CHAPTER VII

PROBLEM OF GRADING OF POSTS IN THE UN SECRETARIAT
Though, the problem concerning the grading of posts in the Secretariat existed from the very beginning, the creation of a new body to solve the administrative and personnel problems relating to the United Nations common system made the issue active. The new body was the International Civil Service Commission, which was recognized by the General Assembly through the Resolution 3357 on 18 December 1974 at twenty-ninth session.

The International Civil Service Commission started its functions under its responsibility from 1 July 1975 for publication of the monthly revisions of the schedules of daily subsistence allowances and the grading of posts adjustment.¹

The Administrative Committee on Coordination (ACC) and the Federation of International Civil Servants Association (FICSA) requested the Commission at its second session held at Geneva (Switzerland) from 11 to 29 August 1975 to consider, as a matter of urgency the possible changes in the post grading. The post Adjustment System was, according to third report of ICSC designed to:

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¹ See YUN, 1975, p.920.
"maintain equality of purchasing power of United Nations Salaries for staff in the professional and higher categories in duty stations throughout the world; consequently, it reflected changes both in cost of living and in the exchange value of the United States dollar in relation to local currencies."2

The Administrative Committee on Coordination pointed out in a report to the Commission that the questions regarding the increase in the cost of living and fluctuations in the exchange rates of a magnitude were never considered at the time of the adoption of the post adjustment system. Nor was the system capable of maintaining the real value of emoluments, particularly where the local currency had appreciated markedly in relation to the United States dollar. This led to heavy losses for staff members without dependents in comparison to staff with dependents; the reason being that the former received post adjustment at only two thirds of the full "with dependents" rates.3

At the Commission's second session, the ACC offered its suggestions for two possible remedies to solve the problems faced by the staff without dependents in the existing post adjustment system. The remedies were:

3. UN, 1975, p.921.
to remove the recognition of dependency status from the post adjustment system and to reflect it elsewhere in the salary system, and the second one was to distinguish between movements in the post-adjustment index due to rises in cost of living expressed in local currency and those due to fluctuations in the exchange rate. In addition, the ACC suggested a third solution to overcome the problem through a provision of a temporary supplement to the post adjustment rate for staff without dependents at classes above a certain threshold level class was to be determined according to the base for cost of living adjustment at different duty stations.  

The Commission agreed for an interim solution to the problem of post adjustment after hearing the views of the executive heads and the staff. However, it made clear that such a solution would not prejudice the long term conclusions which the commission might come to later.

The Commission provided that the interim remedy would be applicable to the classes of the post adjustment above class 7. The reason was that the class of post

4. Ibid.
adjustment in New York was taken as 7 at the time of the last increase in salaries i.e. approved by the General Assembly in 1974, effective from 1 January 1975. The Commission further made it clear that the ratio of remuneration of staff without dependents would not fall below 90 per cent of that of staff with dependents. It means, the post adjustment rate for the staff without dependents would be fixed at 85 per cent of the full rate at classes 8 and above, and no changes were recommended for duty stations classified at class 7 and below. This interim measure recommended by the Commission, could be effective from 1 January 1976 and valid only until a general long-term solution was approved. A draft resolution incorporating this interim solution was recommended by the Commission, and the Fifth Committee approved it on 2 December, 1975, proposed by Austria, Germany (FRG), Ghana, India, Japan, Mexico and Poland by 72 votes to 10, with 2 abstentions. The General Assembly adopted this resolution on 8 December 1975 by 97 votes to 9, with 3 abstentions, under its resolution 3418 B(XXX).  

