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Sixty-eighth session

New York, 23 March – 3 April 2009

Item 7 of the provisional agenda*

**Conditions of service of the General Service
and other locally recruited staff****Review of the General Service survey methodologies: status
report****Note by the secretariat of the International Civil
Service Commission****I. Introduction**

1. In 1982, following the initial round of headquarters surveys of best prevailing conditions of employment of staff in the General Service and related categories, conducted under the auspices of ICSC and after thorough discussion with the active participation of the organizations and staff representatives, the Commission, at its fifteenth and sixteenth sessions, considered and approved a methodology for the conduct of such surveys at headquarters locations. At the twentieth ICSC session, a survey methodology for non-headquarters locations was approved. After each successive survey round, the Commission has reviewed the experience in applying both methodologies and revised them accordingly. In keeping with this established practice, the Commission, at its sixty-seventh session, decided to revisit the headquarters and non-headquarters salary survey methodologies after the completion of the sixth round of surveys in 2008, and created a tri-partite working group for that purpose.

2. The group was requested to: (a) analyze and explore issues encountered during the sixth round of surveys and propose solutions to those problems, (b) in light of the difficulties encountered relating to private sectors employer participation during the data collection phase, review ways of obtaining the required data including the possibility of purchasing data from external sources, (c) further examine the requirements for adequate representation of the national

* ICSC/68/R.1

civil service, (d) examine the application of both methodologies to ensure that the choice of methodology corresponds to the conditions of the local labour market and that similarly situated staff are treated the same, and (e) revise the text of both methodologies accordingly.

3. The working group was expected to submit its initial report to ICSC at its sixty-eighth session but, for the reason explained below, this has not proved possible. The purpose of this paper by the secretariat is to inform the Commission of the progress made so far.

II. Work and progress to date

4. As part of the preparation for the meeting of the working group, the secretariat had requested the Commission members, Local Salary Survey Committees (LSSC) of all headquarters' locations, as well as staff associations to identify issues that, in their view, needed to be addressed during the present review. A list of issues as contained in annex I was compiled on that basis containing approximately 60 different items and covering all phases of the survey process from preparation to decision-making. This list was further discussed at a preparatory meeting of organizations, staff representatives and the United Nations System Chief Executives Board (CEB) and ICSC secretariats held in June 2008 and presented to the working group for consideration.

5. The working group on the review of the General Service Survey methodologies met in New York from 20 to 24 October 2008. The group consisted of four members of the Commission, representatives from six organizations, two representatives from each of the three staff associations and representatives from the CEB and ICSC secretariats. Annex II contains the list of participants.

6. In addition to the list of items and background materials, the secretariat, in response to the terms of reference adopted by the Commission, had purchased compensation data from five different external vendors for three headquarters locations surveyed by ICSC. The data were analyzed and a number of simulations were prepared for presentation to the working group. It should be noted that, due to the lengthy procurement process and short time available, the datasets obtained by the secretariat were limited hence the analysis was illustrative rather than comprehensive.

7. While the ever growing low employer participation in surveys was seen as the major problem, possible measures proposed by participants to address it were widely different, ranging from relaxing the present methodology requirements to drastically changing the whole approach to data collection, including the use of external data. Some participants felt that the process may not be transparent enough if it were decided that external data would be used while others felt that relaxing the methodology would not solve the problem of employer participation. It was noted, however, that a number of international organizations as well as the United States Department of State have stopped conducting the type of comprehensive surveys undertaken by the secretariat as shown in the table below.

Table: Practice of comparator organizations

Organization	Salary adjustment approach
International Monetary Fund (IMF)	Purchases customized data.
Coordinated Organizations ^a	Use a salary adjustment index resulting from the reference indexes of the countries and consumer price indices calculation relating to the country where the organization is located. Reference check is done every four to five years using external data.
European Union (EU)	Uses the same three comparators: World Bank, IMF and alternates EU Member Embassies.
World Bank	Purchases customized data.
United States Department of State	Purchases customized data.

