

**REMARKS BY MR. LARBI DJACTA
CHAIR OF THE INTERNATIONAL
CIVIL SERVICE COMMISSION
UNITED NATIONS**

ON

**THE OCCASION OF THE 74th COUNCIL OF THE FEDERATION
OF INTERNATIONAL CIVIL SERVANTS'
ASSOCIATION (FICSA)**

Geneva, 9 February 2021

President, distinguished members of the Council,

It gives me great pleasure to participate in this virtual meeting of your Council. I thank you for your kind invitation and look forward to a productive discussion with you. The Commission values our constructive relationship; we see our interaction with this Council as an opportunity to continue to enhance understanding between the Commission and FICSA.

Let me begin by highlighting the resolution and decisions adopted by the General Assembly last year in relation to our work. In its resolution 75/245, the Assembly approved our recommendations regarding the United Nations/United States net remuneration margin and the base/floor salary scale and took note of the Commission's decision to increase the level of danger pay for internationally recruited staff to US\$ 1,645 per month, effective 1 January 2021 and to update the monthly level of danger pay for locally recruited staff. With respect to "Children's and secondary dependents allowances", the Assembly took no action on the increase of the levels of the allowances, therefore the current levels of these allowances remain unchanged. With reference to the pilot payment for duty stations with extreme hardship the General Assembly decided to continue the pilot payment of US\$15,000 for staff members with eligible dependents in duty stations with E hardship classification conditions in 2021 and requested the Commission to submit to the General Assembly at its seventy-sixth session (i.e. in fall 2021) a recommendation on this payment, including on its continuation.

Let me now update you on the Commission's upcoming activities. The ninety-first session of the Commission which was initially scheduled to take place in New York in March has been tentatively postponed to May; we will provide information on the format and final dates and the session as soon as plans have been finalized. In addition to the aforementioned pilot payment, some of the other items we will be reviewing at the next Commission session include salary survey methodologies for locally recruited staff, post adjustment, education grant, geographical diversity, gender parity, age distribution in the workforce as well as measures to address non-compliance with decisions and recommendations of the Commission.

During the first half of 2021, the Commission has scheduled a number of meetings virtually, namely the working group on salary survey methodologies for locally recruited staff which will meet during the last week of February, and ACPAQ, which will meet during the last two weeks of March. We also intend to hold a meeting of the working group on parental leave in May, and a working group on contractual arrangements as well as the hardship mid-year review in June. If all conditions are in place, we are also hoping to conduct the cost of living survey in New York in summer, which would become the basis for the 2021 round-of-surveys.

There were a number of specific questions you have raised which I will address at this time:

Local Salary Surveys and COVID-19 impact

(1) *How could the ICSC assist organizations in duty stations where the conditions for various reasons, including the impact of COVID-19, are currently not favourable to conduct a salary survey to adjust the salaries of locally recruited staff?*

The United Nations, as the responsible agency for the purpose of salary surveys, in coordination with the ICSC secretariat, implemented a temporary measure to address the impact of COVID-19 in the process of updating local salaries in the common system. This measure included an expansion of the use of telephone, email and virtual contact with employers when face-to-face interviews were not an option, but comparators were willing to participate in UN surveys. Additionally, in cases where a minimum number of comparators did not agree to participate due to the global pandemic, both comprehensive and interim surveys have been postponed and salaries have been updated through the use of a wage or a price index or a combination of indices whose change over time parallels the movement of local salaries.

Reflecting local conditions in the level of common system salaries in accordance with the Flemming Principle, continues to be the overall goal of the salary adjustment process, and it has been reached through different modalities contemplated in the methodology.

We believe that the measures taken were in the best interest of staff.

(2) *How does the ICSC foresee the role of Local Salary Survey Committees in the future?*

The ICSC has stated repeatedly that local salary survey committees are essential in the salary survey process. The LSSC's responsibilities are defined in the methodologies and include critical activities (among others: to identify and propose comparators, compile staff statistics and summarize income tax legislation). As methodologies develop, the LSSC maintains its relevance by adjusting itself to the revised salary survey process. As the full details of this revised process have not yet been finalized and the review of the methodology is continuing, it is not possible to outline in detail what the specific responsibilities of the LSSCs will be. However, during the ongoing review, the Commission has consistently confirmed that the important role of the LSSC, and that of other stakeholders, will be adapted to incorporate any changes in the process. The LSSC will remain an important part of the salary survey process!

