CONCLUSIONS OF THE MEETING
OF THE HUMAN RESOURCES NETWORK

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ANNEXES

I. Agenda
II. List of Participants
III. Establishment of the Senior Management Service in the UN common system
I. ADOPTION OF AGENDA AND WORK PROGRAMME

1. The agenda is attached in annex I and the list of participants in annex II.

II. MATTERS RELATED TO THE WORK OF HLCM AND OTHER NETWORKS

2. The Network noted that HLCM:

   - Had endorsed the proposal of the FB Network to establish a working group on the issue of long-term care composed of both HR and finance specialists;
   - Under its consideration of the impact of the changing relationship between regular and voluntary funding, requested that HR Managers in the UN system look into issues related to the implications of the growth of voluntary contributions in relation to the management of human resources, including the reconciliation of the principle of equitable treatment of staff with the unpredictability of funding, the need to adjust staffing levels to changing skill requirements and fluctuations in resource levels;
   - Requested that the CEB Secretariat conduct a base line study on specific activities being currently undertaken by organizations with regard to efforts to increase or facilitate inter-agency mobility and to report the outcome of the study to the summer session of the Network;
   - Requested that the CEB Secretariat undertake a survey of existing policies in the area of information security and continue to pursue the matter with ICT and HR managers with the assistance of legal advisors;
   - Requested that the CEB Secretariat circulate for approval a draft statement to be made on behalf of CEB to the 58th session of ICSC on the reform of the pay system.

3. The Network further noted with satisfaction that HLCM had:

   - Endorsed the establishment of a Senior Management Service by the CEB, as described in Annex III;
   - Requested that all organizations take the necessary actions as set out in Annex III of this report;
   - Requested that the HR Network continue to refine the competency map and to develop a learning framework for a leadership and management development programme together with the UNSSC;
   - Requested that the CEB Secretariat follow-up and provide support to the creation of the SMS.

4. It therefore expressed thanks and appreciation to the working group on the Senior Management Service under the leadership of UNCTAD and with the technical support from the UN System Staff College.

5. With regard to the future agenda of HLCM, the Network:

   - Noted that it would again take up the issue of the piloting of lump sum relocation payments, and in this regard, requested that the lead agency(s) present a report thereon for consideration at the Network’s next session.
III. ISSUES UNDER CONSIDERATION BY ICSC

A. RESOLUTIONS AND DECISIONS OF THE GENERAL ASSEMBLY AND THE LEGISLATIVE/GOVERNING BODIES OF THE OTHER ORGANIZATIONS OF THE COMMON SYSTEM (ICSC/58/R.2 and Add.1)

6. The Network:

➢ Took note of the contents of the two documents under consideration.

![Decision of ICSC]

The Commission considered a report on the actions concerning the UN common system taken by the General Assembly at its 58th session and received a report on the presentation by its Chairman of the 29th annual report of the Commission to the Fifth Committee, the subsequent debate in the Committee and the informal discussions held among Member States that led to the adoption by consensus of resolution 58/251 of 23 December 2003 on the common system.

B. REVIEW OF THE PAY AND BENEFITS SYSTEM

(a) Modernizing and simplifying allowances / Overview of common system allowances and benefits (ICSC/58/R.3 and ICSC/58/R.3/Add.1)

7. The Network:

➢ Expressed its deep disappointment and concern that the approach being presented by the ICSC Secretariat was piecemeal as it did not include any evidence of a comprehensive strategy to ensure the competitiveness of the UN pay and benefits system so as to attract and retain a high quality workforce. Executive heads had repeatedly expressed their concern over the current system’s lack of competitiveness and had emphasized that the updating and expansion of the Noblemaire Principle (the foundation of the pay and benefits system) must be an integral part of the reform process. Member States had said that a competitive pay and benefits system was a fundamental element in the UN System’s organizational reform strategies and this had been reflected in the Framework on Human Resources Management promulgated by ICSC;

➢ Recalled that compensation levels in leading expatriate services of Member States and in other international and regional organizations had left the UN system lagging seriously behind. Moreover, globalization had resulted in growing competition with multinational enterprises for expatriate expertise; this expertise had to be linguistically flexible, willing to be mobile, and increasingly, able to work across disciplines. Also, dual-career issues were now, for all global employers, a major issue in recruitment and retention;

➢ Recognized that growing competition for human resources with other international organizations and changes to the internationalization and social dynamics of the UN System workforce had resulted in the need to review the benefits and allowances system
in its entirety; while some allowances had stood the test of time and been the object of periodic review and update, others had not;

- Recalled that in earlier discussions with ICSC, the CEB had emphasized the need for a review of the pay and benefits system predicated on a policy review of the Noblemaire Principle as the central tenet of the UN Common System. Without a thorough policy review of Noblemaire as a basis, a review of allowances would be without parameters and could lead to erroneous conclusions whereby allowances and benefits were eroded on an individual basis without regard to the overall compensation package, thereby undermining the capacity of organizations to meet their objectives. Such a policy review could include reference to national foreign services and to other international and regional organizations whose work was most similar to that of the UN organizations and with whom the UN competed for staff: the work of the majority of UN staff could no longer be compared to that of a largely home-based national civil service;

- Noted that a statement would be made to ICSC on behalf of the CEB expressing strong concern over the lack of a comprehensive approach and underlying the need for any reform effort to be premised on an updating of the Noblemaire Principle.