^a European Space Agency, North Atlantic Treaty Organization, the Council of Europe, the European Center for Medium-Range Weather Forecasts, the Western European Union and the Organization for Economic Cooperation and Development

8. Based on the information provided, the working group identified several options for proceeding with the methodology review as shown in annex III. These options range from maintaining and modifying the present methodology to purchasing customized salary data from external vendor, outsourcing data collection to external vendors, with a number of possible combinations of the above approaches. The group developed a work plan listing both the follow-up actions and additional information required under each option.

9. The group was expected to meet again prior to the sixty-eighth session to formulate its initial review proposals to the Commission, however, due to scheduling conflicts it did not prove possible

for it to reconvene by that date. The next meeting will take place from the 20-24 April 2009 in New York.

10. In the meantime, the secretariat continued efforts in addressing all of the options developed by the working group in its work plan. The follow-up activities and the additional information requests under the work plan were subsequently discussed at a videoconference of the ICSC secretariat with the Human Resources Network, with the participation of the staff representatives. It was noted in particular that, while work would continue on all options, in view of the wide-ranging scope of the exercise, some prioritization was necessary in order to complete those tasks of most importance. In this context, the authors of various proposals made at the working group meeting were requested to provide additional information and/or clarifications to elaborate their ideas for the working group. This data is still pending. At the same time, the secretariat focused on options relating to the use of external data. In this regard, noting that the secretariat has initiated the formal procedure of obtaining, through the United Nations Procurement Division (UNPD), data from prospective vendors on the various areas specified in the work plan. The information received by the secretariat will be reported to the working group at the next meeting.

III. Conclusion

11. The Commission may wish to take note of this progress report and provide guidance where necessary.

Annex I List of issues

GENERAL	
1	Explore the possibility of harmonizing the two methodologies
2	Replace surveys with adjustment by indexes
3	The methodology should be composed of one core text, with permitted deviations listed in an annex
4	Specify provision of Rule 33, paragraph 1 (financial and admin implications reported to executive heads)
5	Continue separate surveys for Security Service
6	Categorization of non-headquarters duty stations needs to be reviewed (non HQ)
7	Flexible criteria for adoption and discontinuation of special measures (non-HQ)
PREPARATION PHASE	
8	Timing of the survey: avoid the holiday season
9	Revisit usefulness of a pre-survey
LSSC	
10	Specify limits on the size and composition of the Local Salary Survey Committee (LSSC) and pre-session panels
11	Training to the LSSC participants must be emphasized for transparency and efficiency
12	Increase professionalism of LSSC
Employers	
13	Revisit the minimum number of employers to be surveyed
14	Sectoral breakdown too restrictive
15	Definition of the national civil service comparator
16	Reduce the minimum number of employees to 50
17	Extend the concept of geographical limits
18	Allow for possibility of dropping uncompetitive employers
19	The possibility of introducing moral criteria in the selection of employers with respect to tobacco etc.
20	Safe Harbour Laws
21	Employer participation and interest: the employers surveyed are not "among the best"
22	Employer refusals: Local administrations to play a greater role in ensuring employer participation
Jobs	
23	Update jobs and job descriptions
24	Review job retention criteria which are currently too restrictive
25	Review job matching to make it more meticulous
26	Difficulties associated with matching top-level jobs (e.g. those requiring a university degree on the outside)
27	The possibility of developing a higher number of updated benchmarks in order to select the most suitable ones for different markets and/or employers (non-HQ)
28	Treatment of representative specialized jobs e.g. in Security and Trades and Crafts
29	Inclusion of composite jobs at smaller locations
30	Introducing an upper limit n the number of jobs excluded