At the third session held at the United Nations Headquarter, New York, from 8 to 26 March 1976, the Commission

went through the report of an ad-hoc meeting of consultants held in November 1975. The Commission also approved the terms of reference of a permanent subsidiary body on post adjustment matters authorized by the General Assembly to be established by Resolution 3818 A (XXX). The Commission proposed that the body should be called as the Advisory Committee on Post Adjustment Questions (ACPAQ). The Commission decided that the Committee would consist of six members on the basis of equitable geographical distribution in accordance with the General Assembly's resolutions, including one member of the Commission designated as its ex-officio Chairman, other members were to come from the following geographical regions; Africa, Asia, Latin America, Eastern Europe and Western Europe and other States. However, the Commission invited the former members of the previous Expert Committee on Post adjustment of 1975 to continue their membership in the new body. At the same time the Commission was looking for a suitable candidate from the Latin American region. The was thus constituted as follows:

"Mr. Pascal Frochacz (Switzerland), Chairman, Mr. Youri Batovrin (USSR); Mr. Geoffrey H. Moore (US); Mr. E.N. Omaboe (Ghana); Mr. B. Ramamurti (India); and one member from the Latin American region, to be appointed."

7. UN Doc. A/31/30, p. 5.
8. Ibid,
The professional staff Association of FAO submitted a question to the Commission at its fourth session held at the headquarters of the Food and Agricultural Organization (FAO) from 28 June to 16 July 1976 regarding the post adjustment index for Rome (Italy). The problem voiced by the staff arose under the circumstances of heavy devaluation of the local currency in relation to the US dollar, accompanied by rapid inflation in Italy. Thus the normal operation of the post adjustment system could not be successful in protecting the staff against heavy losses. However, the Commission, after having examined the issue month by month over the past two years, reached the conclusion that in general there was no undue lag between the actual rise in the post adjustment index and the class of post adjustment. Following its review, the Commission made it clear that no special action in respect of Rome was required.  

The Commission's Advisory Committee on Post-Adjustment Question (ACFAQ) held its second session from 13 to 19 July at the headquarters of the International Civil Aviation Organization in Montreal, Canada. The Committee noted that the majority of the Commission's members had agreed in 1976 that there was no need to define a precise

9. Ibid.
optimum margin, and there was no need of any modification in the post Adjustment system to maintain a rigid margin.\textsuperscript{10}

The Commission approached ACPAQ to review and submit a full report in 1977 on the implications of basic changes in classes (class refers to the bases for cost of living adjustments at different duty stations) of Post Adjustment on index movement of 5 per cent in relation to the preceding class, rather than, as currently, on movements of 5 points in relation to the base 100 (currently New York, Nov. 1973). This proposed 5 percent rule would facilitate control over the evolution of the margin between United Nations remuneration and that of the comparator country.\textsuperscript{11} However, the International Civil Servants Association opposed 5 per cent method before both ACPAQ and Commission on the ground that new system would introduce an extension of the waiting period in qualifying for a new class and that the differential treatment imposed on staff at different duty stations would be disadvantageous to those in high post adjustment areas. However, the consultative Committee on Administrative Questions, the subsidiary body of ACC, agreed with ACPAQ.

\textsuperscript{11} Ibid.
The Commission recommended that the General Assembly should consider with effect from 1 July 1978, that the system of post adjustments be revised to provide:

"that changes in classes of post adjustment be based on index movements of 5 per cent rather than of five points; amend the staff Regulations of the United Nations, with effect from the same data, replacing the existing schedule with new tables... showing the amount of post adjustment for one index point at each grade and step..., and authorize the Commission to take all necessary measures to implement the change".12

Member of Belgium, Canada, France, Italy, Japan, the Philippines, Spain, the USSR, and the United Kingdom supported the proposal of new formula of post-adjustment.

The General Assembly adopted a three part draft resolution on 21 December 1977 by a vote of 125 to 9 which became resolution 32/200. It was presented by Ghana, the chairman of the ad-hoc working group and sponsored by 30 Member states from all regional groups except Eastern Europe. This draft resolution was approved by the Fifth Committee on 9 Dec, 1977 by 81 votes to 8.