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| 2004 | 1. Education grant  
2. Allowances relating to mobility and hardship  
   (a) Mobility and hardship allowance, including the role of the Rental Subsidy Scheme in enhancing mobility;  
   (b) Assignment grant;  
   (c) Hazard pay;  
   (d) Recruitment, relocation and retention bonuses. |
| 2005 | 1. Dependency benefits  
   (a) Spouse benefits (including dependency and single rates, salary structure);  
   (b) Children’s allowance;  
   (c) Secondary dependant’s allowance.  
2. Pensionable remuneration and consequent pensions  
3. Separation payments  
   (a) Termination indemnity;  
   (b) Repatriation grant;  
   (c) Death grant. |
| 2006 | 1. All leave entitlements  
2. Language incentives |
(b) (i) Mobility and Hardship allowance (ICSC/58/R.3/Add.2)

8. The Network:

- Reiterated its concern that a number of fundamentally important allowances and benefits were being reviewed in a piecemeal fashion without reference or linkage to the need for an analysis and reaffirmation of the underlying principles of the Noblemaire Principle: a requirement that had been emphasized by the UN Secretary General and Executive Heads at the 55th session of the ICSC in 2002. The lack of a comprehensive and holistic review that took account of a strategic view of organization’s business needs would risk eroding an effective incentive that facilitated movement, precisely at a time when it was most needed;
- Recalled that the initial arguments for the creation and management of such benefits and allowances had been based on the need to provide the UN system with a competitive pay system and that compensation should be viewed as a strategic management tool in the key areas of staff recruitment, retention and relocation. As such it was important to view payment of the mobility and hardship allowance strategically; it had a purpose, and was increasingly relevant in light of changing demographics, the deteriorating security and public health situations in many countries and the fact that more organizations required mobility. Reform should, therefore, be realigned with this goal and not perceived simply as a cost containment exercise. Rotation and mobility were core behaviors of UN staff and should be rewarded as part of the basic pay package;
- Recalled that, at its second session in 2003, the CEB had adopted a policy statement on mobility that demonstrated the Board’s commitment of Executive Heads to enhancing the mobility of staff in order to better meet the goals of the UN System;
- Agreed that there was also a need to view allowances as tools that enabled staff to achieve their objectives; for example, the mobility and hardship allowance was an important incentive at a time when staff were increasingly expected to uproot their lives and move their families repeatedly to a new country;
- Recognized the need to differentiate between remuneration and social policy and, in doing so, agreed that, in this overall context, consideration must also be given to social benefits and other issues that impact staff mobility, such as spouse employment (in particular, issues of work permit restrictions), children’s education, security, availability of medical facilities. There had been dramatic changes to the UN system’s operational environment since the introduction of these allowances. Staff were being required to serve in more dangerous countries and often in locales far from capital cities, and public health issues were becoming far more of a factor (e.g. the two recent outbreaks of Avian Influenza and SARS). The world and the demographics of the workforce had changed, and management therefore required financial tools as incentives to foster desired behaviours, particularly with regard to mobility;
- In this regard, noted that the document did not provide information on the comparator’s policies and practices, which were often more generous, such as hardship ratings and the advantages with respect to years of service at certain locations. More often than not the comparator did not require its staff to serve in those locations where UN staff were expected to operate. Contrary to the comparator, staff of the UN system were in a state of permanent expatriation and the mobility and hardship allowance, in its current form, reflected this fact, including its linkage to base pay;
Agreed to express to ICSC that, at a time when organizations required staff to be more mobile and work in situations of greater instability, it was not acceptable to see an erosion in those incentives which should be enhanced rather than reduced;

Confirmed that the automatic adjustment mechanism should remain in place; this mechanism had been instituted specifically in order to overcome the difficulties that had been experienced with erratic, irregular adjustment procedure;

Noted that the issue of the automatic adjustment mechanism may have been made contentious due to budgetary policies that required the financial implications of adjustments to be reported for those duty stations where increases in the base floor salary scale could not be incorporated into post adjustment; yet, this policy not to operate a negative post adjustment system was in line with that of the comparator and was intrinsically linked to the application of the Noblemaire Principle.

**Decision of ICSC**

The Commission decided to request that its secretariat further develop two approaches that would delink the mobility and hardship scheme from the annual adjustment procedure applied to the base/floor salary scale. The two approaches were:

(a) The establishment of a flat amount for each level of hardship identified in the scheme i.e. from B to E;
(b) The establishment of a percentage amount related to each staff member’s base/floor salary.

With regard to either approach, the Commission decided that a regular review cycle would be appropriate to adjust the amount of the payment. It requested that its secretariat provide the cost implications of each of the proposed approaches.

The Commission further decided that its secretariat should take into account the following considerations in developing its proposals on the review of the mobility and hardship scheme for the Commission at its 59th session:

(a) The possible separation of the mobility portion of the scheme from the hardship portion. This would include proposals for applying targeted strategic bonuses to enhance mobility. The role of the rental subsidy scheme in enhancing mobility should also be addressed in that context;
(b) The reconsideration of the hardship component in a broader context, namely, an assessment of risk that would include factors in addition to danger. The adjustment of other benefits, for example, life insurance, to reflect the outcome of the risk assessment exercise;
(c) The role of hazard pay in determining the appropriate levels of hardship;
(d) The non-removal element should be reviewed;
(e) The cost implications of any proposed realignment/revision of current scheme provision.

(ii) **Staff Attitude Survey on the Mobility and Hardship Allowance (Report from ORC)**

9. The Network:

Noted with appreciation a progress report from ORC on the results of the initial analysis of the replies from the survey and requested that the Secretariat work with ORC to undertake analysis by organization, by level of hardship of the duty station and by frequency of assignment;
Noted that in addition to the compensation package, other areas respondents identified as affecting decisions to accept a move were career opportunities (87%), security related issues (62%), assignment location issues (50%), children’s education (47%), dual career related issues (33%), ageing parents (33%) and other family issues (60%).

(c) **Education grant; review of the methodology for determining the level of the grant**  
(ICSC/58/R.3/Add.3)

10. The Network:

- Thanked the ICSC Secretariat for the document as it provided a starting point for further work and agreed to recommend to the ICSC that consideration of this item be postponed pending the creation of an inter-agency working group, with a view to providing ICSC with, at its next session, a common proposal on what was perceived as being a highly useful benefit and one that contributed to staff recruitment and retention;
- Recalled that previous reviews of the levels of the grant had been successful in keeping up with market increases and that this had been achieved through the application of an expenditure-based approach that was seen as being fair by staff and acceptable to Member States. Nonetheless, staff in many duty stations still faced very high expenses to educate their children;
- Agreed that the working group should work primarily with the goal of eliminating certain biases that had been noted in the trigger mechanisms and of streamlining the administration of the grant. Although the lump-sum methods were attractive to some organizations and should be explored, care should be taken to preserve the levels of the grant.