31	The criteria for the retention of jobs matches, the minimum number of grades and benchmarks to be matched should be reviewed. Quite often comparators specialize in a particular activity and may offer good matches for certain occupational groups and not for others. These matches should be discarded.
32	Development of benchmarks for National Professional Officers (NPOs), possibly delinking General Service surveys from NPOs' surveys (non-HQ)
33	Whole numbers should be used instead of making reference to "one-third of surveyed jobs", etc.
34	Number of jobs surveyed should be decreased from 14 - 20 to 10
Questionnaire	
35	The questionnaire should be reduced and simplified
DATA COLLECTION	
Purchase of external data	
36	Change data collection approach
37	Need to explore the possibility of utilizing external data
38	Reconsider whether the sectoral breakdown is necessary as outside consulting firms would have a larger pool of employers which is supposedly more representative than 20 employers
39	Should data be purchased from only the private sector and the secretariat continues to collect data from the public sector
40	Re-examine the role of the Local Salary Survey Committee in the context of external data purchase
41	Local Salary Survey Committee should be entitled to select the employers to be used in the survey
42	Revisit job selection, percentiles used during analysis and other comparison parameters
43	Substantial involvement of staff in all phases of the survey process: strong opposition to the delegation of this task to outside consultants
DATA ANALYSIS	
Quantification of benefits	
44	Inclusion of some fringe benefits, such as life insurance, funded by employers
45	Treatment of free parking should be reviewed and included in the methodology
46	Harmonization of quantification procedures of the two methodologies
47	Re-examination of the calculation of the cafeteria meal benefit
48	Items which do not reflect cost to the employer should not be included in the final analysis e.g. cup of coffee
49	The quantification of benefits at cost to the employer, as well as the 75 per cent utilization rate are not considered an equitable approach to benefit quantification
50	Revisit the quantification of loans and stock options
51	Access of the Local Salary Survey Committee to the computer programmes used for the data analysis (non-HQ)
52	Change the methodology so that minimum, maximum and midpoint salaries are compared on both sides as employers frequently do not have information available on average salaries
53	Adjustment for working hours difference
54	Change the percentile applied depending on the employer refusal rate
55	Restrict the Chairman's authority to rule on disagreements

Dependency allowances

56	Detailed procedures for the calculation of dependency allowance
57	Grandfathering existing dependency allowances
DECISION-MAKING	
58	Delegate decision-making process to a panel of Commissioners, the Chairman and/or the Local Salary Survey Committee

Annex II

List of participants

A. Members of the Commission

Wolfgang Stöckl, Vice-Chairman
Chairman of the Working Group

Emmanuel Oti Boateng

Minoru Endo

Lucretia Myers

B. Representatives of the United Nations System Chief Executives Board for Coordination

Marta Leichner-Boyce, Senior Inter-Agency Advisor for Human Resources

C. Representatives of the executive heads of participating member organizations

International Atomic Energy Agency

Douglas Northey, Director of Personnel

International Labour Organization

Susan Hudson, Policy Adviser, Human Resources Policy Branch

Food and Agriculture Organization of the United Nations

Serge Nakouzi, Chief, Human Resources Strategy

United Nations

Marianne Brzak-Metzler, Chief, Conditions of Service Section

United Nations Children's Fund

Ruth de Miranda, Chief, Policy and Administration Law Section, Human Resources Division

United Nations Development Programme

Henrietta De Beer, Chief, Policy Unit, Office of Human Resources

D. Staff representatives bodies

**Coordinating Committee for International Staff Unions and Associations
of the United Nations System**

Rita Wallace, Vice-President
Jim Windell, ILO Staff Union

Federation of International Civil Servants' Association

Edmond Mobio, President
Mauro Pace, Representative

United Nations International Civil Servants' Federation

Claude Jumet, Vice-President
Xavier Campos, Representative

E. Secretariat of the International Civil Service Commission

John P. Hamilton, Executive Secretary
Yuri Orlov, Chief, Salaries and Allowances Division
Eleanor Phillip, Compensation Officer
Bechir Bouzid, Compensation Officer

Annex III

Work plan – options for proceeding with the methodology review

<i>Option</i>	<i>Decision of the Working Group</i>	<i>Explanation/comments</i>	<i>Status</i>
Option 1: Purchase customized data from external vendor			
(a)	Selection process for outside vendor (in accordance with the procurement process);	Consulted with the United Nations Procurement Division and the procurement manual; procurement process documented.	Completed. To be presented at the next working group meeting.
(b)	Establish the exact survey mechanism used by vendors in data collection and analysis;	Posted on expression of interest (EOI) and request for information (RFI). Based on the response from vendors, a comparative study done of the survey methodologies used by external vendors, including employer and job selection, data collection, job matching, elements of the compensation package surveyed, data aggregation, percentiles use, geographical coverage, customization details, cost, etc.	
(c)	Establish where this approach could be applicable;		
(d)	Ascertain possible degree and cost of customization, particularly in the selection of employers and jobs;		
(e)	Establish the vendors' costing policy;		