The General Assembly approved the recommendation of the Commission by sectionII of the three part resolution 32 /200 with effect from 1 July 1978. The system of post adjustment that is change in class of post adjustment were to be based on index movements of 5 per cent rather than of five points.13 The Commission also

12. Ibid.
approved the introduction of a plan for rental subsidy for each dependent up to a total of four persons including the staff only at duty stations outside Europe and North America. This was meant to be a part of the post adjustment system on a trial basis for one year from 1 July 1978.\textsuperscript{14}

There were various aspects of the effects of the instability of currencies on the United Nations Common System of Salaries and Allowances. The instability of currencies were the result of depreciation of the United States dollar (the unit of the account of the system) in relation to currencies of a number of other countries, particularly at the Geneva duty station where the largest concentration of staff of the common system existed. All other duty stations were also affected including those where depreciation of local currency against the dollar existed. This led to a high level of post adjustment class in Geneva, consequently it reflected obstructions in the functioning of the post adjustment system. However, the Commission arranged to study the extent to which the post adjustment system could protect the remunerations of the professional and higher categories.\textsuperscript{15}

It was adopted by the General Assembly under paragraph 2 of Section II of Resolution 33/119, as recommended by Fifth Committee on 19 December 1978, meeting 88, by the

\textsuperscript{14} YUN, 1978, p. 993.

\textsuperscript{15} Ibid.
recorded vote of 126 to 0, with 10 abstentions. The Commission also concluded in paragraph 1 of section II of the resolution, that safeguards should be made against undue widening of the margin between the levels of the remuneration of the professional and higher categories of the United Nations Common System and the Comparator national civil services (i.e. United States Federal Civil Service) resulting from the operation of the post adjustment system. The U.K. representative proposed that the United States Nation Civil Service regarded as comparator service. The reason it gave was that this service remained the best paid national civil service.

The Commission had compared in 1978 the functions and levels of responsibility of jobs in the international civil service and the United States federal civil service as comparator up to the principal officer (D-1) level, working out a set of grade equivalencies for use in its salary comparisons. While the Commission in its 1979 report, recommended the extension of comparison up to the Director (D-2) level on the request of General Assembly in 1978, it also reserved the approximate equivalencies for the levels of Assistant Secretary General (ASG) and Under Secretary

16. Ibid.
17. UN Doc. A/34/30 para.15 p.5.
General (USG). It took two or three United States grades as the basis for comparison with each United Nations grade. For example: 19

<table>
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<tr>
<th>International Civil Service</th>
<th>United States Civil Service</th>
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<tr>
<td>D- 2 (Director)</td>
<td>[ GS = 17 \text{ weight of 67} ]</td>
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<tr>
<td>ASG (Assistant Secretary General)</td>
<td>[ GS = 18/E-V \text{ ,, 33} ]</td>
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| USG (Under Secretary General) | \[ \begin{align*} 
& E-IV \text{ ,, 17} \\
& E-III \text{ ,, 63} \\
& E- II \text{ ,, 20} 
\end{align*} \] |

Here GS stands for grades in the General Schedule and E for Grades in the Senior Executive Service.

The Commission had presented the latest figure of the margin between the salary levels of two services in the year ended September 1979 i.e. salaries in New York had averaged 13.9 per cent above those in Washington, D.C. (i.e. comparator), after adjusting for cost of living differences between New York and Washington, D.C. This margin was 9.3 per cent in 1978.

19. UN Doc. A/34/30, 1979, p.5.
The Commission recommended an increase in salary scales ranging from 12 to 19 per cent (15 per cent average) for the 150 General Service employees of the Inter-Governmental Maritime Consultative Organization (IMCO) in London and for 405 G.S. workers of the International Civil Aviation Organization (ICAO) in Montreal. This was done by raising 3 to 5 per cent (4 per cent average) by IMCO with effect from 1 January 1979 and by ICAO council effective 1 April 1979, based on local salary surveys. It was adopted by the General Assembly on 17 Dec. 1979 resolution 34/165 by 133 to 0 votes. Subsequently it was approved by the Fifth Committee on 98 Nov. 1979 by 88 to 0 votes with 3 abstentions.