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<td>The Commission decided to request that its secretariat convene a working group consisting of representatives of the organizations and staff, with a view to further developing the proposals for a review of the methodology to determine the level of the education grant, in particular the lump-sum approach and other measures that may be necessary to ensure a streamlined operation of the grant, bearing in mind the views expressed by the Commission, and to report on the group’s findings to the Commission at its 59th session.</td>
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<td>The Commission also requested the working group to take particular account of the situation described by UNESCO of staff serving in Paris, with a view to proposing a speedy remedy to the problem.</td>
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| (d) Implications of enlargement of the European Union on the operation of the Mobility and Hardship scheme and on the post adjustment system | (ICSC/58/R.3/Add.4) |
|-------------------------------------------------|
| 11. The Network: |
| Agreed to recommend to the ICSC that, with regard to the issue of the classification of duty stations in the ten countries due to join the European Union on 1 May 2004, the existing ICSC criteria be followed, i.e. that the duty stations concerned be reviewed on a case-by-case basis and only lose their “A” classification on January first of the year |
following the point when the UN System no longer had any developmental or humanitarian presence in the country in question;

- Noted that some countries had only very recently been upgraded to “A” category;
- Agreed to recommend to the ICSC that, in monitoring the countries in question, attention be paid to reviewing those classification variables that affect the post adjustment system and taking action as necessary; also, that the trigger for any such individual country review be the entry of that particular country into the single European currency;
- With regard to the operation of the post adjustment system, variables of the economies, which relate to the life and work should be monitored, especially in view of the fact that a classification was applied to the whole country, yet some staff may be located outside the capital cities, which may have a very different economic situation;
- Welcomed the offer of the ICSC Secretariat to provide the Network with information from the European Union on how it intended to treat the acceding states, both with regard to classification purposes and in the emoluments paid to EU Commission staff working in those countries.

### Decision of ICSC

The Commission decided that:

(a) For post adjustment purposes, the 10 countries joining the European Union on 1 May 2004 (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia) should be considered as Group I duty stations, starting with the implementation of new place-to-place surveys;

(b) New place-to-place surveys should be scheduled and conducted in 2004 for all 10 “enlargement” countries. The cost-of-living data should be processed using the methodology for Group I duty stations and implemented not later than May 2005;

(c) Organizations should start paying salaries for staff in the Professional and higher categories in local currency, starting with the implementation of new place-to-place surveys for respective duty stations;

(d) A modification of the rental subsidy scheme corresponding to Group I duty stations should be introduced at the time of the implementation of new place-to-place surveys;

(e) The change from “A” to “H” in the classification of these duty stations under the mobility and hardship scheme should be applied with effect from 1 January 2005.

12. The Network:

- Agreed that the concept was of interest but that it would require significantly more discussion in the HR Network; in this regard, it would ask the ICSC to defer consideration of the item until after the completion of the pilot study on broadbanding, particularly as many of the issues being examined in the pilot were intrinsically linked;
- Reiterated the importance the Network placed on the issues of recruitment, retention and relocation, whilst recognizing that there was a need to manage the social and not just financial elements of these areas, such as motivation, job satisfaction and work/family issues, which were increasingly important for all global employers. Empirical research had established that dual careers and access for spouses to work permits were major
impediments to hiring and relocating a high-quality expatriate workforce. This research had also shown this to be a global problem and not restricted to people coming from any one continent;

- Expressed concern that, in the absence of an updating of the Noblemaire Principle, introduction of such bonuses could open the door to nationality-based pay;
- Took note of a draft Conference Room Paper from UNDP for submission to ICSC, which detailed a proposal to pilot the payment of strategic bonuses in that organization and supported and thanked UNDP for the decision to withdraw the CRP. Such a decision recognized that issues of timing, as regards the ICSC agenda item on the review of the mobility and hardship allowance, and the validity of a pilot on strategic bonuses being carried out by a single organization did not make the proposal appropriate at this time, particularly in the absence of a comprehensive review of the Noblemaire Principle;
- Noted that, while a few organizations remained interested, no organization would be willing at this time to pilot such bonuses.

### Decision of ICSC

The Commission decided to defer its consideration of this issue and requested that its secretariat prepare a document for its 59th session that would look at strategic bonuses in tandem with the mobility and hardship scheme.

### Implementation of the pilot study on broadbanding/reward for contribution

(ICSC/58/R.5 and ICSC/58/CRP.6)

13. The Network:

- Noted with appreciation the work completed to-date by the ICSC Secretariat in preparing for the pilot study;
- Welcomed the high level of support of the work of the Task Force, which had met in New York in January: fifteen organizations and both FICSA and CCISUA had participated, which demonstrated the commitment of the system as a whole;
- Thanked the volunteer organizations (UNAIDS, IFAD and WFP) for their commitment and progress in preparing for a pilot start date of 1 July 2004: the organizations had devoted significant resources to ensure a timely start-up; the pilot project had been integrated into the respective overall human resource reform strategies; there had been extensive consultations with staff at all levels; and the expectations of managers and staff alike had been raised;
- Welcomed the news that UNDP would eventually join the pilot study, piloting the system in the Copenhagen (Nordic) office in 2004 and in one regional bureau in 2005;
- Agreed to raise with ICSC the extension of aspects of the pilot study to General Service Staff and National Officers: the results achieved by teams as work units would depend upon their contribution;
- Thanked the ICSC Secretariat for its offer of support to provide advice and information on training for staff and managers;
- Concurred with the majority of recommendations in the document subject to some comments, firstly and most importantly, the need for flexibility - the purpose of the scheme was to motivate staff to improve overall organizational performance. There was a need not to straitjacket organizations, which had diverse requirements. In this spirit the
Network saw many of the parameters being proposed as indicative rather than prescriptive;

