

## REPORT OF THE STANDING COMMITTEE ON PROFESSIONAL SALARIES AND ALLOWANCES

Chair	Christian Gerlier (ITU Geneva)
Rapporteur	Frank Campbell (IAEA Vienna)
FICSA President	Brett Fitzgerald (WIPO Geneva)
FICSA Treasurer	Irwan Mohd Razali (WHO/GSC Kuala Lumpur)
Members, FICSA Executive Committee	Imed Zabaar (IAEA, Vienna)
Regional Representatives	Diab El-Tabari (UNRWA/ASA Beirut)

### Participants

AP-in-FAO	Juan José Coy Girón Jakob Skoet
IARC	Cécile Le Duc
ICAO	Sanya Dehinde Ray Reynolds
IMO	Alfredo Parroquin Ohlson Edwin Titi-Larty Irene Waite
ITU	Henri-Louis Dufour Akim Falou-Dine
OSCE	Ilknur Ozturk Nizar Zaher
UNAIDS	Tanya Quinn-Maguire Andrea Palazzi
UNESCO	Elia Matias
UNFCCC	Mario Cabrera Schery

	Santhosh Thanjavur Prakasam
UNGSC	Cosimo Melpignano
UPU	Birahim Fall Franck Landauer
WHO/AFRO Brazzaville	Lydie Gassackys Christian Pethas-Magilad
WHO/EURO Copenhagen	Caroline Brown Kay Miller
WHO/HQ Geneva	Evelyn Kortum
WHO/SEARO New Delhi	Rajesh Mehta Ritesh Singh
WHO/WPRO Manila	Rachelle Anyayahan Rodel Rodriguez
WIPO	Kari Andreasson
WMO	Jalil Housni
<b>Member with associate status</b>	
CERN	Joel Lahaye Isabelle Mardirossian Ghislain Roy
OPCW	Eric Prein Nuria Reques

### **Adoption of the agenda (Agenda item 1)**

1. The Standing Committee (SC) approved the following agenda:
  1. Adoption of the agenda
  2. Election of the rapporteur
  3. Report of the Permanent Technical Committee (PTC/PSA)
  4. Update on the ICSC review of the post adjustment methodology and operational rules
  5. Follow up to UNDT/2017/098 decision on unified salary scale (FICSA/C/72/PSA/1)
  6. Implications of the pay cut in Geneva (staff mobilization, liaison work with HR Network and litigation)
  7. Requests for training/workshops in 2019

8. Other business
9. Nomination of Standing Committee officers and core group members

### **Election of rapporteur (Agenda Item 2)**

2. Frank Campbell (IAEA) was elected rapporteur.

### **Report of the PTC/PSA (Agenda Item 3)**

3. Since no meeting took place, there was no report.
4. Some discussions ensued on the following points:
  - Better meeting schedules should be prepared and communicated to the membership in advance, including room assignments, so that participants are able to plan ahead to attend the meetings.
  - A question was raised as to whether the PTC/PSA should be maintained or abolished given that its main purpose was to prepare for meetings of the Advisory Committee on Post Adjustment Questions (ACPAQ). The group agreed that it should be maintained.

**The Committee recommended that the issue as to whether the PTC/PSA should be maintained be brought to the attention of the Ad hoc Committee on Strategic Development.**

### **Update on the ICSC review of the post adjustment methodology and operational rules (Agenda Item 4)**

5. Imed Zabaar, Member of the FICSA Executive Committee, gave a presentation and summary on the various meetings on the post adjustment methodology he had attended. The following points were noted:
  - In light of the issues experienced during the previous round of cost-of-living surveys, the International Civil Service Commission (ICSC) was requested to pursue further analytical studies aimed at assessing the comparability of price data collected under the European Comparisons Programme (ECP) with those collected by the ICSC secretariat. The ICSC secretariat was also requested to identify other sources of comparable price data by the next round of surveys.
  - Discussions at the 40th session of ACPAQ focused mainly on the ICSC consultant's report on the review of the post adjustment index methodology. Although the staff representatives jointly expressed their disappointment that the ICSC secretariat had not honoured the commitment given at the July 2017 session to create a tri-partite working group, the report was still deemed objective. The 64 recommendations contained in the report provided a sound basis on which to undertake a holistic review of the methodology.
  - Representatives of the executive heads reiterated that whatever ACPAQ and the ICSC might

recommend, eventually the executive heads of the organizations would need to be consulted. Emphasis was made on the fundamental principle of international civil service law that the organizations were bound under law to check that the decision of an authority external to the organizations was legal before incorporating it within their own legal order. This requirement has been repeatedly upheld in numerous ILO Administrative Tribunal (ILOAT) judgements.