The revised salary and staff assessment scales were recommended by the Commission for the General Service category and consolidation of 30 points of post adjustment into the base salary of staff in the professional and higher categories in order to correct certain obstruction and rectify the deficits estimated for 1980 at some 30 percent. The U.K. supported the ICSC for reducing slightly the cost of living allowance for professional staff. Other representatives who supported the ICSC proposal were those of the Federal Republic of Germany, Ghana, Japan, Pakistan, 

and the U.K. They were in favour shifting part of the post adjustment component of pay into the base salary, effective from 1 January 1981. The General Assembly adopted it under Section IV of the Resolution 35/214 A on 17 December 1980 by 125 votes to 0, with 12 abstentions. This was approved by the Fifth Committee on 9 December 1980 by 84 votes to 0, with 14 abstentions. The United States voted against section IV and abstained in the vote on the resolution. It could not favour the consolidation of 30 points of post adjustment into base salary as it was defective. The representative felt that the proposed resolution applied cost of living adjustments to almost the entire net salary, and United Nations staff members were over compensated for inflation, as the cost of living adjustments clearly took into account extraneous expenditures.

The Commission continued to examine relationship made annually between United Nations staff in New York at levels P-1 through D-2(Director) and United States civil servants at corresponding levels in Washington, D.C., were based on the net pay of officials with a dependent spouse but no children, adjusted for the cost of living difference between the two cities. The Commission found that the margin between the two services, by which UN salaries exceeded US salaries ranged from 16 percent

23. Ibid p. 1168
26. Ibid, p. 1168
in 1979/1980 (10 October - 30 September 1980) to 17 per cent in 1980/1981 (1 October 1980-30 Sept. 1981).\textsuperscript{27} However, the total compensation ratio adjusted for cost of living differences was 114.2 of UN salaries to 100 US salaries, due to salaries increase of US Civil Servant on 1 October 1980.

The Commission pointed out that the progress made towards improving the methodology for cost of living measurement surveys, was slow. Much more remained to be done with regard to this and other aspects of the post adjustment system. For this purpose additional funds was approved by the Fifth Committee on 7 December 1981 to Strengthen the cost of living section of the Commission Secretariat for 1982-1983, so that it could improve the methodology of cost of living measurements.\textsuperscript{28}

The ICSC recommended the procedures regarding a special cost of living index for pensioners for adjusting cost of living differential factors applicable to retirees from the professional and higher categories and where the rates of taxation were zero or lower than those implicit in the amount of base pensions provided under the United Nations staff pensions scheme.

\textsuperscript{27} YUN, 1981, p. 1337.

\textsuperscript{28} Ibid, p. 1323
The Commission requested the General Assembly that a comparison of total compensation comparison of non-expatriate benefits paid to the United Nations officials in New York (grade P-1 to D-2) and to employees of the United States Federal Civil Service in Washington, D.C. (grades GS-9 to GS-16 and SES-1 to SES-6). SES means Senior Executive Service. It was based on the cost of living differential. 29

The Commission calculated the margin between the remuneration of the officials of the UN Civil Services and that of US federal Civil Services at their headquarters for the period of 1 Oct. 1981 to 30 Sept. 1982. Differences in cost of living between the two cities were also taken into account in the margin calculations and 26.1 per cent margin was noted for average ratio of net remuneration at matching grades, 6.7 per cent margin in case of cost of living ratio of New York over Washington, D.C. and 18.2 per cent in case of average ratio adjusted for cost of living differential of New York over Washington, D.C. 30 average net remuneration of international civil services, adjusted for cost of living differential between New York and Washington, D.C. for the period of 1 October 1982 to 30 Sept. 1983, 16.5 per cent above that of the matching grades in the United States federal civil services.