<i>Option</i>	<i>Decision of the Working Group</i>	<i>Explanation/comments</i>	<i>Status</i>
(f)	Explore comparability of internal and external data;	Items (f) to (j) are subject to responses received from prospective vendors and may require the purchasing of additional sample data based on the agreed customization parameters.	In progress.
(g)	Explore the need and ways to compensate for those elements which no longer may be tracked;		
(h)	Some methodology requirements (e.g. those relating to employer and job selection/retention, as well as data collection and analysis) may either be rendered moot by this approach or could become a stronger tool in a revised methodology;		
(i)	Establish cost-benefit implications;		
(j)	Review the roles of survey participants with a view to maintain transparency.		
Proposed activities			
(a)	Request the external vendors to provide additional information on the degree of customization that they would be willing and able to provide (predetermined list of employers, particular sectoral breakdown, detailed job descriptions, willingness to share information with the Local Salary Survey Committee (LSSC) on the job matching process, possibility of using the current ICSC methodologies when collecting the data);	Vendors provided response to request for information.	Completed.
(b)	Contact other global comparators/international organizations to seek further details on their current approaches of external data collection (invite expert to next session).	Contacted and obtained information from the European Union (EU), World Bank, Coordinated Organizations, the United States Department of State and WorldatWork.	Completed. Speaker from WorldatWork at the next Commission session. A guest speaker will also be invited to attend the next Working Group meeting.

<i>Option</i>	<i>Decision of the Working Group</i>	<i>Explanation/comments</i>	<i>Status</i>
Option 2: Outsource data collection phase to an external vendor in line with the ICSC survey methodologies			
(a)	Define the role of the external vendor from the start to the end of the process and review the roles of other survey participants, accordingly;	This item is subject to the decisions of the working group. Exact role of the vendor will depend on specific decision which the group will take.	
(b)	Explore ways to maintain the maximum possible transparency of the process;	Response of response for information (RFI) received from vendors.	Summary of responses to RFI prepared.
(c)	Establish cost-benefit implications.		
Option 3: Public sector data collected by ICSC secretariat; private sector collected by an external vendor in line with the ICSC survey methodologies			
Proposed activities			
(a)	Assess the possibility for the vendor to apply the same methodology for the private sector as one that will be applied by the ICSC to survey the public sector to ensure consistency in the data collection phase;	Option 3 is a variant of Option 2. Vendor responses provided the required information.	Completed.
(b)	Calculate the cost-benefit estimate of this proposal.		

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Option 4: Extend period between surveys (up to seven years) and apply interim adjustment in reference to cost of living, cost of labour and other indices (ICSC would have the flexibility to conduct surveys anytime between the fifth and seventh year)			
(a)	Establish specific conditions which would necessitate a survey before the seventh year;	This is not a separate option <i>per se</i> but rather a procedure relating to the interim adjustment. It can be combined with the other options. The activities under this option will be carried out jointly by the Salaries and Allowances and the Cost-of-Living Divisions of the ICSC secretariat. An input from the United Nations will also be required. Requested data from the United Nations for non-headquarters locations.	Pending data from the United Nations.
(b)	Determine the percentage rate of the index to be applied;	Based on the experience of the previous round of surveys, the appropriateness of using 90 per cent of the reference index will be reviewed. The application of adjustment indexes to net outside salaries will also be modelled for headquarters and non-headquarters locations.	Pending data from the United Nations.
(c)	Examine net/gross relationship as affected by the adjustment index;		
(d)	Transform the Local Salary Survey Committee (LSSC) into a Standing Committee which would monitor remuneration levels, keep track of indices and maintain contact with employers.	More details are required from the authors of the proposal; final outline of the proposal will depend on the decision of the working group on further data collection mode.	United Nations International Civil Servants' Federation (UNISERV) to provide details of proposal.
Proposed activities			
(a)	Explore various reliable and readily available indices for most surveyed duty stations;	Covered under Option 4(a) to (c) above.	Pending data from the United Nations.
(b)	Provide further information on the representativity of these indices;		

