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**TO: Human Resources Directors of Participating Organizations
Representatives of Staff Federations**

**FROM: Ibrahim Yansaneh, Chief
Cost-of-Living Division**

A handwritten signature in black ink, appearing to read 'Ibrahim Yansaneh'.

**SUBJECT: Modification of the gap closure measure for cost-of-living surveys conducted in
the 2016 round.**

1. The purpose of this memorandum is to explain the Commission's decision to modify the gap closure measure to mitigate the impact of negative cost-of-living survey results on the salaries of staff. It also explains the procedures for determining the post adjustment multiplier, under various scenarios. **This modification takes effect on 1 August 2017.** It would be appreciated if the information provided in this memorandum could be brought to the attention of all staff in the Professional and higher categories.

2. The Commission, at its eighty-fifth session, decided to modify the gap closure measure in order to further mitigate the impact of the implementation of negative survey results, leading to a post adjustment index that is lower than the prevailing pay index by more than 3 per cent. For surveys conducted under the 2016 round, the modified measure provides for the augmentation of the survey-based PAI (updated to the implementation date) by 3 per cent, to derive a revised post adjustment multiplier (PAM) applicable to the duty station. The difference between the revised PAM and the prevailing pay index is then paid out as a personal transitional allowance (PTA) to staff serving in the duty station as of the date of implementation of the survey.

3. In accordance with the Commission's decision:

- a. The updated post adjustment index derived from the survey (updated to the month of implementation), is augmented by 3 per cent to derive a revised PAM for the duty station;
- b. The revised PAM is applicable to all Professional staff members in the duty station. Existing staff members, already at the duty station before the implementation date of the survey results, receive the revised PAM, plus a PTA;
- c. The PTA is the difference between the revised and prevailing PAMs;
- d. The PTA is paid in full for the **first 6 months** after the implementation date; and adjusted downward by **3 per cent every 4 months**, until it is phased out;

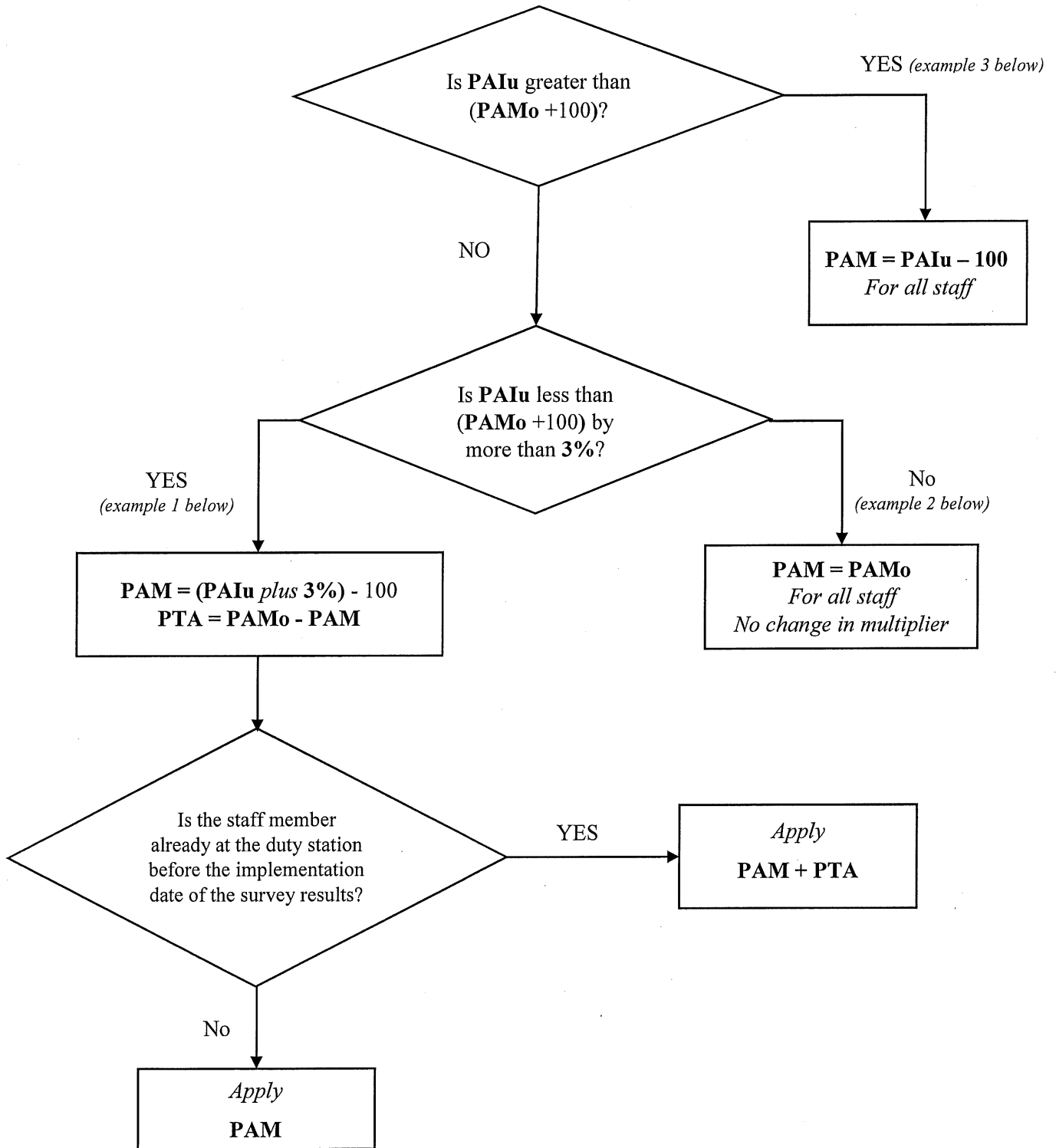
- e. During an adjustment month, the new PTA is calculated by taking the difference between the prevailing pay index and the pay index applicable to existing staff (that is, the prevailing pay index plus the existing PTA), reduced by 3 per cent.