30. UN Doc. A/38/30.
The Commission pointed out that the decrease in margin since 1982 (i.e. from 18.2 per cent to 16.5 per cent) was due to:

a) 4 percent increase in the base salary of employees of the United States federal Civil service, effective from 1 Oct. 1982.

b) Reduction in the rates of federal income taxes.

c) Changes in bonus uses and performance awards received by those in SES. 31

At its eighth session of 30 May to 10 June held at Rome (Italy) and the ninth session resumed in New York from 31 October to 10 November, 1983, the ICSC'S Advisory Committee on Post-Adjustment Questions (ACPAQ) undertook a detailed examination of case studies prepared by the ICSC Secretariat at six headquarters located in countries: Austria, Japan, the Syrian Arab Republic, Venezuela and with Washington, D.C. It was examined with relatively high post adjustments in comparison to that for international civil service at New York. While the ACPAQ, noting the pensioners were in general very close to the post adjustment indices applicable at the same location expressed the view that since those findings were based on only six headquarter studies, the ACPAQ was in a

position to draw any definitive conclusions concerning the trend at the current stage. Hence the ICSC at its special session in Nov. 1983 took no decision on post-adjustment classifications of the main duty stations in the UN system. Moreover, it requested the ACPAQ to make final recommendations in 1984 on the examination of case studies, after which commission would take its decisions.  

The ICSC noted the consideration of the Fifth Committee at the 38th session 1983 of the General Assembly, the comparison of the pensionable remuneration amounts which for the US federal civil service employees increased by between 93 and 108 per cent for the period from 1971 to 1983 against a corresponding increase of between 218 and 234 per cent in the same period for the United Nations officials. The Commission opined that this type of comparison was in appropriate. The reason it gave was that in the US federal civil service system, pensionable remuneration amounts were reviewed on an annual basis, whereas on the United Nations side these were reviewed every four to five years until 1975 and have not been changed with the exception of consolidation of a past of post adjustment since that date.  

The commission pointed out that pensionable remuneration in the United Nations increased during 1971


33. UN, Doc A/39/30 p. 7.
to 1980 due to depreciation of the US dollar. This devaluation of US dollar resulted in sharp increases in post adjustment classification applicable outside the United States.\(^{34}\)

Moreover, the Commission maintained that any comparable levels should not be limited to net remuneration, however it should also take into account other elements of compensation, including pension benefits.\(^{35}\)

The ICSC agreed on the need to consolidate 20 points of post adjustment into net base salary with effect from 1 January 1985 at its July 1984 session. The Commission recommended to the General Assembly the resulting gross salary scales and amounts of post-adjustment per index points. It also recommended the modified rates of staff assessment for the staff in the professional and higher categories which took effect from 1 January 1985.\(^{36}\)

The ICSC decided to correct the obstructions in the post adjustment index for New York on the recommendations

\(^{34}\) Ibid. p. 8.

\(^{35}\) Ibid. p. 9

\(^{36}\) **YUN**, 1984, p. 1160.
of ACPAQ relating to the cost of living surveys in major
duty stations through a 9.6 percent increase. The commis­sion also viewed that the adjusted index for New York
should be used for determining post-adjustment classifi­cations of all duty stations effective from 1 August
1984. It also gave its consent for cost of living relatives
between New York and the six other headquarters duty
stations and Washington, D.C. These recommendations made
by the ACPAQ and decision taken by the ICSC were welcomed
by ACC and were endorsed by CCISUA.

The ICSC examined the margin between the net
remuneration of UN services and that of comparator at
its 21st and 2nd session held in 1985 in London (11 to 29
March) and in New York (18 to 26 July). The Commission
recommended to the General Assembly in its eleventh annual
report, the range of 110 to 120, with average 115, for
the margin between the net remuneration of officials in
the professional and higher categories of the UN in
New York and of comparator in Washington, D.C. The commis­sion also reported that the level of the margin currently
stood at 121.3.37 This recommendation was adopted by the
General Assembly on 18 December 1985 by Resolution 40/244,
without vote.

The Commissions Advisory Committee on Post Adjustment Questions (ACPAQ) made suggestions to the Commission at its tenth session held in Vienna (Austria) from 7 to 17 May 1985 on matters like maintenance of equivalence of purchasing power between New York and other duty stations, the operation of the post adjustment system within a defined margin range problems relating to duty stations with low or negative post-Adjustments, separation of the effects of inflation and currency fluctuations within the post adjustment system and the methodology for cost of living surveys.

