



## **Coordinating Committee of International Staff Unions and Associations**

### **Statement at the Fifth Committee: Common system**

November 2017 - contact: [ian.richards@un.org](mailto:ian.richards@un.org)

Thank you Mr Chair.

Distinguished delegates.

Today the Fifth Committee examines the Common System, but does this common system have a future?

Several agencies have declared that they will not implement the latest post adjustment results.

Like staff unions they have questioned the calculations and produced a 70 page report showing errors in calculation, errors in application of the post adjustment methodology and non-verification of the quality of data from third-party sources (full UN report at: <http://bit.ly/2j8cc5c>).

The UN senior statisticians, some of whom reached director level in their national statistical offices, also called the calculations “statistically biased”.

Mr. Chair, no statistical calculation is perfect. This is why the ICSC for many years applied a 5 percent margin of error; a cushion in case of negative adjustments to salaries, knowing the irreversible impact this would have on family budgets.

Prior to the new round of post adjustment surveys, this was abolished under the pretence that the ICSC had reached a state of perfection and that the margin was no longer needed. Some commissioners were even told this would save money.

After the results in the first group of duty stations, and realizing a margin of error actually was needed, that margin was quickly reapplied, but at a lower rate of 3 percent. Of course no explanation was provided for this lower figure, which was not determined by ACPAQ.

This lower protection margin sets the standard for remaining duty stations in this round of post adjustment surveys; these include the field and regional economic commissions.

The ICSC also reversed a verbal promise made to heads of organizations and staff unions, in light of the questions raised, to create a tripartite working group to review how post adjustment works. The group has been replaced by an “independent expert”. Though being paid by the ICSC, with the ICSC’s terms of reference, we question the expert’s actual independence.

These events combined have led to 300 legal appeals, a number of demonstrations, a petition and a strike.

Confidence in the system must be restored. We therefore ask the General Assembly to consider a tripartite review of post adjustment, in particular examining transparency and frequency.

Pending completion of the review, we also ask the General Assembly to consider the immediate application of the prior 5 percent margin of error to all duty stations in this round. This must be done before the damage spreads to other duty stations.

With regards to the recommendation on danger pay for locally-recruited staff, we question the decision to only review the level every four years. Given the highly volatile economic situation in conflict zones, we believe this needs to be reviewed more frequently.

Turning to the pension fund, we have two OIOS audits just issued. Report 2017-104 notes that the pension fund knew the new IPAS payment system wasn't working particularly for calculating benefits for widows and orphans. But it still went ahead, leading to serious payment backlogs, currently standing at 15,000. Report 2017-110 shows \$1.8 million was misspent with consulting firm PWC.

Last year the pension board made proposals to remove OIOS as an auditor and have greater freedom in procurement. The General Assembly, in its wisdom, was right not to approve this.

In addition, the Board of Auditors notes that a much-needed actuarial valuation of the fund, so we can know how healthy it actually is, had to be pulped after completion when it was discovered the fund's management had provided incorrect data to the actuaries. This cost us \$280,000.

The poor management of the fund also leads us to question the need for additional posts, when so many remain vacant.

Further, we believe that the board of the fund has failed in its duty to effectively oversee the fund's operations. When most pension funds have 5 to 10 board members meeting once every month or two months, it should come as no surprise that a board of 33 plus alternates and others is unwieldy. And that by only meeting once a year, it is also ineffective.

We therefore ask the General Assembly to consider the creation of a redesign panel and, so as to reinforce management accountability at the fund, to give the Secretary-General full power in the appointment of the fund's leadership.

Thank you.