- During the discussions, it was recalled that the rent element of the 2016 cost-of-living surveys was one of the most controversial parts of the surveys conducted at headquarters duty stations. Instead of basing house/apartment rental costs on national statistics and indexes, the ICSC uses data provided by the International Service for Remunerations and Pensions (ISRP). Following the 2016 cost-of-living survey, a senior statistician nominated by the HR Network found that the ISRP data used for the survey in Geneva indicated a significant downward trend in rents for the period covered by the survey (2010-2016), whereas the rent statistics gathered and published by the Statistical Office of the Canton of Geneva for the same period revealed a steep upward trend. To enhance transparency, FICSA requested that in future members of the Local Survey Committee be permitted to participate in the selection of the neighbourhoods.
- Another item of particular importance came up for discussion: the ICSC Secretariat's work on building an ECP comparable to the New York price database. It was somewhat ironic that this item was even on the agenda given the fact that the ICSC consultant, in his report on the review of the post adjustment index methodology, had strongly questioned whether the ICSC secretariat should even continue to use ECP data. In his report, he had drawn attention to the serious differences between the ECP and ICSC price-collection exercises, as revealed during the 2016 round of surveys in European headquarters duty stations. Moreover, both the organization representatives and the CEB strongly opposed the use of ECP data in the future.
- At the 86th session of the ICSC held in New York from 19 to 29 March 2018, discussions relating to the post adjustment methodology also focused on the 2016 round of cost-of-living surveys that serve as a basis for establishing post adjustment indices. On seeing the proposals, both the staff representatives and those representing the majority of the common system organizations came to the conclusion that the method for determining salaries of staff in the Professional and higher categories was overly complex as well as seriously flawed.
- Despite the fact that the ICSC consultant's report contained 64 recommendations which alone offered evidence enough of the post adjustment system's flaws and failings and despite all the arguments put forward by the staff representatives, the Commission did not agree to review its earlier decisions relating the 2016 surveys, nor to reinstate the 5 per cent gap closure measure that had been discontinued in 2015. The Commission did, however, agree to review fully and comprehensively the post adjustment index methodology and operational rules. FICSA requested that throughout the entire exercise action should focus on adherence to ensuring the following criteria: (i) fit-for-purpose; (ii) easily understandable; (iii) transparent; and (iv) predictable.

- At the 87th session of the ICSC, the Commission considered a project management plan for the comprehensive review of the post adjustment system, including the methodology for the compilation of the post adjustment index; the operational rules governing the determination of post adjustment multipliers; and other aspects related to procedures, guidelines and processes underlying the post adjustment system. In addition, the Commission approved the establishment of a working group for the review of the operational rules and a task force on the review of the conceptual framework of the post adjustment index. The work of the task force, together with methodological issues pertaining to the housing component of the post adjustment index, will be discussed at the next meeting of ACPAQ in May 2019.
- A meeting of the Working Group on the review of the operational rules was held in New York from 10 to 17 December 2018 to revise the system of operational rules in such a way as to ensure higher accuracy, transparency, stability, equity and predictability in the adjustment of salaries. As outlined in its the terms of reference, the working group focused primarily on achieving two key objectives:
  - (a) To respond to the United Nations General Assembly, which had requested the ICSC, in its resolution 72/255 to “continue its efforts to improve the post adjustment system in order to minimize any gap between the pay indices and the post adjustment indices and, in this context, to consider the feasibility of more frequent reviews of post adjustment classifications of duty stations” as well as to “review the gap closure measure in the post adjustment system during its next round of cost-of-living surveys”; and
  - (b) To address specific recommendations of the independent consultant appointed by the ICSC to review the PAS, which include, among others the harmonization of the trends between the PAIs and pay indices (PI), and the streamlining of the current system of operational rules.
- The working group examined the operational rules for salary setting and adjustments applicable to expatriate staff of three international organizations and one national civil service, namely, the European Union (EU), the Co-ordinated Organizations (CO), the World Bank Group (WBG), and the US State Department (US). As in the case of the UN common system, each of the reviewed pay systems was found to be based on, more or less, the principle of purchasing power parity between a duty station and the headquarters location.
- In addition, the working group reviewed the current system of operational rules which could be classified into 5 broad categories:
  - ✓ Survey implementation rules
  - ✓ Updating rules
  - ✓ Calendar rules
  - ✓ Trigger survey rules
  - ✓ Rental subsidy rules.

