COMPENSATION INFORMATION FROM THE ICSC

During the global townhall meeting with the United Nations Secretary-General on 15 February 2023, several issues related to the compensation system of the UN common system were raised that would benefit from additional clarifications and explanations to help staff to better comprehend the system.

The International Civil Service Commission (ICSC) is a subsidiary body of the United Nations General Assembly. Its representatives are elected by the General Assembly with due regard for equitable geographical distribution. The Commission works in a transparent and collaborative manner with the representatives of the organizations and staff federations actively participating in the meetings of the ICSC. Through its mandate, the ICSC ensures competitive conditions of service for staff of the UN common system organizations, which enables the delivery of their mandates, including in the most difficult and vulnerable situations. The General Assembly through its resolutions on the common system, has consistently indicated that it appreciates the work of the ICSC.

Salaries of locally recruited staff

The Flemming principle which references the salaries of locally recruited common system staff to those of best local employers was established by the General Assembly in 1949 and predates the establishment of the ICSC. It has been reconfirmed on numerous occasions as part of each review of the ICSC salary survey methodologies and no alternatives have been proposed by any stakeholders since its establishment. The Flemming principle has allowed common system organizations to successfully compete for talent at local labour markets and to attract and retain staff meeting the high caliber of staff foreseen in Article 101.3 of the UN Charter.

While the Flemming principle does not directly provide for the adjustment of salaries for inflation, it ensures that the levels of local staff salaries are competitive with those of the best prevailing employers in each locality. Any inflation related adjustments made by those employers are therefore captured in the salary setting mechanism. Additionally, to account for high inflation, adjustments to local salaries in the interim period between comprehensive surveys can be made sooner than the normal 12-month review cycle as was the case in New York. The methodology also provides for special measures, including for duty stations with very high levels of inflation or currency devaluation. The United Nations, as the Responsible agency for salary surveys in most non-headquarters duty stations has implemented such special measures, in a transparent and expeditious manner where justified. Collectively, the measures in the methodology ensure that the salaries of common system staff are competitive with those of the best prevailing local employers while maintaining flexibility to quickly react to particularly difficult economic circumstances.

The recently revised methodology also eliminates the issuance of dual salary scales for new surveys. In addition, at duty stations where dual salary scales currently exist, those will be phased out at an accelerated rate during interim surveys by adjusting the lower scale by 5 per cent or 3 times the interim adjustment indicated by the survey results, whichever is higher; this will eliminate the lower salary scale over a period of time.

Salaries of the Professional and higher categories

Salaries of Professional staff are composed of base salary (global scale) and post adjustment (local add-on). Together, they constitute what is referred to as net remuneration. Base salaries are adjusted every January in reference to the adjustments to salaries of the comparator national civil service employer (United States Federal Civil Service). The base salary increases are implemented on a no-loss/no-gain basis, that is, the increase in the net base salary coincides with a commensurate reduction in post adjustment, and therefore, there is no change in net remuneration. This process known as consolidation. applies to all duty stations and is not related to inflation-related adjustment of salaries.

Actual changes in net remuneration take place through comprehensive cost-of-living surveys and interim adjustments for inflation and exchange rate fluctuations: three times a year for field duty stations and once a year for headquarters and other group I duty stations. The latest such adjustment, in February 2023, resulted in increases in net remuneration, which were communicated to the Executive Heads, HR Directors and staff representatives of all common system organizations, in a circular issued on 14 February 2023. Similar salary increases had been implemented last year, in February 2022. These salary increases are attributable, in large part, to inflation around the world.

The post adjustment system methodology and related operational rules were developed with the active collaboration of representatives of administrations and staff associations of all UN common system organizations, as well as the expert guidance of the Advisory Committee on Post Adjustment Questions (ACPAQ), a subsidiary body of the ICSC, composed of experts in the field of cost-of-living measurement. In addition, the ICSC had implemented special measures during the height of the COVID-19 pandemic to ensure that there were no reductions in net remuneration at that time.

The ICSC keeps track of inflation at almost all duty stations on a monthly basis, and its figures are consistent with those published by other international organizations for these duty stations. Its methodologies and procedures are transparent and undergo a variety of review stages, which are checked by stakeholders. ICSC cost-of-living data are widely used for remuneration purposes by many reputable international organizations such as the European Commission and the Coordinated Organizations (such as the OECD). Please consult our website on https://icsc.un.org for further information.

Pensionable remuneration

As of February 2023, the ICSC also increased the pensionable remuneration scale for staff in the Professional and higher categories. This will result in higher pension contributions but ultimately in higher pensions.