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منظمة الأغذية والزراعة للأمم المتحدة

FINANCE COMMITTEE

Hundred and Sixty-first Session

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Recommendations and Decisions of the International Civil Service Commission to the General Assembly (including Changes in Salary Scales and Allowances)

Queries on the substantive content of this document may be addressed to:

Ms Monika Altmaier
Director
Office of Human Resources
Tel: +3906 5705 6422

EXECUTIVE SUMMARY

- The purpose of this paper is to inform the Committee of recent developments in the activities of the International Civil Service Commission (ICSC) and changes in the conditions of service of staff in the professional and higher categories as well as general service staff.
- The financial implications for FAO resulting from the implementation of the ICSC decisions amount to approximately USD 38,500 for the year 2016 (paragraph 4 refers).

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to take note of the contents of this document.

Draft Advice

- **The Finance Committee noted the changes made by the ICSC to the compensation package for the professional and higher categories as well as the resolutions adopted by the United Nations General Assembly (UNGA).**
- **The Finance Committee noted the authority of the Director-General to amend the Staff Regulations as necessary to give effect to the recommendations of the ICSC which have been approved by the UNGA, pursuant to Staff Regulation 301.12.2.**

I. International Civil Service Commission (ICSC)

1. At its seventieth session (December 2015), the United Nations General Assembly (UNGA) adopted resolution 70/244 on the United Nations common system that focused on the report of the International Civil Service Commission (ICSC) for the year 2015. The main elements of the resolution regard decisions taken on the implementation date of the new mandatory age of separation and on the changes to the compensation package for staff in the professional and higher categories.

A. CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES OF STAFF

Mandatory Age of Separation

2. The UNGA recommended that the mandatory age of separation for staff recruited before 1 January 2014 should be raised by the organizations of the United Nations common system to 65 years, at the latest by 1 January 2018, taking into account the acquired rights of staff.

B. CONDITIONS OF SERVICE OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES

Base/Floor Salary Scale

3. The UNGA approved a 1.08 per cent adjustment of the base/floor salary scale for the professional and higher categories with effect from 1 January 2016. The adjustment is implemented by increasing the base salary and commensurately reducing post adjustment multiplier points, resulting in no change in net take-home pay.

4. As separation payments are linked to the base/floor salary scale, but not to post adjustment, the increase in the base/floor salary scale has financial implications. For FAO, the financial implications of this change are estimated to be approximately USD 38,500 for the year 2016 in respect of the scale of separation payments, which represents approximately 7 per cent of the system-wide financial implications that are estimated at USD 550,000.

Evolution of the Margin and Margin Management Around the Desirable Midpoint

5. Under a standing mandate, the Commission reports annually to the UNGA on 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. For that purpose, the Commission annually tracks changes occurring in the remuneration levels of both the international civil service and the United States federal civil service.

6. The Commission reported to the UNGA that the estimated margin between net remuneration of the United Nations staff in grades P-1 to D-2 in New York and that of officials in comparable positions in the United States federal civil service in Washington, D.C. for the calendar year 2015 amounted to 117.2 and that its five-year average (2011 to 2015) also amounted to 117.2, which was above the desirable midpoint of 115.

7. With regard to the margin management methodology, the UNGA approved the Commission's recommendations as follows:

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

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

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

Changes to the Compensation Package for the Professional and Higher Categories

9. Between 2013 and 2015, and in close consultation with the organizations of the United Nations common system and the Staff Federations, the ICSC carried out a comprehensive review of the common system compensation package for staff in the professional and higher categories. The aim of this review was to ensure that compensation for UN staff globally remains competitive and fit for purpose, while also ensuring overall cost containment. The review resulted in a number of recommendations to change the compensation package which were submitted to the 70th session of the UNGA for its endorsement.

10. The deliberations of the UNGA took into consideration the views of the Executive Heads of organizations and of staff representatives. In particular, while welcoming the overall outcome of the review, Executive Heads of United Nations common system organizations suggested a number of potential improvements, particularly with regard to strengthening attractiveness of service in hardship duty stations and of geographic mobility, and regarding the particular situation of single parents among UN staff.

11. The changes were adopted by the UNGA in its resolution 70/244.

Unified Salary Scale

12. A unified single rate salary scale[1] will apply to all serving and newly recruited staff members. This new scale contains the same set of grade levels, with individual steps within each grade. However, the concept of "dependency rate" of salary no longer applies, and instead dependency allowances for dependent spouses and children will be used. These are outlined below under the section entitled “Dependency Allowances”.

13. The grade and step matching of staff for conversion from the current to the new scale will follow the instructions provided by the ICSC[2]. Staff members’ acquired rights will be protected, including with regard to the applicable pensionable remuneration amounts.

14. The revised salary scale will consist of 13 steps for grades P.1 – D.1, and 10 steps for the D.2 grade. Staff members whose salary levels were higher than that of the maximum step of their grade upon conversion to the new scale, shall maintain their current salary level as a pay protection measure. This protection measure will apply to staff at the following grades and steps at the time of conversion: P-1 step X; P-2 step XII; P-3 steps XIV and XV; P-4 steps XIV and XV.

15. For grades P.1 to P.5, within-grade step increments will be granted annually from step I to step VII, and thereafter biennially.

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[1] The scale can be found in annex II, section A of the Report of the International Civil Service Commission for the year 2015 http://icsc.un.org/resources/pdfs/ar/AR2015.pdf. It may be updated to reflect any adjustments in base/floor salaries that may be approved prior to its implementation. A new pensionable remuneration scale to match the new salary scale will also be introduced.