(3) *Prior to the beginning of the review of the GS Salary Survey Methodology, organizations and their respective LSSCs were asked to provide input for consideration by the ICSC working group. Could you please let us know how this input was taken into consideration?*

All issues identified by stakeholders were consolidated in a list of specific concerns which became the basis for the agenda of the working group on the review of the salary survey methodologies. The working group has been reviewing these issues at its meetings in a systematic way. As part of the analysis, the working group elaborated possible solutions to those issues taking into consideration the proposals received by stakeholders. As part of the ongoing review, every

issue and specific concern identified has or will be addressed by the working group in its recommendations to the Commission.

(4) *When would the ICSC provide training to Local Survey Committees once the new methodology has been approved?*

Once the revised methodologies have been approved, the ICSC secretariat, in coordination with the United Nations, will develop training materials for LSSCs. The ICSC secretariat will train local salary survey committees at headquarters duty stations while the United Nations will be responsible for training committees at field duty stations. The ICSC secretariat also envisages to conduct some general training workshops on revised GS survey Methodology 1 for those who would be involved in the upcoming surveys. Training activities will also include those addressed to individual duty stations as is currently done for duty stations surveyed under Methodology 1. The United Nations will conduct regional workshops for duty stations surveyed under Methodology II.

Child allowance

(5) *We have noticed that for some duty stations (for example, Brindisi, Italy, among others) the amount of child allowance for General Service staff has been decreased by 50% for staff members for whom the allowance became payable on or after 1st Aug 2018. However, the decrease is not applied to all duty stations in the same country and the reasons behind the decision-making process are unclear to us. Could you, therefore, please explain the reasoning.*

Historically, Brindisi has a separate GS salary scale, unlike other locations in Italy, which all use the Rome salary scale. For this reason, it is not inconceivable that the Brindisi scale could have changes that might not affect other locations in the country.

Until 2008, Brindisi also had interim adjustments independent of the Rome scale. After 2008, however, due to significant challenges encountered by the Brindisi LSSC in obtaining data from the retained employers, the Local Salary Survey Committee agreed to link the movement of salaries in Brindisi to revisions made to the Rome scale. However, the separate scale for Brindisi was maintained.

In 2012, a lower scale was introduced in Rome as a result of a comprehensive survey. In Brindisi, however, the lower scale was introduced later. When the lower scale in Brindisi was introduced, it incorporated cumulative interim adjustments that had been implemented in the Rome's lower scale.

As a general rule, the children's allowance for locally-recruited staff in the common system is established as the higher of the amount calculated based on local practice (tax and social legislation plus any benefits from retained employers) or the floor formula (2.5% of the midpoint of the scale). The rate of the allowance is grandfathered for existing staff when a lower amount comes into effect.

The children's allowance in Brindisi was not revised immediately when the lower scale was introduced; it was maintained in view of the freeze on the adjustment of allowances introduced at that time by the General Assembly. After lifting of the freeze, the children's allowance in Brindisi was recalculated following the parameters used in Rome. The floor formula produced a lower amount which was introduced with the effective date of 1 August 2018. I would point out that the children's allowance was not decreased for existing staff. Rather, in accordance with the established practice, the older rate was grandfathered for staff already eligible but a new – lower - rate was introduced for staff who became eligible after that date. Since 2018, the rate of the allowance has been updated according to the increases applied to the salary scale.

Finally, while the Rome scale is established by ICSC, the Brindisi scale, as well as the interim adjustments for both scales, is administered by the responsible agency (UN). Accordingly, should further clarification on this matter be required, the United Nations Secretariat could be contacted for further details as necessary.

Post Adjustment

(6) Could you please highlight the main changes to the Post Adjustment Methodology and Operational Rules and let us know how the solutions identified would address the concerns raised by staff regarding the stability and predictability of their salaries?

Final recommendations regarding the methodology for the compilation of the post adjustment index (PAI) will come from the next session of ACPAQ (15-26 March 2021), covering issues such as the post adjustment index formula and aggregation procedures, weighting schemes for the index and its components, as well as procedures and guidelines for data collection and processing.

