



Governing Body

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Programme, Financial and Administrative Section
Personnel Segment

PFA

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SIXTEENTH ITEM ON THE AGENDA

Other personnel questions

Update on the decisions taken by the International Civil Service Commission (ICSC) at its 85th Session regarding the post adjustment index for Geneva

Purpose of the document

To inform the Governing Body about developments regarding the determination of the post adjustment for Geneva and other duty stations resulting from the 2016 cost-of-living surveys conducted by the ICSC in headquarters duty stations. The Governing Body is invited to provide guidance to the Office regarding the implementation of the ICSC decision taken at its 85th Session in July 2017 (see the draft decision in paragraph 10).

Relevant strategic objective: None.

Main relevant outcome/cross-cutting policy driver: None.

Policy implications: None.

Legal implications: The application of the revised post adjustment multiplier from February 2018 as decided by the ICSC may be legally challenged by staff.

Financial implications: Financial costs could result from any successful challenges.

Follow-up action required: Active participation of the Office in the ICSC review of the methodology.

Author unit: Human Resources Development Department (HRD).

Related documents: GB.329/PFA/9.

Background

1. The ILO is strongly committed to the United Nations (UN) common system in which the International Civil Service Commission (ICSC) has a key role, determining, among other things, the post adjustment component of UN staff salaries. By virtue of its agreement with the UN and its acceptance of the Statute of the ICSC, the ILO participates in the UN common system of salaries and allowances and other conditions of service (UN common system) and has recognized the ICSC as the competent body for the determination of the post adjustment component of the salaries of ILO staff in the Professional and higher categories.
2. Recent decisions of the ICSC concerning post adjustment nevertheless present important management issues for the ILO. In line with the Director-General's statement to the Governing Body at its 330th Session in June 2017, this document sets out the relevant issues and seeks guidance concerning future action.
3. The ICSC conducted a baseline cost-of-living survey in a number of headquarters duty stations, including Geneva, in September–October 2016 to determine the post adjustment indexes at those locations. In particular, at its 84th Session in March 2017, the Commission approved the results of the survey in Geneva, the application of which would lead to a salary reduction of about 7.5 per cent for all ILO Geneva-based staff in the Professional category and above. This recommendation of the ICSC raised significant managerial, methodological and legal concerns for Geneva-based agencies. The Executive Heads of Geneva-based organizations participating in the UN common system (UNOG, ILO, ITU, WIPO, WHO, UPU, IOM, WMO, UNAIDS and UNHCR) therefore sent a letter to the Chairman of the ICSC on 13 April 2017 seeking further information on the conduct and outcome of the survey, and a clarification of methodological questions including the impact of modification of the methodology applied which appeared to have impacted significantly the results obtained. Executive Heads subsequently met with the Vice-Chairperson of the ICSC in Geneva on 24 April 2017 to discuss these concerns. In the light of these exchanges a team of statisticians was tasked by the Geneva-based organizations participating in the UN common system to review the application of the methodology and the factors that determined the results. The team considered a series of questions with regard to these matters and the consequent reliability of the survey outcomes. Among these was the rental data and housing sub index which showed a fall of approximately 12 per cent in average rents in Geneva for the period 2011 to 2016 in sharp contrast to the official Geneva cantonal data which shows an increase of close to 8 per cent over the same period.
4. The ILO and UNOG Directors-General participated in the ICSC's 85th Session in Vienna on 13 July 2017 to engage with members and present observations on behalf of the Geneva-based organizations participating in the UN common system. While the ICSC did not accept any of the concerns relating to the choice and application of the survey methodology, it did decide to reintroduce a "gap closure" measure to guard against margins of statistical error which had previously been abolished in 2015. While it had previously stood at 5 per cent, the ICSC decided to bring it back at 3 per cent. As a result, the salary reduction would be some 4.7 per cent for all ILO Geneva-based staff in the Professional category and above.
5. Additionally, the Commission decided to change the date of implementation of the survey results in Geneva for 2016 from 1 May 2017 to 1 August 2017 and decided that a personal transition allowance should be paid in full for the first six months after the implementation date and to be phased out subsequently. The Commission also took note of the findings of the team of statisticians' report, and committed to review, in collaboration with representatives of administrations and staff federations, the post adjustment survey methodology and its application. The Office will fully participate in this review. The ICSC

report was transmitted to the UN Secretary-General for submission to the General Assembly at its 72nd Session.

6. It should be noted that the ICSC will authorize future adjustments of the post adjustment to partially compensate for movements in foreign exchange and also periodic alignment resulting from inflation or movements in comparator remuneration. If a rise of approximately 2 per cent coming into effect in the first quarter of 2018 is assumed, the overall effective reduction in pay in Geneva would be in the region of 2–3 per cent.

Implications of the ICSC decision and future action

7. In considering action to be taken on the ICSC's revised decision, the Governing Body may wish to take into account:
 - (i) the need to maintain the integrity and authority of the UN common system to which the ILO is party and remains strongly committed, that implies not only implementation of decisions arising from common system bodies but also the proper functioning of those bodies and the reliability of their decisions;
 - (ii) the legal obligation of the ILO, according to principles established by decisions of the Administrative Tribunal of the International Labour Organization, to ensure that, when its own decisions are based on that of another body such as the ICSC, the decision made by that other body is lawful, failing which it might become liable to significant financial penalties arising from eventual legal challenges;
 - (iii) the importance of the ILO fulfilling its obligations as an effective and responsible employer on which its capacity to serve its member States depends heavily.
8. In this context, it should be noted that the ICSC's review of its survey methodology is expected to be completed before its 86th Session in March 2018. This will provide additional elements to inform decision-making on the implementation of the ICSC decision. The Director-General considers it advisable to wait for the results of this process before proceeding to implement the ICSC decision.
9. The Governing Body is therefore requested to adopt the draft decision.

Draft decision

10. *The Governing Body:*

- (a) *notes that a review of the methodology and of the conclusions of the report of the team of statisticians will be undertaken by the ICSC before its 86th Session; and***
- (b) *decides that the application of the revised post adjustment index for all Geneva-based staff in the Professional category and above on the basis of the results of the 2016 round of cost-of-living surveys will be considered for final decision at its 332nd Session in March 2018.***