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(c)	Prepare simulations and comparative analysis of the trend of these indices over the last two rounds under the current methodologies;		
(d)	Conduct forecast analysis to determine the future trend of some of these indices;	No time should be wasted on this because this is impossible.	
(e)	Consider the possibility of tracking regional indices for some groups of countries with similar local economic conditions.	See Option 4(a) above.	Availability and applicability of regional indexes is being explored and will be reported to the working group.
Option 5: Revision of current methodologies			
(a)	Identify areas for enhancing the ability of the methodologies to capture a vast range of market conditions. Explore the possibility and evaluate the impact of: (i) Combining the two methodologies in one; (ii) Maintaining two methodologies but reviewing the duty stations which would be under each (i.e. replace the headquarters vs. non-headquarters division by grouping countries by similar economic conditions);	Although it will make every effort to address the issues raised under this Option, the secretariat believes that, in order to allow for meaningful research and preparation to be completed and for the working group to have enough time to consider the documentation provided, work should be prioritized. It would thus like to suggest that the working group focus primarily on the other Options at this stage. At the same time, the secretariat will request the authors of the proposals under this option to submit additional details of their proposals. The secretariat will then consolidate them and report to the working group, accordingly. While many of the items	Pending. Authors requested to elaborate on their proposals.
(b)	Establish minimum number of staff which would trigger the need for a full survey; propose a mechanism to adjust salaries at smaller locations;		
(c)	Identify measures to increase the transparency of the Steering Committee;		
(d)	Look at the various levels of inflation and re-examine the trigger point for special measures;		

<i>Option</i>	<i>Decision of the Working Group</i>	<i>Explanation/comments</i>	<i>Status</i>
(e)	Transform the LSSC into a Standing Committee which would monitor remuneration levels, keep track of indices and maintain contact with employers;	under this Option may be rendered moot, should a different approach be selected to data collection, the highlighted items will still need to be considered. In this context, the secretariat intends to address them for the upcoming meeting.	
(f)	Streamline the job matching for salary surveys into three categories, i.e., general support (G-1 to G-3) process oriented delivery (G-4 to G-5) and service delivery (G-6 to G-7);		
(g)	Maintain a list of employers considered to be among the best, etc.;		
(h)	Recategorize non-headquarters duty stations based on economic indicators and add category for crisis duty stations (possibility of developing support tools that could be applied to crisis duty stations);		
(i)	Explore ways of enhancing job matching, for example, instead of the current grade-by-grade procedure of job matching, explore matching by occupation using a floor and ceiling for the salaries;		
(j)	Collect information related to non-headquarters duty stations on survey experience during the last round of surveys including Steering Committee reports, ratio of employers invited/surveyed/retained, public/private retention breakdown by country, problem areas by country, etc.;		

<i>Option</i>	<i>Decision of the Working Group</i>	<i>Explanation/comments</i>	<i>Status</i>
(k)	For headquarters duty stations study/simulate the effects of concentrating the survey on three to five employers falling around the 75 th percentile for the majority of jobs, based on previous experience; identify such clusters, if possible;		
(l)	Explore ways of enhancing job retention criteria.		
Proposed activities			
(a)	Review the text of the current methodologies to reflect the amendments needed to ensure more flexibility in the implementation of the methodologies and to address the different problems that were encountered during this round of surveys;		
(b)	Determine for each duty station, a list of employers considered to be the best in terms of remuneration packages; review the last two survey results to see if those employers were also surveyed and retained;		
(c)	Explore various alternative criteria (i.e. economic and country development indicators) to be used for the re-categorization of non-headquarters locations;		
(d)	Explore the possibility, when available, to apply the current procedure used for data collection in non-headquarters locations (minimum/maximum salaries) to the headquarters methodology (average salaries).		

<i>Option</i>	<i>Decision of the Working Group</i>	<i>Explanation/comments</i>	<i>Status</i>
Option 6: Organize non-headquarters surveys on a regional basis			
			For further discussion at the next working group meeting.
Option 7: Study the feasibility of ICSC conducting surveys at all headquarters and non-headquarters locations			
			For discussion between the ICSC secretariat and the United Nations.
Option 8: Consider using external data as a residual tool in case the required amount of employers is not found			
		This is a combination of the present methodologies and Option 1. Responses to request for information (RFI) should provide information on this issue.	In progress.
Option 9: Consider other issues raised in the documentation presented at the first working group meeting			