4. Annex I of this memorandum provides a flowchart that illustrates how the PAM is derived. Some numerical examples are also given in Annex I to illustrate the derivation of the PAM and PTA under various scenarios.

5. The Commission also decided to change the implementation date of the results of the 2016 cost-of-living survey in Geneva from 1 May 2017 to 1 August 2017, the same date for the implementation of the results of the baseline cost-of-living surveys in London, Madrid, Paris, Rome and Vienna. This means that eligible staff members serving in Geneva are entitled to retroactive payments, which can be effected by granting a one-time payment in extra PAM points cumulated during May to July 2017. Table 1 of Annex II shows the calculation of monthly retroactive PAM points payable to staff in Geneva while Table 2 shows the cumulative PAM points to be paid retroactively to staff in Geneva. Please note that the change of implementation date of the survey results for Geneva, in and of itself, requires retroactive payments corresponding to 1.0 PAM points to all Geneva-based staff, if indeed an organization decided to continue to pay all staff at the level prevailing in May 2017, before the original implementation date (PAM=81.1).

Annex I: Application of the revised Gap Closure measure: Process for determining the Post adjustment multiplier following the implementation of a Cost-of-living survey

PAI_u= Updated Post Adjustment Index (PAI) based on the survey
PAM_o= Prevailing Multiplier (current Pay Index -100)
PTA= Personal Transitional Allowance
PAM= Final Post Adjustment Multiplier



Example 1: Low survey result: Application of the Gap Closure Measure

A	Current multiplier (PAMo)		31.5
B	Prevailing pay index (PAMo + 100)	(A) +100	131.5
C	Updated survey PAI (PAMu)		115.9
D	Updated survey PAI plus 3%	(C) *1.03	121.6
E	Revised PAM	(D)-100	21.6
F	PTA*	(B)-(D)	9.9
G	Applicable PAM for new staff on/after the implementation of survey	(E)	21.6
H	Applicable PAM for existing staff (on-board before the implementation of survey)	(E)+(F)	31.5

* PTA is paid in full for the first six months after implementation date; and adjusted downward by 3% every four months until it is phased out

Example 2: Low survey result: no change in PAM

A	Current multiplier (PAMo)		19.0
B	Prevailing pay index (PAMo + 100)	(A) +100	119.0
C	Updated survey PAI (PAMu)		115.9
D	Updated survey PAI plus 3%	(C) *1.03	119.4
E	No need for GCM	(B)<(D)	-
F	No change in PAM	(A)	19.0
G	Applicable PAM for all staff (PAMo)	(A)	19.0

Example 3: High survey result

A	Current multiplier (PAMo)		41.2
B	Prevailing pay index (PAMo + 100)	(A) +100	141.2
C	Updated survey PAI (PAMu)		143.2
D	No need for 3% augmentation of PAMu	(C)>(A)	-
E	No need of PTA	-	-
F	Revised PAM (PAIu-100)	(C)-100	43.2
G	Applicable PAM for all staff	(F)	43.2

Annex II: Retroactive pay for Geneva based staff

Table 1: Calculation of monthly retroactive multiplier points

Month	Published PAM/ PAM for new staff (A)	PTA For existing staff (B)	Total PAM (including PTA) for existing staff (C)= (A) + (B)	Revised PAM to be implemented for all staff (D)	Multiplier points to be retroactively paid	
					For staff already in Geneva on 1 May 2017 (D)-(C)	For staff assigned to Geneva after 1 May 2017 (D)-(A)
May-17	67.1	14	81.1	81.1	0	14
Jun-17	70.5	14	84.5	84.9	0.4	14.4
Jul-17	72.9	14	86.9	87.5	0.6	14.6

Table 2: Cumulative multiplier points to be paid retroactively for the following groups of staff assigned to Geneva

Staff assigned to Geneva	Cumulative multiplier points to be paid
Prior to 1 May 2017	1.0
As of 1 May 2017	43.0
As of 1 June 2017	29.0
As of 1 July 2017	14.6