- With regard to the specific recommendations contained in the document, the HR Network agreed that:
  - Alternative 1 in the ICSC document (paragraph 24) be recommended for the purposes of the pilot study and that dependency and single rates be used which was a pragmatic solution pending the review of dependency allowances by the ICSC in 2005;
  - For purposes of the pilot, the existing minima and maxima should be used to establish the new salary bands. If it were decided to review the minima and maxima of the grades, this should be done in the context of the overall review of the salary setting policy (paragraph 28);
  - Upon implementation of the new approaches, salary increases beyond the maximum of the range should continue to be paid as non-pensionable lump sum amounts while those within the range should be pensionable. However, implementation procedures should be studied and reviewed during the pilot study, well before the possible implementation of any new approaches upon the successful conclusion of the study (paragraph 33);
  - For the purposes of the pilot study, a promotion increase from one band to the next higher band should result in a minimum of 5 per cent net base salary increase (paragraph 36);
  - Both alternatives for (i) setting performance objectives to reflect the responsibility of the job and (ii) setting salary control points to slow down the progression through the band, should be further developed for application in the pilot study (paragraph 43);
  - Organizations participating in the pilot should be allowed to review results every year and to review competency development and client feedback in alternating years (paragraph 51), it being noted that organizations were working with ICSC to define the term “client” for each job category;
  - The exact percentages for the weighting of factors should be decided in consultation with the volunteer organizations (paragraph 64) but that this was one area that required the necessary flexibility for organizations to tailor the system to their own requirements and circumstances and that such an issue was liable to evolve, with the system, over time. It was difficult to settle on specific weighting modalities given the developmental status of the competency development and client feedback portions of the study and that, as more experience was gained in the application of measurements, the weighting proportions may need to change. In any event, this was an issue, which should not be decided globally under a “one size fits all” basis;
    - Considered that the issue of control groups, for the gathering of baseline data, should be left to each volunteer organization to determine, but that comparisons with other organizations were only valid to the degree that they were homogeneous;
    - Determined that, with regard to the Project Work Plan, emphasis must be placed on retaining the planned start date for the pilot study of 1 July 2004. Volunteer organizations had worked hard to achieve this target and the progress report before the ICSC reflected this; any delay in referring the matter to a subsequent session of the ICSC would prove unnecessary and counter-productive;
    - Recalling the concerns that organizations had expressed at the time of the Task Force in a meeting with the Chairman of ICSC regarding the appointment of the project manager and evaluation expert, the Network:
• Thanked organizations and the CEB secretariat for their efforts to identify additional potential expertise;
• Took note of the information provided by the ICSC Secretariat that (i) the evaluation function was currently the subject of a call for tender and (ii) the position of project manager would soon be advertised in an expeditious manner and agreed that the two roles must be complementary, rather than the current situation which appeared to indicate some degree of overlap;
• Expressed regret that the position of project manager had not been announced sooner;
• Emphasized the need for the project manager to have the following competencies: experience in multi-lateral organizations, cross cultural sensitivity and excellent communication skills, thus enabling him or her to interact with managers and staff in UN organizations;
• Agreed that a transparent, competitive process for the selection of the project manager at the D1 level was essential, together with the consultative process provided for in Article 20 of the ICSC Statute;
• Thanked the ICSC Secretariat for sharing with the Network the terms of reference for both jobs and requested that the Secretariat ensure that the roles of each were complementary;
• Expressed the hope that the ICSC Secretariat would take the necessary steps to acquire suitable expertise in a timely manner;
• Stressed the need for a clear communication process aimed at all stakeholders in the pilot process (staff, managers and Member States); the aim of this strategy being not only to provide information about the new policies and procedures, but also to begin the more difficult process of changing attitudes and mindsets.

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**Decision of ICSC**

The Commission decided that:

(a) For the duration of the pilot study each broad band would have two salary ranges, one for staff with dependents and one for staff without dependents. Staff would be placed into either the single or dependency range based on their current status and at their current salary. The staff member would progress through the salary band on the basis of performance, competency development and client feedback;

(b) For the purposes of the pilot study, the minima and maxima of the base/floor salary scale in effect would be used to establish the new salary bands;

(c) Performance award amounts could be granted during the pilot study in salary increments of base pay or in the form of non-pensionable lump sum amounts for staff who reached the maximum of their band. To maintain cost neutrality, the total awards granted would not exceed the budgetary limits specified in paragraph 126(h) of ICSC/56/R.11 (estimated at 2.5% of salary on an annual basis in the context of models 1 and 2 and 2% for model 3);

(d) For the purposes of the pilot study, a promotion increase from one band to the next higher band should result in an increase from 3 to 6 per cent of net base salary but not less than the amount necessary to bring the individual to the minimum of the next higher band;

(e) To avoid "salary creep", where all staff in a band progress to the maximum salary, the following alternatives should be further developed with the volunteer organizations for application in the pilot study:
   (i) Setting performance objectives to reflect the responsibilities of the job;
   (ii) Setting salary control points to slow down the progression through the band;
C. CONDITIONS OF SERVICE OF THE PROFESSIONAL AND HIGHER CATEGORIES

(a) **Report of the twenty-sixth session of the ACPAQ** (ICSC/58/R.6)

14. The Network:

- Expressed its appreciation to the ACPAQ and the ICSC Secretariat and endorsed the recommendations contained therein;
- Thanked the ICSC Secretariat for the technological improvements that had been made, including automated tools for data collection;
- Recommended that any decision with regard to any consequent changes in the application of the post adjustment methodology for the 10 group II countries should be reviewed on a case-by-case basis; a country should only lose its “A” classification on
January first of the year following the point when the UN system no longer has any developmental or humanitarian programme for the country in question;

- Also noted that some of the countries had only very recently been upgraded to the “A” category;
- Agreed to recommend to the ICSC that attention be paid to reviewing those classification variables that affect the post adjustment system and that action be taken as necessary. Also, that the trigger for any such individual country review should be the entry of that particular country into the single European currency.