The ICSC at its twenty third session held in office of the United Nations at Nairobi (March 1986) recommended a range of 110 to 120, with a desirable mid-point of 115, for the margin between the net remuneration of officials in the professional and higher categories of the United Nations in New York and that of officials in comparable positions in the US federal civil service under General Assembly Resolution 40/244 of 18 Dec. 1985. The Commission also recommended a methodology for the determination of pensionable remuneration of United Nations officials in grades F-1 through D-3, the procedure of pensionable remuneration amounts at the Assistant

38. Ibid. p. 1246.
Secretary General and Under Secretary General level, the scale of staff assessment for implementation with effect from 1 April 1987, the scales of pensionable remuneration amounts for the Professional and higher categories for both benefit and contribution purposes for implementation with effect from 1 April 1987 and the interim adjustment procedure for adjusting pensionable remuneration amounts between comprehensive reviews. 39

In 1986 the ICSC applied a remuneration correction factor (RCF) at the six headquarters locations, other than New York, to separating the effects of inflation and currency fluctuations in the post-adjustment system on an interim basis with effect from 1 September 1986. This was also to be applied in European countries with fully convertible currencies and in Japan to offset the effects of upward and downward movements of exchange rate fluctuations on take home pay. The Commission requested ACFAQ time and again to continue its study of the issue with a view to the development of a long-term solution. 40

The Commission after review the ACFAQ recommendations, approved it at its 24th session held at New York (July 1986). The ACFAQ recommendations was related to the methodology

39. UN Doc A/41/30 p.ix.
40. Ibid p.35.
for the conduct of cost of living surveys looked for to achieve a balance between the need for Statistical accuracy and for simplicity in data collection and analysis procedures and to provide simplified methods which would be effective in cases of high inflation and/or substantial devaluation of the local currency. 41

The Commission in 1987 took some decisions for arriving at margin of remuneration, which would be acceptable to the officials of the United Nations Common System in comparison of the United States federal civil service. The commission for above objectives used average Senior Executive Service salaries in remuneration comparisons; the equivalency of Assistant Secretary General /Under Secretary General levels was kept under study. The commission did not applied remuneration comparisons to translator positions. The Commission concluded the review relating to the effect of career lengths on average salaries and noted the lack of data on which to base an appropriate evaluation. The Commission applied the square root weighting technique in the calculation of the United Nations Common System grade averages. The Commission opined that the approval of the recommended changes would result in the margin dropping below 115 in fiscal year, 1988. This

41. Ibid p. 34.
would result in an expense of $2.85 million for 1988.\footnote{42 UN Doc. A /42/30 p. XIV.}

The ICSC at its 26th session held in New York (July 1987) approved consideration of the report of its Advisory Committee on Post Adjustment Question (ACPAQ). The Commission approved the Committee's recommendations on methodological changes, which were dealing with education costs, domestic service and housing costs, measurement of out of area non-consumption expenditures and automobile purchases to be used to carryout future cost of living surveys.

The Commission after reviewing the rental subsidy scheme for headquarters and non-headquarters locations pointed out that all extreme rents would be replaced by those rents in the interval defined as the average rent plus or minus two standard deviation for the determination of rental subsidy these holds at field duty stations. The Commission also recommended the exclusion of rents of staff members who had been at the duty station for less than five years for the calculation of average rent in determining rental subsidy thresholds at duty stations in Canada, the United States, as well as at all headquarters and some of the other duty stations in Europe. The Commission also approved
the application of a maximum margin of 20 per cent to rent-to-income ratios on a graduated scale in order to arrive at rental subsidy thresholds in all locations. The ICSC decided that at the duty stations in Canada, the USA, as well as at all headquarters and some of the other duty stations in Europe, the reimbursement rates would be frozen during the period of a freeze on the post-adjustment in the New York. All the above decisions would become effective as at 1 August 1987.43

The other long term issue assigned to the Commission under article 13 of its statute was job-classification. The Commission began working on this issue in 1976 and covered many sub-areas to make the Job-classification system more effective and convenient for the staff of the United Nations Common System. This issue is taken up for the next chapter VIII.

43. Ibid. pp 47-49.