- While recognizing the merits of the current system of operational rules in fulfilling many of the UN's compensation policy objectives, the working group concluded that one of the major shortcomings associated with the current system related to the possible breach of the principle of equalization of purchasing power originated from repeated application of salary protection and asymmetrical measures which might generate a sustained and prolonged gap between PAIs and Pay Indices. The working group deemed important that the place-to-place surveys should remain the principle instrument for assessing PPP in the current system prevailing over the results of the PAI adjustments between the surveys whereby place-to-place survey data is updated using CPI and exchange rates.
- To address some of the shortcomings of the current system of operational rules, especially those associated with the subset of updating rules, namely the 12-month, 0.5 per cent and 5 per cent rules (for group I) and the four-month review rule (for group II); and also, to some extent, other rules such as the Gap Closure Measure (GCM), the 1-month and 10-point rules, the ICSC secretariat proposed a new model, called the controlled convergence mechanism (CCM) which entailed specifying a no action zone around the theoretical parity (PAI) and constraining, in a smooth and controlled manner, the path of the pay index (or equivalently the NTP) to be inside or closer to the zone, using control parameters whose values reflect trade-offs between various and often competing, compensation policy objectives such as stability of remuneration and accuracy.
- The architecture of the CCM involves the setting of explicit policy parameters defined as follows:

Frequency of reviews and operational schedule	The number and dates of review(s) when corrective action with respect to the gap between the PAI and Pay Index can be initiated
Upper limit (%)	Representing the tolerance of a Pay Index higher than the PAI
Lower limit (%)	Representing the tolerance of a Pay Index lower than the PAI
Max annual increase (%)	Representing the speed for adjusting the level of NTP upward (expressed in percentage of NTP annual increases)
Max annual decrease (%)	Representing the speed for adjusting the level of NTP downward (expressed in percentage of NTP annual decreases)
Acceleration/outer bounds coefficient	Defining an 'excessive gap' with respect to the upper and lower limits and how much faster adjustments (max annual increases and decreases) have to be compared to normal adjustment speeds