**Decision of ICSC**

The Commission decided to endorse the recommendations of the Advisory Committee as contained in its report on its 26th session. The Commission also agreed that, in preparation for the next round of headquarters duty stations surveys, the Committee should hold its next meeting in 2005. With regard to the treatment of the 10 new EU countries, the ICSC took the decisions outlined in the text box following paragraph 11.

**b) Review of the level of children’s and secondary dependant’s allowances** (ICSC/58/R.7)

15. The Network:

- Took note of the contents of the document under consideration, which represented the routine updating of amounts of children’s and secondary dependant’s allowances on the basis of tax abatements and social security payments in the countries of the eight headquarters duty stations.

**Decision of ICSC**

The Commission decided to recommend to the General Assembly that:

(a) Starting from the current review, the amounts of children’s and secondary dependant’s allowances should be determined on the basis of the value of tax abatements and social security payments in the countries of the eight headquarters duty stations, including Spain;

(b) That the current levels of the children’s and secondary dependant’s allowances should remain unchanged;

(c) The current list of duty stations where the allowances are payable in local currencies be maintained for the time being pending a review of the methodology to determine the dependency allowances;

(d) Dependency allowances payable to eligible common system staff be reduced by the amount of any direct payments received from Governments in respect of dependents.
D. CONDITIONS OF SERVICE APPLICABLE TO BOTH CATEGORIES OF STAFF

(a) Paternity Leave (ICSC/58/R.8)

16. The Network:

- Recalled that staff well-being was a cornerstone of UN System human resources strategies and that this included a number of social benefits covering a range of issues that allowed for the strategic management of a mobile, expatriate workforce that was separated from the extended family and community and was increasingly expected to work in difficult duty stations, which often had non-family status, or at the very best, were frequently less than desirable in terms of child and maternal health;
- Recalled the principles enshrined in the policy statement on work family agenda, which had been adopted by CEB in the 1990s;
- Recalled the core values of some organizations of the UN system that are mandated, inter alia, to further the well-being of children, to support the family and to advocate the responsibility of men in all aspects of reproductive health;
- Recalled that special leave with full pay for adoption purposes for up to eight weeks was not new; it had been in existence for nearly twenty years since it was first introduced by UNDP and UNICEF, and subsequently by other organizations, following very extensive discussions on the matter by CCAQ (PER) between 1980 and 1985 and endorsement by ACC (now CEB). Furthermore, while at the time of its introduction, not many national governments had adopted provisions on adoption (because this was a matter of social policy) the example of the few more progressive countries was therefore taken into consideration e.g., in the early 1980s, Italy was granting their civil servants (both male and female) three months of paid leave for adoption of children aged six years or less;
- Further recalled that this was a timely issue for discussion given that 2005 would be the “Year of the Family”;
- Noted that since the early 1980s, based on a decision of ACC (now CEB) many organizations had given eight weeks’ adoption leave and that there was now a requirement, on the basis of equity, to offer the same benefits to biological fathers;
- Recognized that, given the diverse needs of the organizations, including the duty stations and environments where they operated, this was an issue that demanded flexibility rather than a prescriptive approach;
- In this context, strongly objected to the recommendations contained in the ICSC document in that: they provided no flexibility for organizations that already provided paternity and adoption benefits; the proposals would in practice be counter to human resource reform efforts underway in the majority of organizations; that the rationale for why paternity leave should be less than adoption leave was unclear; and that the principle of paternity leave should be based on enabling bonding between father and child, rather than simply a question of the location of the parent, and that there was no empirical evidence in the document on why it should be limited to two weeks.
E. STATISTICAL REVIEW OF GENDER BALANCE IN THE ORGANIZATIONS

17. The Network:

- Expressed its appreciation to the ICSC Secretariat for the document, which provided clear indicators of the sustained efforts organizations are making to achieve greater gender balance in the secretariats of the UN family of organizations. Despite these efforts, much remained to be done;
- Agreed to inform the ICSC of the work being carried out under the aegis of the CEB in this regard, namely:
  - The Inter-Agency Network on Women and Gender Equality convened its third annual session in February 2004. This session was chaired by the United Nations Special Adviser on Gender Issues and Advancement of Women. As regards attainment of the goal of gender balance set by the United Nations system, the Network reaffirmed its commitment to working with the High-level Committee on Management (HLCM) to achieve this goal, particularly in view of the preliminary findings of the mandated study (General Assembly resolution 57/180) on the probable causes of slow advancement in the improvement of the status of women in the UN system;
  - In response to General Assembly resolution 57/180, UN’s Office of the Special Advisor on Gender commissioned the first phase of an analysis of the probable causes of the slow advancement in the improvement of the status of women in the United Nations system with a view to elaborating new strategies for achieving gender parity. This first phase analyzed the situation in the UN Secretariat. In-depth interviews with staff members in the Professional and General Service categories were conducted in Addis Ababa, Bangkok, Geneva and New York;
  - Preliminary findings of the study indicated that the recruitment system should be more proactive and targeted. Moreover, the study demonstrated that the mobility of women was more likely to be restricted by work/life issues, especially family

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**Decision of ICSC**

The Commission decided, in the light of existing provisions developed individually by organizations for paternity leave and the statements from organizations, that the cost of the entitlement was negligible and that its application had no effect on operational capacity; and in consideration of the need to maintain good staffing/management relations, decided that:

(a) A duration of up to four weeks’ paid leave for paternity purposes should be granted to staff at headquarters and family duty stations and up to eight weeks for staff at non-family duty stations or in exceptional circumstances such as those that would require the spouse to give birth in a third country, outside the home country and duty station, when medical facilities were inadequate and the pregnancy encountered complication and in the event of the death of the mother;

(b) The provisions outlined in (a) above should supersede existing paternity leave arrangements in organizations;

(c) The provisions for adoption leave should not be subsumed under the provisions for paternity leave;

(d) Administrative details covering the management of paternity leave (e.g. the maximum number of leave entitlements) should be determined at the level of the organizations.
constraints and dual career issues. Unfortunately, flexible working arrangements were still perceived as a barrier to efficiency and productivity by too many managers. Equally, there were no rewards for those managers who excelled in this regard. There was also the perception among some staff that managers were not held sufficiently accountable for reaching gender parity targets;

- A detailed report on the results of the study would be presented to the General Assembly at its fifty-ninth session. The Secretary-General’s report to the General Assembly would also be accompanied by specific recommendations;
- Looked forward to hearing the thoughts of the Commission on what it perceived to be the barriers, and what incentives it considered might help further the objective of gender balance.