[2] For a detailed table regarding grade and step conversion, see annex II, section B of the Report of the International Civil Service Commission for the year 2015 http://icsc.un.org/resources/pdfs/ar/AR2015.pdf

16. For grades D.1 and D.2, step increments will continue to be granted on a biennial basis. All other existing eligibility arrangements for step increments are maintained.

Dependency Allowances

17. A spouse allowance of six per cent of net remuneration will be paid in respect of a dependent spouse, replacing the current dependent rate of salary.

18. A child allowance will be paid in respect of each dependent child.

19. For those staff members currently in receipt of the dependency rate of salary in respect of a dependent child (as there is no dependent spouse) at the time of conversion, a transitional allowance of six per cent of net remuneration in respect of that child will be paid in lieu of a child allowance. This is intended as a transitional pay protection measure. It will be reduced by 1 per cent each year until the amount is equal to or less than the child allowance. At that point the transitional measure will discontinue and the staff member will instead receive the child allowance.

20. A new single parent allowance will be introduced. Staff members who are single parents will receive an allowance of six per cent of net remuneration in respect of the first dependent child for whom they provide the main and continuing support. This will be paid in lieu of the child allowance.

21. The measures outlined above will be introduced effective 1 January 2017, together with the unified salary scale.

Education Grant

22. A revised education grant scheme will be introduced as of the school year in progress on 1 January 2018. It will replace the current scheme that allows for reimbursement of 75% of all education-related expenses up to maximum amounts that vary based on currency zones. The new scheme will operate as follows:

- Admissible expenses will be limited to tuition and enrolment-related fees, as well as, where applicable, boarding expenses.

- The new scheme will consist of a global sliding scale comprising seven brackets, with declining reimbursement levels as follows:

Claim amount brackets in USD	Reimbursement rate (percentage)
0 - 11,600	86
11,601 – 17,400	81
17,401 – 23,200	76
23,201 – 29,000	71
29,001 – 34,800	66
34,801 – 40,600	61
> 40,601	0

- As indicated in the table, as the claim amount rises, the reimbursement percentage is reduced. For example in the case of a total claim of USD 20,000, the first USD 11,600 is reimbursable at 86 per cent, next USD 5,699 (i.e. the amount from 11,601 to 17,400) is reimbursable at 81 per cent and the outstanding amount of USD 2,599 (the difference between 17,401 and the total claim of USD 20,000) is reimbursable at 76 per cent.

- The current distinction by currency zones and varying reimbursable maxima levels will be discontinued.

- Boarding related expenses will be paid in the form of a lump sum of USD 5,000. Eligibility to boarding related expenses will be limited to staff serving in field locations and whose children attend primary and secondary education outside the duty station. Furthermore, staff in H duty stations will be eligible to boarding assistance only in exceptional cases, and subject to the discretionary authority of the Director-General. No boarding expenses will be paid in respect of children attending post-secondary education.

- Eligibility to education travel will be directly linked to eligibility to boarding related expenses.

- Regarding post-secondary education, the grant will only be payable up to the end of the scholastic year in which the child completes four years of post-secondary studies or attains a first post-secondary degree, whichever comes first, subject to the upper age limit of 25 years.

23. The current special education grant scheme for children with disabilities will continue to apply. The global ceiling (maximum admissible expenses) for the special education grant will be synchronized with the upper limit of the top bracket of the global sliding scale (USD 40,600), plus the boarding assistance lump sum of USD 5,000.

Relocation Related Elements

24. Relocation shipment: Where foreseen, full removal of household goods will continue to be provided, in accordance with the relevant applicable rules of the Organization.

25. Payment of the non-removal allowance in cases where staff receive the smaller shipment entitlement of "personal effects" will be discontinued. Staff who moved prior to the implementation of the new relocation package and are in receipt of the non-removal allowance will continue to receive the allowance for up to a maximum of five years payment, or until they move to another duty station, as per current eligibility criteria.

26. The existing "assignment grant" has been renamed the "settling-in grant". The second lump sum equivalent to one additional month of net salary that is paid to staff receiving the non-removal allowance and serving in a field duty station for three years or more has been abolished.

27. The above changes will be implemented as of 1 July 2016.

Mobility and Field Allowances and Benefits

28. Hardship allowance amounts will be adjusted as follows (annual amounts in USD):

Hardship category	P.1 – P.3	P.4 – P.5	D.1 and above
A	-	-	-
B	5,810	6,970	8,140
C	10,470	12,780	15,110
D	13,950	16,280	18,590
E	17,440	20,920	23,250

29. The current "additional hardship allowance (AHA)", payable to staff stationed in difficult/dangerous duty stations, will be replaced with a "non-family service allowance". Eligible staff with recognized dependants will receive USD 19,800/year (USD 1,650/month); staff with no dependants will receive USD 7,500/year (USD 625/month).

30. A mobility incentive will be introduced to replace the current mobility allowance. The annual amounts of the mobility incentive per grade band are as follows (amounts in USD):

Assignment Number	Additional amounts	Group 1 (P-1 to P-3)	Group 2 (P-4 and P-5)	Group 3 (D-1 and above)
2 to 3	None	6,500	8,125	9,750
4 to 6	25 per cent	8,125	10,156	12,188
7+	50 per cent	9,750	12,188	14,625

31. The incentive will be payable to staff with at least five consecutive years of prior service in a United Nations common system organization, as of their second assignment, following a geographical move. Staff assigned to category “H” duty stations will not be eligible to the incentive. The incentive will be payable for a period of up to five years.

32. Accelerated home leave will be discontinued, except in category "D" and "E" duty stations that do not fall under the rest and recuperation (R&R) framework.

33. Eligibility to repatriation grant will be subject to a minimum of five years of expatriate service as opposed to the current two years requirement. Serving staff will retain their eligibility under the current grant up to the number of years accrued at the time of implementation.