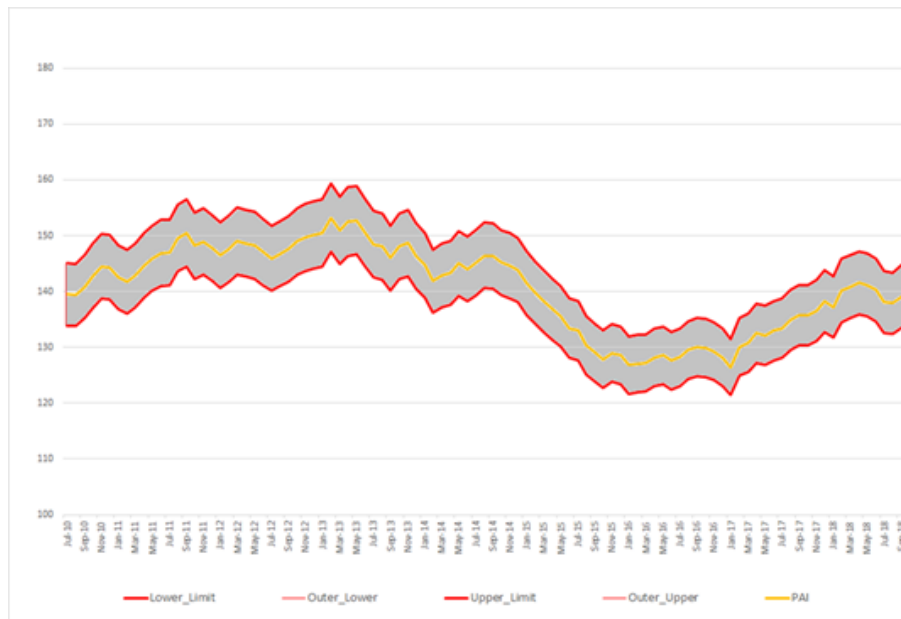


Figure 1. Example of Upper and Lower limits that define the no action zone

6. Based on historical data from July 2010 to October 2018, the working group simulated the CCM under various scenarios, for various duty stations.
7. Although the CCM appears to be simpler, more transparent and predictable than the current system of rules, FICSA expressed the view that more time was needed to conduct further analyses and simulations to verify its efficacy and the impact on stability on staff remuneration, before making any recommendation on whether to adopt it along with a chosen set of parameters; or to retain the current system with appropriate adjustments designed to respond to the request of the GA in its resolution 72/255.
8. Upon the request of FICSA, the ICSC secretariat agreed to demonstrate the CCM to FICSA delegates and to conduct a number of scenarios at the FICSA Council.
9. The floor deliberated on the importance of strengthening the mandate of FICSA to speak with organizations, perhaps even for FICSA to prepare talking points for anyone speaking on its behalf so that a clear and uniform message could be delivered.
10. The Executive Committee stated that it wished to receive more feedback from FICSA membership on the proposed CCM.
11. The PSA core group together with the Executive Committee to review the methodology in depth, i.e. the parameters and how to further proceed. It is important to be clear as to who can update the parameters and how often they can be amended. Furthermore once this is completed, to prepare a document with talking points.
12. An option for different duty stations to opt in or out of CCM should be created in order to avoid conflict between those who would win and those who would lose from the new system.
13. The lawyers present suggested to keep the operational rules under observation.

14. The floor reiterated for the need of consistency and discretion as to what to apply be limited. There was also concern about the opt in/opt out possibility as this may entail getting the worst of both worlds.

15. A comparison as to which system brought best benefits to the staff should be made, preferably starting from upcoming surveys.

16. The question was raised as to which time frame should be adopted.

17. The SC reiterated its concern with regards to the methodology for the collection of price data and noted that the proposed CCM would not help in solving this root problem.

**The Standing Committee recommended the Executive Committee to convey to the ICSC their concern that the current survey methodology required revision and improvement.**

**The Standing Committee recommended the Executive Committee to work closely with the ICSC on the new system and that the PSA core group members be kept updated on developments as they happen.**

**The Standing Committee recommended the Executive Committee to prepare a document with talking points on the proposed CCM as well as a comparison matrix between the two systems.**

**The Standing Committee recommended the Executive Committee to get views from membership on how interested they are to use the new system, and whether it is acceptable to them or not based on their perception of the stability and predictability of the new methodology.**

#### **Follow up to UNDT/2017/098 decision on unified salary scale (FICSA/C/72/PSA/1) (Agenda Item 5)**

18. The Chairman briefly presented a document which was the follow up to the UN Dispute Tribunal (UNDT) 2017/098 judgement regarding the implementation of the new compensation package and highlighted the contradiction between this judgement and Judgement No. 2018/UNAT-841 on the principle of acquired rights. The first one recognized the principle of acquired rights, but not the second one, which was to the advantage of the organizations but not the staff.

19. Some discussions ensued as to how to deal with the UNAT judgement, perhaps even to appeal to the ILOAT and see if it gives a different judgement. It was acknowledged that it was not possible to appeal a UNAT judgement since it was the last step in any appeal process within the UN.

20. The UNAT judgement was unfavorable to the staff and therefore the Standing Committee on Legal Questions should have a look at it as well.

21. Furthermore, the SC decided that a protest note should be prepared for UNAT, the Member States and the UN Secretary-General.



22. It was furthermore suggested to explore ways to challenge this judgement even in the International Court of Justice in The Hague, The Netherlands.
23. Tribunal decision should be restricted to this case only not to create precedence.
24. UNAT decisions are almost always in favour of the administrations (80-20 ratio) whereas ILOAT is less biased and gives better chances to staff (50-50 ratio).

**The Standing Committee recommended to the Executive Committee that a protest letter should be sent to UNAT, the Member States and the UN Secretary-General and that this issue be addressed by the Standing Committee on Legal Questions.**

**Implications of the pay cut in Geneva (staff mobilization, liaison work with HR Network and litigation) (Agenda Item 6)**

