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FINANCE COMMITTEE

Hundred and Eightieth Session

Rome, 18 - 22 May 2020

**Recommendations and Decisions of the International Civil Service
Commission and UN Joint Staff Pension Board to the General Assembly
(including Changes in Salary Scales and Allowances)**

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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 the United Nations Joint Staff Pension Board (UNJSPB) and changes in the conditions of service of staff in the professional and higher categories as well as general service staff.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

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

Draft Advice

- The Committee noted the recent developments in the activities of the International Civil Service Commission (ICSC) and the United Nations Joint Staff Pension Board (UNJSPB).

INTERNATIONAL CIVIL SERVICE COMMISSION (ICSC)

1. At its seventy-fourth session (December 2019), the United Nations General Assembly (UNGA) adopted resolution 74/255A regarding the establishment of post adjustment multipliers for duty stations and 74/255B on the United Nations common system that focused on the report of the International Civil Service Commission (ICSC) for the year 2019.

2. In its resolution 74/255A, the General Assembly reaffirmed the authority of the ICSC to continue to establish post adjustment multipliers for duty stations, under Article 11 (c) of the Commission's Statute. In this context, the General Assembly expressed its concern over the inconsistencies in application of the 2016 post adjustment results in Geneva and urged the member organizations of the UN common system to cooperate fully with the Commission in line with its Statute to restore consistency and unity of the post adjustment system.

Conditions of service applicable to both categories of staff (Professional and higher and General Service)

Performance appraisal

3. The General Assembly urged the organizations to continue to abide by the principles and guidelines for performance appraisal and management for the recognition of different levels of performance, which include the following components:

- Principle for performance appraisal;
- Framework for recognition and rewards programmes, including:
 - i) Cash and non-cash awards;
 - ii) Treatment of underperformance;
- Outline of a training programme for managers.

Conditions of service of the Professional and higher categories

Base/floor salary scale

4. The General Assembly approved a 1.21 percent adjustment of the base/floor salary scale for the professional and higher categories with effect from 1 January 2020. 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.

5. 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 is estimated to be approximately USD 37 800 for the year 2020 in respect of the scale of separation payments, which represents approximately 7 percent of the system-wide financial implications that is estimated at USD 540 000.

Evolution of the margin

6. Under a standing mandate, the Commission reports annually to the General Assembly 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 civil services.

7. The General Assembly reaffirmed its understanding that the margin would be maintained at a level around the desirable midpoint of 115 over a period of time and recalled its decision that the Commission should take appropriate action through the operation of the post adjustment system if the margin trigger levels of 113 or 117 were breached.

8. The General Assembly took note that the margin for the calendar year 2019 amounted to 113.4.

Education grant

9. The General Assembly decided to defer its consideration of the recommendations of the Commission on the sliding reimbursement scale and the boarding lump sum and requested the Commission to provide a detailed review on the scale and the level of the boarding lump sum, taking into consideration a maximum amount per household, in its next annual report for 2020.

Hardship allowance

10. The General Assembly took note of ICSC's decision to increase the amount of hardship allowance by 2 percent with effect from 1 January 2020.

11. The revised hardship allowance are as follows (annual amounts in United States Dollars):

Hardship category of duty station	(P-1 to P-3)	(P-4 to P-5)	(D-1 and above)
A	-	-	-
B	5 930	7 110	8 300
C	10 680	13 040	15 410
D	14 230	16 610	18 960
E	17 790	21 340	23 720

Mobility incentive

12. The General Assembly took note of ICSC's decision to set the lower limit of the mobility incentive to USD 6 700 (the previous lower limit was USD 6 500) per year, with effect from 1 January 2020.

13. The General Assembly urged the Commission to conduct a thorough review of the purpose, effectiveness and efficiency of the current mobility incentive programme in encouraging mobility of staff to field duty stations and provide detailed outcome of the review in its report for 2021.

14. The General Assembly encouraged organizations of the United Nations common system to consider the application of alternative measures to incentivize staff mobility, including non-financial incentives, to promote staff mobility.

15. The new amounts for the mobility incentive are as follows (annual amounts in United States Dollars):

Number of assignment	(P-1 to P-3)	(P-4 to P-5)	(D-1 and above)
2 to 3	6 700	8 375	10 050
4 to 6	8 375	10 469	12 563
7+	10 050	12 563	15 075

16. With the increase in hardship allowance of 2 percent and the increase in mobility incentive of 3 percent, the financial implications for FAO are estimated to a total of approximately USD 126 500 per annum for the two items.

United Nations Joint Staff Pension Board (UNJSPB)

17. The United Nations Joint Staff Pension Board (UNJSPB or the Board) held its 66th session in July 2019 in Nairobi, Kenya.

18. The major items dealt with by the Board were:

- actuarial matters, including the methodology and assumptions for the thirty-fifth actuarial valuation of the Fund, as at 31 December 2019;
- the management of the investments of the United Nations Joint Staff Pension Fund (UNJSPF or the Fund), including the report by the Representative of the Secretary-General for the Investments of the Fund on investment performance for the one-year period ending 31 December 2018, and the membership of the Investments Committee;
- the reports of the Assets and Liabilities Monitoring Committee and the asset-liability management study;
- the reports of the Audit Committee, the Board of Auditors and the United Nations Office of Internal Oversight Services (OIOS);
- the budget estimates for the year 2020;
- the report of the Governance Working Group and the resulting changes to the Fund's Regulations and Administrative Rules; and
- the appointment of the CEO/Pension Benefits Administrator.

19. Among the recommendations and decisions taken by the Board at its 66th session which were presented and subsequently approved by the General Assembly are the amendments to the UNJSPF Regulations and Rules (part two, annex XI, for approval, and annex XII, for information, respectively) to appropriately reflect the separation of roles of the Chief Executive Officer/Pension Benefits Administrator and the Secretary of the Board.

20. The Board recommended, by consensus, to the Secretary-General of the United Nations, in accordance with article 7 (a) of the Regulations of the Fund, the appointment of a new Chief Executive Officer/Pension Benefits Administrator of the Fund for a term of five years. Subsequently, in August 2019, the UN Secretary-General appointed Ms Rosemarie McClean, a national of Canada, as the Chief Executive of Pension Administration of the UN Joint Staff Pension Fund.

21. The Audit Committee of the Pension Board held two meetings in November 2019 and February 2020 and reviewed the final Terms of References and the past internal and external outstanding audit recommendations and finalized the work plan for 2020.