive annual margins was around the desirable mid-point 115 and to report on the experience gained to the GA at its 49th session and, in the meantime, to submit an interim report on the net remuneration margin for the period 1990-1991 to the GA at its 47th session.

**(d) Post adjustment**

The GA: (i) requested ICSC to reconsider the decision contained in paragraph 250 (i) of its report relating to the granting of PA increases due to cost of living; (ii) took note of all other decisions taken by the ICSC in respect of the operation of the PA system; (iii) endorsed, with effect from 1 July 1990, the ICSC recommendations regarding the removal of regressivity from the PA system and the inclusion of pension contributions as a separate item in the PAI on the understanding that the current remuneration correction factor and floor protection measures would be discontinued; (iv) instructed ICSC to complete as soon as possible, and preferably by the end of 1991, a round of place-to-place surveys using the methodology outlined in chapter VI of its report, on the understanding that the surveys at the 7 HQ duty stations and at other duty stations with more than 150 P staff members would be finalized by the end of 1990 and that, at duty stations with small numbers of staff members, every effort would be made to utilize to the maximum the external data sources as outlined in the ICSC report; (v) requested the executive heads and the staff to cooperate with ICSC during the place-to-place survey process; (vi) requested ICSC to devise appropriate measures to deal with those duty stations where, upon implementation of a place-to-place survey, there existed a significant difference between the PAI and the actual multiplier; (vii) confirmed that, following the introduction of the revised salary scale referred to in the present resolution and pending the outcome of the respective place-to-place surveys in those locations where the index reflected in the PA multipliers exceeded the PAI, net remuneration would continue to be adjusted only to reflect currency fluctuations until the PAI surpassed the index reflected by the PA multipliers.

**(e) Mobility and hardship**

The GA: (i) approved the introduction of a mobility and hardship allowance as outlined in the ICSC report and an assignment grant, as outlined in the ICSC report and the provisions relating to the reimbursement of boarding costs on the understanding that the amounts indicated in the matrix for staff serving at HQ or in North America and European

**1989** duty stations and similar designated locations would be payable from their fourth assignment only if they had served in at least two field duty stations; (ii) requested ICSC to report to the GA at its 47th session on the operation of the mobility and hardship allowance and the assignment grant.

**(f) Motivation and productivity**

The GA: (i) endorsed, with effect from 1 July 1990, the recommendations concerning structural improvements of the salary scale, which should be appropriately reflected in the scale of pensionable remuneration, and also endorsed the recommendation contained in para. 357 (a) relating to the modification of promotion policy; (ii) invited the organizations of the UN common system to take appropriate steps to introduce ICSC recommendations in respect of non-monetary awards and environment motivators; (iii) invited ICSC again to review performance evaluation systems in all organizations of the UN common system with a view to ensuring that such systems are objective and transparent and to tying within-grade step increments and promotions to merit, as indicated in the performance evaluation reports, rather than primarily to longevity.

**(g) Allowances**

The GA: (i) endorsed the recommendations contained in chapter IX of the ICSC report and the consequential amendment to the Staff Regulations of the UN, with respect to the children's allowance in respect of disabled children, the calculation of the commutation of unused annual leave and the scale of separation payments; (ii) took note of the ICSC conclusions reflected in paras. 406 and 453 (a), (e) and (f) and confirmed, with respect to paras. 453 (b) and (c), that the terms and conditions of payment of the repatriation grant should remain unchanged in all aspects; (iii) requested ICSC to collect the necessary information on the practices of the organizations of the UN common system regarding the granting of expatriate entitlements to members living in their home countries while stationed at duty stations located in another country in order to assess the feasibility of harmonizing practices among the organizations, and to report thereon to the GA at its 45th session; (iv) also requested ICSC to reconsider the methodology for the determination of dependency allowances in the light of the tax practices of the comparator and to report thereon to the GA at its 45th session; (v) further requested ICSC to provide an overview of the package of common system allowances, including the level, rationale and procedure for review of each allowance, *inter alia* by reference to the package of allowances provided by the comparator, and to report thereon to the GA at its 45th session.

**1989 (h) Base salary scale**

The GA approved: (i) the establishment of a floor net salary level for staff in the P and higher categories by reference to the corresponding base net salary levels of officials in comparable positions serving at the base of the comparator civil service; (ii) revised rates of staff assessment for staff members with neither a dependent spouse nor a dependent child, to be used in conjunction with gross base salaries and gross amounts of separation payments; (iii) a revised scale of gross and net salaries for staff in the P and higher categories and the consequential amendment to the UN Staff Regulations, together with procedures for its construction and implementation (*see section 2.1.60*).

The GA: (a) noted that only upon completion of the comprehensive review in all its aspects could the decisions in the present resolution be considered final; (b) requested the SG to make all necessary efforts to absorb in 1991 and subsequent years a significant portion of the additional costs arising in respect of the regular budget of the UN as a result of the adoption of the present resolution; (c) also requested the SG, in his capacity as Chairman of ACC, to emphasize to the executive heads of the specialized agencies the importance of assisting the respective governing bodies in taking parallel measures to the same effect.

*The GA decisions on specific aspects of the comprehensive review are also summarized in the relevant subject-matter sections of the Compendium.*

**1990 32nd session (July/August):** ICSC examined, on the basis of document ICSC/32/R.16, the implications for the GS and related categories of the GA decisions arising out of the comprehensive review. It recommended to the organizations that: (a) the provisions relating to the disabled children's allowance should be applied to GS staff; (b) the mobility and hardship allowance should be applied to internationally recruited GS staff; and (c) the assignment grant should be payable to internationally recruited GS staff (*see sections 3.20, 3.70 and 4.40 respectively for details*). ICSC also considered the issue dealing with two steps on promotion and other recommendations in the area of motivation and productivity. While recognizing the need to provide equity among both categories of staff, it nevertheless felt that in this respect there was no automatic linkage and this question should be addressed in the context of a general review of conditions of service for the GS and related categories [*A/45/30, paras. 234 and 235*].

Also at that session, ICSC considered three implementation issues that arose in the context of the comprehensive review: (a) the movement of staff at the top of the grade to the additional step in the 1 July 1990 salary scale (*see section 2.1.60*); (b) the application of the current scale of separation payments to staff on the additional steps of the 1 July 1990

**1990** salary scale (*see section 4.70*); (c) additional emoluments for staff obliged to work under particularly hazardous conditions (*see section 7.40*) [ICSC/32/R.24, paras. 72-82].

In **resolution 45/241**, the GA reiterated its request to the UN/SG and to the executive heads of the organizations of the common system to make every effort to absorb in 1991 and thereafter a significant portion of any additional costs arising in respect of the regular budgets of all the organizations as a result of the comprehensive review.