25. FICSA asked organizations for more cases to bring to ILOAT. So far there were only a few but hopefully the ILOAT judgement would be different and more favourable than UNAT.
26. It should be noted that even if only one staff member lodged an appeal, if it succeeds, it would be a victory for everyone. The point for the massive campaign was to highlight the frustration of staff and send a strong political message to the organizations.
27. An extraordinary session of the ILOAT is expected during the summer with all seven judges presiding.
28. Since the case was of major importance and might even change case law, the preference was to have it heard first by ILOAT rather than UNAT.
29. The Chair requested a Tour de Table of six Geneva and Bern organizations: WHO, WIPO, ITU, WMO, UNAIDS and UPU. In Geneva, about 2,000 staff file an appeal:
- WHO in collaboration with FICSA and CCISUA, about 400 staff made an appeal (from 6000)
  - UNAIDS 42 appeals (from 120)
  - WMO, recently moved to UNAT, more than 100 appeals (70% of P Staff), they are hesitant to move too quickly and are still at the Joint Appeals Board (JAB) stage.
  - WIPO information was not available because the President and Vice-President were not present at the Council session. Eighty people have launched appeal – the WIPO Staff Association will provide the information when available.
  - ITU is at the final stage before sending four cases to ILOAT (278 appeals representing 80% of P staff)
  - UPU only one appeal (from approximately 70 staff).
30. The floor requested to hear from Rome as to whether they also had appeals. It was stated that ‘nothing much happened’ in Rome and no requests for assistance had been received. One staff member who had suffered severe loss was encouraged to appeal and had been provided with the necessary information and support, but no response had been received.

31. It should be noted that FICSA only had an option to intervene if staff in affected organizations appealed. With regards to the pay cut, judgements will apply to the rest, but this was an exception.

32. To encourage more appeals, a draft appeal's text was shared with many different organizations, not just with members of FICSA.

**The Committee recommended the Executive Committee to closely monitor cases and to follow up on ILOAT judgements and share these with FICSA membership.**

### **Requests for training/workshops in 2019 (Agenda Item 7)**

33. The floor suggested that if the new CCM was approved, several workshops would be necessary. It was stated that, although it was important to understand the new CCM, the real issue actually starts with the cost-of-living survey and not with the post adjustment itself, hence more attention should be given to the former.

34. It was agreed that, in fact, two types of trainings were necessary during the year:

- (i) New CCM
- (ii) Cost of living surveys.

**The Committee recommended that the Executive Committee approach ICSC secretariat to provide trainings on the new CCM methodology if approved, as well as the cost-of-living surveys.**

### **Other business (Agenda Item 8)**

35. Child Allowance: The ICSC in its July session recommended the UN General Assembly (UNGA) to increase the child allowance which was in effect since 1 January 2011. However, UNGA had not followed up on the recommendation.

36. A proposal was made to the General Assembly for the introduction of an end-of-service grant to be paid to staff members who separate from the organization at the expiration of their fixed-term appointment, after five or more years of continuous service, and that the grant be paid as a lump sum in accordance with the following eligibility criteria:

- (a) A staff member who elects to immediately receive a retirement benefit upon separation;
- (b) A staff member who has been separated as a result of unsatisfactory service or for disciplinary reasons;
- (c) A staff member who transfers to another common system organization;
- (d) A staff member who returns to another common system organization upon completion of a loan or secondment assignment;
- (e) A staff member who is promoted or accepts a position in a different category.

37. Eligible staff members shall receive a lump-sum amount in accordance with the schedule of rates below:

<i>Completed years of service</i>	<i>Months of net base salary</i>
5	1.25
6	1.5
7	2.5
8	3.5
9	4.5
10	4.75
11	5
12	5.25
13	5.5
14	5.75
15 or more	6

38. Regrettably, due to strong resistance from some Member States, the Fifth Committee of the UNGA made no comment. The participants urged FICSA ExCom to address this issue with the Commission at its upcoming session.

**The Committee recommended the Executive Committee to approach ICSC in order that the child allowance amount be revised and updated to current cost-of-living levels, and that discussions on an end-of-service grant be included in their Spring session.**

#### **Nomination of Standing Committee officers and core group members (Agenda Item 9)**

39. Christian Gerlier (ITU) was nominated as Chair and Frank Campbell (IAEA) as first Vice-Chair and Santhosh Prakasam (UNFCCC) as second Vice-Chair.

40. The following were nominated as core group members:

Juan José Coy Girón (AP-in-FAO Rome)  
 Henri-Louis Dufour (ITU Geneva)  
 Birahim Fall (UPU Bern)  
 Akim Falou-Dine (ITU Geneva)  
 Rajesh Mehta (WHO/SEARO New Delhi)  
 Andrea Palazzi (UNAIDS Geneva)  
 Ray Reynolds (ICAO Montreal)  
 Rodel Rodriguez (WHO Manila)  
 Edwin Titi-Lartey (IMO London)