### Decision of ICSC

The Commission expressed its disappointment that the rate of advancement of women had slowed over the years and took note that only limited progress had been made in organizations of the UN common system in terms of gender advancement. It requested that its secretariat provide a report on further progress at its 62nd session in 2006, including information on the representation of women by region as well as organization’s gender plans and their development, implementation and effectiveness.

### F. REVIEW OF THE PENSIONABLE REMUNERATION

18. The Network:

- Agreed that the proposals contained in document (ICSC/58/R.10) appeared reasonable in that they constituted the regular six-yearly review by the ICSC.

### Decision of ICSC

The Commission decided to propose to the Board the establishment of a joint working group for review of pensionable remuneration, consisting of staff drawn from the two secretariats and the following time schedule:

- Fall and winter 2004/2005. Joint working group prepares documentation to be considered at Commission’s session.
- Summer 2006. Commission and Board jointly submit their recommendation to go forward to the General Assembly.

The Commission also decided to address the following issues during its upcoming review of Pensionable remuneration:

(a) The relationship of the common scale of staff assessment to the tax regimes applicable at the headquarters duty stations;
(b) The adjustment of the pensionable remuneration scale between comprehensive reviews;
(c) The relationship of the common scale of staff assessment to the following:
   (i) The pensionable remuneration levels for Professional and General Service staff, including an analysis of income inversion;
   (ii) The consequent pensions of both categories of staff.
G. HAZARD PAY FOR LOCALLY RECRUITED STAFF (ICSC/58/R.11)

19. The Network:

- Supported the progress made on this matter and the tenacity with which the ICSC had pursued the issue and looked forward to continuing to work in partnership with the ICSC towards a successful conclusion.

<table>
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<tr>
<th>Decision of ICSC</th>
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<tr>
<td>(d) An analysis of the concept of income replacement as it relates to the calculation methodology for pensionable remuneration, particularly in the context of taxes applicable to retirees and those applicable to employees;</td>
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<td>(e) A comparison between the United States’ pensions and income replacement values and those of the UN, including an actuarial comparison of the United States’ CSRS and FERS schemes vis-à-vis the Pension Fund scheme as well as a “cost to employer” approach and the weighted average contributory service used in the grossing-up factors;</td>
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<td>(f) The relationship of the continuing pay and benefits review and relevant pension issues.</td>
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The Commission also decided that the tax data relevant for Madrid should be included in the calculations of the common scale of staff assessment and in the biennial calculations to update the scale.

H. OTHER BUSINESS

(a) Inter-agency budget for GS salary surveys

20. The Network:

- Expressed appreciation to the United Nations for its conference room paper on jointly funded salary survey activities, including a revised proposed budget for 2004-5, as well as for the additional information presented;
- Expressed appreciation to UNDP for its conference room paper on UNDP metrics, and the additional information on the role and function of its Global Consulting Service (GCS);
- Considered that more information was required on the sale of data collected in the context of the salary survey process and the role of lead agency in duty stations;
- Considered that further consultation was required to reach agreement on a streamlined, simplified formula for cost-sharing and on means to ensure that the mechanisms for staff
involvement in the process were fully utilized and that lead agency responsibilities were respected in each duty station;  
➢ Looked forward to receiving, at its next session, a report on these consultations with a view to concluding its consideration of the matter.

(b) **Collaboration with UNDG**

21. The Network:

➢ Received updates from UNDP, on behalf of UNDG, on a number of issues, namely:
  - Inter-agency mobility - the website would be presented to the next session of the HR Network with a view to inviting other organizations to participate;
  - Spouse employment; WFP would present information to HR Network on this issue with the aim of ensuring system-wide coordination;
  - Harassment - UNDG would present the policy developed by UNDG and the CD-ROM at the next meeting of the HR Network;
  - Rehiring of staff separated from other organizations - the UNDG working group covering this issue had been disbanded as it was considered that the issue would be more appropriately taken up by the HR Network;
  - Harmonization of contract practices - UNDG had reached a broad agreement to review current practices in participating organizations;
  - Security for national staff - UNDG had decided that it would be inappropriate for the Group to discuss this matter as it fell within the purview of HLCM and IASMN.

➢ Noted UNDG’s intention to divide its agenda so that all issues of harmonization and simplification remained within UNDG, whilst all policy issues would be referred to the HR Network.

(c) **Recognition of domestic partnerships**

22. The representative of the United Nations briefed the HR Network on the relevant developments in the Organization on this matter, including the issuance of a Secretary-General’s Bulletin on family status, and the subsequent discussion of the issue by the Fifth Committee of the General Assembly, which had not finalized its deliberations by the time the HR Network meeting had ended. The United Nations would provide a follow-up briefing at the next session of the Network.
ANNEX I

Agenda

I. Adoption of Agenda and Work Programme
II. Matters related to the work of HLCM and other Networks
III. Issues under consideration by ICSC:
   A. Resolutions and decisions of the General Assembly and the legislative/ governing bodies of the other organizations of the common system
   B. Review of the pay and benefits system
      (a) Modernizing and simplifying allowances
      (b) Overview of common system allowances and benefits
         (i) Mobility and Hardship allowance
         (ii) Staff Attitude Survey on the Mobility and Hardship Allowance (Report from ORC)
      (c) Education grant: review of the methodology for determining the level of the grant
      (d) Implications of enlargement of the European Union on the operation of the Mobility and Hardship scheme and on the post adjustment system
      (e) Development of modalities for strategic bonuses
      (f) Implementation of the pilot study on broadbanding/reward for contribution
   C. Conditions of service of the Professional and higher categories
      (a) Report of the twenty-sixth session of the ACPAQ
      (b) Review of the level of children's and secondary dependant's allowances
   D. Conditions of service applicable to both categories of staff
      (a) Paternity leave
   E. Statistical review of gender balance in the organizations
   F. Review of the pensionable remuneration
   G. Hazard pay for locally recruited staff
   H. Other Business
      (a) Inter-agency Budget for GS salary surveys
      (b) Collaboration with UNDG
      (c) Recognition of domestic partnerships
### ANNEX II