The Commission has already approved a revised system of operational rules for application in the 2021 round of surveys. The revised system of rules addresses all concerns raised by staff regarding the stability and predictability of their salaries.

The review of both the PA methodology and operational rules is being conducted with the active participation of competent representatives of administrations and staff federations of common system organizations.

(7) Why should staff be encouraged to participate in the next round of cost of living surveys?

It has been almost five years since the launch of the 2016 round of surveys, and it is time to refresh both the expenditure and price data to more accurately reflect the cost of living experienced by staff in the various duty stations relative to New York. This is part of the normal development of the methodology underpinning the post adjustment system. The importance of survey rounds every five years is even more critical this time around, as there have clearly been significant shifts in both expenditure patterns and price structures. In the absence of a survey, the cost-of-living data collected in 2016 would continue to be updated on the basis of 2016 expenditure patterns, which do not reflect the current reality, and thus might not be in the best interest of staff.

(8) *Could you please explain what does the ICSC have in place to mitigate the impact of COVID-19?*

At the onset of the pandemic, when it was not feasible to conduct surveys, I promulgated special measures to protect the salaries of international staff, and these have been in effect since April 2020, much to the benefit of numerous staff serving around the world. When it becomes feasible to conduct cost-of-living surveys, these special measures will become unnecessary. The surveys will capture the reality of the relative cost of living at the various duty stations, and the only mitigation at that point would derive from the new system of operational rules, and they will target the impact of COVID-19, if any, on the evolution of macro-economic conditions on salaries. On the recommendation of the World Health Organization, I also approved COVID-19 related danger pay for eligible staff who meet the relevant criteria. In addition, based on questionnaires completed at each duty station with the participation of staff the mid-year, and annual hardship review of the African region in 2020, took into account information relating to the impact of COVID-19 on the conditions of life and work in duty stations.

(9) *Is the ICSC considering the impact of COVID-19 on the macro-economic indicators and the consumer behaviour that may negatively affect the conduct of comprehensive cost-of-living surveys in future?*

The cost-of-living survey methodology and operational rules are designed to incorporate changes in macro-economic indicators and consumer behavior, as well as the impact of any exogenous factors such as COVID-19 on these data points. The best way to account for this impact is to conduct a survey at the material point in time, and to do so more frequently in the future, in order to capture any changes in expenditure patterns and price structures over time.

(10) *Should the conditions remain unfavourable for data collection, would the ICSC consider implementing special measures to ensure that there is no reduction in the Net Take-home Pay (NTP) of staff?*

This is precisely what the ICSC has done since April 2020 – we have implemented special measures to protect staff. However, it is expected that conditions will improve sufficiently over the next few months to permit data collection. Indeed, the ICSC resumed data collection activities in November 2020 and has successfully conducted several surveys since then, many at the request of the duty stations themselves.

(11) *Could you please share with us the timeline of the on-going review of the cost of living survey and highlight the way forward and the roles of all stakeholders?*

Once ACPAQ recommendations on the methodology underpinning the post adjustment system for the 2021 round of surveys are approved by the Commission at its next session, there will be active pre-survey consultations with all stakeholders on the preparations for the launch of the 2021 round of surveys. The round is expected to be launched in New York in June 2021 and would then be rolled out to the rest of the headquarters duty stations in September/October 2021. As in the past, the ICSC will be working with the local survey committees (comprising

representatives of administrations and staff federations) of the concerned duty stations at every stage of the survey process.

Distinguished members of the Council,

We live in unprecedented times. The global pandemic has brought about a lot of uncertainty and concern, member states are struggling with budget constraints, and it has forced us to change our way of working. During these times however, let me assure you that the Commission will continue to focus on areas that are directly impacted by this global crisis. As the situation continues to evolve, we see this as an opportunity to accelerate longer-term solutions and improved methodologies, policies and procedures.

COVID-19 has highlighted the need to be more flexible, agile and adaptable to change; we see this crisis as an opportunity to intensify our partnership to ensure the future of the international civil service. This can only be achieved through complete collaboration among stakeholders. We are looking forward to continue working with you in a spirit of partnership in an atmosphere characterized by mutual trust, professionalism, and open communication.

Please be assured that together with my fellow Commission members we stand ready to carry out our mandate and assist you in your endeavour to continuously improve the conditions of service of the international civil service.

Thank you! I will be available to answer any additional questions you may have.