

**JM 2018.1/2 - Date of Implementation of the United Nations Resolution on the
Mandatory Age of Separation
Information note – May 2018**

Cost Savings

1. As outlined in document JM 2018.1/2, Date of Implementation of the United Nations Resolution on the Mandatory Age of Separation (MAS), an implementation of MAS at 65 years¹ on 1 January 2021 will provide FAO with flexibility to bring in new technical capacity needed for programme priorities and ways of working, and facilitate attainment of gender balance and geographic representation goals. It will also lead to estimated biennialized cost savings of at least **USD 8.6 million**.

2. In the three-year period 1 January 2018 to 31 December 2020, 124 Professional staff retirements at the mandatory age of separation of 62 are expected, with 22% (27) of the cases in the higher category (D-1 and above), and 78% (97) in the Professional category. The staff members are fairly evenly distributed across occupational areas and across geographic locations, with 71 expected retirements at headquarters and 53 in decentralized locations.

3. The staffing of FAO, which comprises 75% of its resources, relates directly to the Organization's ability to address global challenges and priorities including the 2030 Agenda for Sustainable Development, and adapt to new ways of working. The Organization therefore continually seeks opportunities for re-alignment and reprofiling of its posts to ensure its technical skills optimally respond to the emerging needs. This approach was demonstrated in the PWB 2018-19 approved by the Conference in July 2017, where 58 new technical posts were created from the abolition of an equal number of non-technical posts, and a further 76 vacant professional posts were downgraded in order to allow the recruitment of highly qualified younger professionals.²

4. For the 124 positions whose incumbents are reaching the mandatory age of separation of 62, a similar analysis was undertaken and potential savings from re-profiling the posts was estimated, with the assumption that 64 posts would remain at the same grade level and 60 posts would be downgraded, as further outlined below.

Lower steps in grade

5. For the 64 posts which would remain at the same grade level, savings are foreseen as a result of changes in the actual cost of staff within each grade. These actual costs depend on the salary step level and the benefits received. The step level is based on the years of service at grade, ranging up to step 13 for the Professional and higher categories.

6. Almost all the expected retirements between 2018 and 2021 concern staff whose step is in the upper part of their grade level. Newly-recruited staff members, however, are generally appointed at step 1 of their grade. On the assumption that recruitments of new staff would take place at step 1 level following the retirement of the 64 staff members, biennialized savings under actual staff costs of **USD 2.4 million** are foreseen, taking into consideration net remuneration and cost of living adjustment.

¹ for staff employed before 1 January 2014

² C 2017/3 MTP 2018-21 / PWB 2018-19 paragraphs 108-113



Downgradings

7. A review of the 124 posts resulted in the identification of approximately 60 posts which would be appropriate for downgrading (41 at headquarters and 19 in decentralized locations), to recruit new staff. The biennialized savings resulting from the downgrading³ of these posts (29 P-5, 24 P-4, and 7 P-3) is **USD 4.2 million**.

Benefits and entitlements linked to salary

8. In addition to the opportunities for salary savings and post realignments arising from step decreases and downgrading outlined above, savings are also expected to result from changes in costs of benefits and entitlements for staff, in particular for those more directly linked to the salary level.

9. The types of benefits where we would expect to see savings include FAO's contribution to staff medical insurance premium payments, the potential impact of the current service cost of the After Service Medical Coverage (ASMC), and FAO's contributions to the United Nations Joint Staff Pension Fund. Current estimates, including from trend analysis of actuarial valuations, indicate biennialized savings in the range of **USD 2 million**. Further savings may also arise from other staff benefits, which are not directly linked to salary level, such as education grant, and home leave travel.

Conclusion

10. Setting an effective date for new MAS implementation of 1 January 2021 at FAO is expected to lead to savings arising from recruitment of new staff at lower steps within existing grades, downgrading of positions, and lower costs for staff benefits and entitlements linked to salary, as well as potentially for other entitlements. These savings would arise from recruiting new staff to the 124 positions due to become vacant as a result of retirements up to 31 December 2020. The total estimated biennialized savings are **USD 8.6 million**.

³ by one grade level