**List of Participants**

<table>
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<tr>
<th>Org.</th>
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<tr>
<td>UN</td>
<td>Jan Beagle, Director, Division of Organizational Development</td>
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<td></td>
<td>Regina Pawlik, Deputy Chief, Conditions of Service Section</td>
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<td>ILO</td>
<td>Satoru Tabusa, Manager, Human Resources Policy &amp; Admin. Branch</td>
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<td>Alexandre Petreshkov, Chief of Pay</td>
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<td>FAO</td>
<td>Rachel Mayanja, Director, Personnel Division</td>
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<td></td>
<td>Gregory Flood, Chief, Personnel Policy &amp; Planning Branch, Personnel Division</td>
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<tr>
<td>ICAO</td>
<td>Sonny Ocampo, Chief, Personnel Branch</td>
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<td>UNESCO</td>
<td>Dyane Dufresne-Klaus, Director, Bureau of HRM</td>
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<td></td>
<td>Annick Grisar, Chief, Policy and Planning Section</td>
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<td></td>
<td>Colin Bell, Compensation Officer</td>
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<td>WHO</td>
<td>Alejandro Henning, Managing Director, HR Services and Policy Dev’t</td>
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<td>UPU</td>
<td>Michael Mauer, Director of Human Resources</td>
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<td>ITU</td>
<td>Dirk Jan Goossen, Chief, Personnel and Social Protection Department</td>
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<td>IMO</td>
<td>Leif Gunnestedt, Head, Personnel Section</td>
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<td>WIPO</td>
<td>Herman Ntchatcho, Director, HRM Department</td>
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<td>IFAD</td>
<td>Beatrice Kimani, Director of Personnel</td>
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<td>UNIDO</td>
<td>Sotiria Antonopoulou, Deputy Director, Human Resources Management Branch</td>
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<td>IAEA</td>
<td>Unni Vennemoe, Director, Division of Personnel</td>
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<td>UNCTAD</td>
<td>Duncan Barclay, Chief, Human Resources Management Section</td>
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<td>UNDP</td>
<td>Richard Dictus, OIC, Office of Human Resources</td>
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<td>Martha Helena Lopez, Chief, Policy, Office of Human Resources</td>
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<tr>
<td>UNFPA</td>
<td>Ian Howie, Chief, Office of Personnel and Training</td>
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<td>UNFPA</td>
<td>Alexander Barabanov, Chief, Division of Administrative Services</td>
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<td>UNICEF</td>
<td>Ibrahima Fall, Director, Division of Human Resources</td>
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<td></td>
<td>Mercedes Gervilla, Human Resources Officer, Policy Unit</td>
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<td>UNHCR</td>
<td>Werner Blatter, Director, Division of HRM</td>
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<td>Sheldon Pitterman, Deputy Director, Division of Human Resources</td>
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<td>Marta Leichner-Boyce, Policy &amp; Administration Officer</td>
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<td>UNOPS</td>
<td>Mieko Tarui, Acting Officer, Division for HRM</td>
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<tr>
<td>WFP</td>
<td>Diana Serrano, Director, Human Resources Division</td>
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<td>Ana Louiza Thompson-Flores, Head, Policy Monitoring Unit</td>
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<tr>
<td>UNAIDS</td>
<td>Johanne Girard, Manager, Human Resources Management</td>
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**Observers**

| ICSC     | Kingston Rhodes, Executive Secretary                                            |
|          | Manfred Ordelt, Chief, Salaries and Allowances Division                        |
|          | Vladislav Nisichenko, Chief, Cost-of-Living Division                           |
| FICSA    | Robert Weisell, President                                                      |
| CCISUA   | Sidiki Coulibaly, CCISUA Representative                                         |
| CFC      | Rebecca Hinchliffe, Personnel Assistant                                        |
| CTBTO    | Yeshiareg Mekonnen, Chief, Personnel Section, Division of Admin.               |
| UNSSC    | Geneviève Feraud, Deputy Director, Programmes                                   |

**CEB Secretariat**

<table>
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<tr>
<th>Mary Jane Peters, Secretary, HLCM</th>
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<td>Helen Frary, Assistant to Secretary, HLCM</td>
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**Other**

| ORC       | Siobhan Cummins, Managing Director, Organization Resources Counselors       |
ANNEX III

Establishment of the Senior Management Service

Rationale for the Senior Management Service

1. The challenges facing the organizations of the common system require strengthened leadership and management capacity, as well as enhanced ability to work together. The impetus for creating a senior management service is, therefore, to support reform efforts underway to strengthen the international civil service and improve organizational performance throughout the system by strengthening organization’s managerial and leadership capacity. Managers in the UN system can no longer be only substantive experts; they must also be leaders of people and managers of resources, information and change, operating in a complex multicultural environment. In the present climate, in which many organizations are decentralizing and delegating authority, there is greater responsibility on managers as key drivers of change, together with enhanced accountability for results. This requires the development of tools and strategies to attract and retain more creative, versatile and multi-skilled managers who are client-oriented, are team builders, can think strategically, are less risk-averse, and are able to work collaboratively within and across organizations.

2. Experience in a considerable number of public and private organizations, which have introduced approaches to leadership and management development through a senior management service, indicates that focusing on the leadership group can have a powerful positive impact on the rest of the staff of the organization. The introduction of leadership and management development tools associated with the senior management service will be expected to cascade to other groups of staff and improve overall organizational performance.

3. The introduction of a senior management service, based on a set of managerial competencies, will contribute to the professionalization of management and the creation of a common managerial culture throughout the system.

Objectives of the Senior Management Service

4. The objectives of the Senior Management Service are:

(a) To strengthen managerial and leadership capacity as an integral step in improving organizational performance;

(b) To build a common corporate culture and encourage diversity at the senior level within each organization and across the common system in order to heighten the esprit de corps;

(c) To facilitate the devolution of responsibility and accountability in relation to core managerial functions;

(d) To enhance inter-agency cohesion and coordination and to promote increased mobility and learning across the system;

(e) To signal a commitment to the professionalism of the management function in terms of the criteria for selection, individual development and career management.
Membership of the Senior Management Service

5. The Service will consist of high-level managerial positions. Executive Heads will be responsible for the selection of posts to be included in the Service, based on the following criteria:

6. Incumbents of positions in the SMS will typically be responsible for leading significant programmes and activities and/or provision of high-level policy advice. Specifically, members of the SMS:

   • Plan, direct and control the programme delivery of (i) a number of organizational units with different or distinct objectives, or (ii) one organizational unit which is of strategic importance for the achievement of an agency’s mandate;
   • Exercise a senior policy-making and advisory role on complex, sensitive issues which are critical for the successful accomplishment of agency’s mission.

7. Whether in a line management or in an advisory role, the accountabilities of members of the SMS are characterized by a blend of the following key elements, exercised at a senior level:

   • Developing recommendations on policies related to their area of responsibility and/or to the overall mandate and objectives of the agency;
   • Planning, developing and recommending new or modified programme objectives and strategies which are in harmony with the major objectives and strategies of the organization;
   • Translating such objectives and strategies into operational plans and performance standards and the courses of action required to implement them efficiently and effectively;
   • Monitoring international and national political, social, economic, technical, and/or other professionally relevant trends and assessing their implication for the organization’s strategies, policies and practices;
   • Exercising considerable judgement and skill in the provision of authoritative advice to top management and/or policy organs on issues which are of strategic importance to the organization or are likely to impact on a number of its programmes;
   • Advocating, through persuasion and negotiation with those inside and outside the organization, for the attainment of organizational goals.

8. While membership of the SMS is defined by function and role, rather than by grade, it would normally be expected that for most organizations posts will typically be at the D1 or above levels.
9. The introduction of the Senior Management Service will be complemented by the development of a dual career ladder in order to distinguish senior line managers from specialists and individual collaborators who would not form part of the SMS. The introduction of a dual career system will recognize the value of senior specialists by providing for their career progression to senior levels without the assumption of managerial responsibilities.

Features of the Senior Management Service

10. The SMS will provide:

   (a) A common set of core competencies (see below) which will:
       • Provide a common language defining the qualities required of an effective manager in the UN system;
       • Facilitate cost-effective inter-agency collaboration in the development and integration of competencies into all HR systems including recruitment, development, performance management, and the development of common assessment tools;
       • Support the creation of a common management culture which will strengthen the cohesion of the system;
       • Facilitate inter-agency mobility.

   (b) A system-wide programme for leadership development which will:
       • Be developed by the UNSSC, in collaboration with the organizations of the system, drawing upon institutions with expertise in the field of executive development in a complex multicultural environment;
       • Be based on the SMS core competencies;
       • Build managerial and leadership capacity across the system;
       • Serve as a vehicle for building partnerships and a common managerial culture across the system.

   (c) Managerial tools and resources to support members, such as:
       • On-line assistance on specific management issues;
       • Targeted reading materials;
       • Web-based bulletin board to facilitate sharing of experience.

   (d) Global Management Fora which will be a means of bringing together members of the Service for networking, knowledge sharing and building esprit de corps across the system, including:
       • An annual SMS conference
       • Periodic events on a thematic level bringing together members to discuss cross-functional and inter-disciplinary issues.
Establishment and Implementation

11. These objectives may be achieved through

- The Service will be formally established by the CEB, on the basis of a proposal from the HLCM;

- Executive Heads will commit to the SMS competency framework, which complements and is aligned with existing organizational competency models;

- Executive Heads will review their senior positions against the criteria for membership to decide which posts should be included in the SMS;

- Executive Heads shall ensure the participation of members of the SMS in their own organizational management development programmes, and in the system-wide senior leadership programme which will build on and complement such programmes;

- Executive Heads will support the development of supervisory and managerial competencies at all levels and particularly the development of middle managers to facilitate their eventual entry into the SMS;

- The CEB machinery will be responsible for supporting the establishment of the SMS and for monitoring and reporting progress in respect of implementation;

- Some of the service’s activities, including the development of a system-wide leadership programme, will have resource implications which will require further consideration;

- The introduction of the SMS will be accompanied by a communication strategy aimed at managers, staff at large and member states.
CORE COMPETENCIES FOR THE SENIOR MANAGEMENT SERVICE

**Leading change.** This competency encompasses the ability to develop an effective vision of the future and to develop a strategy within the broad context of the organization’s mission and the global environment that integrates programme goals, priorities, values and other factors. Ability to translate vision into plan of action.

Creates a work environment that encourages creativity. Maintains focus and persistence, even under adversity, in guiding others to accept innovative thinking.

**Getting the best out of people.** Inspires, motivates and guides others towards mission-related goals. Leads by example; promotes mutual trust and commitment; creates an enabling environment. Works with staff to establish realistic performance expectations, gives and expects frequent constructive feedback, provides coaching as required. Consistently develops and sustains cooperative working relationships; creates a culture that fosters high standards, team spirit and pride. Adapts management style to individuals and cultures; values diversity. Supports the balancing of work/life considerations to enhance employee satisfaction.

**Results driven.** Holds self and others accountable for results. Identifies opportunities to improve systems and performance. Responsive to customer/client expectations as well as those of stakeholders and Member States. Carries out an effective management of resources under shifting priorities to meet expected results within time, budget and quality standards. Readily adjusts plans and priorities to respond to changing circumstances. Relies on goal setting and performance measurement to monitor and enhance staff performance. Is willing to take risks to achieve goals.

**Building partnerships.** Develops networks and builds alliances; encourages and supports cross-function and cross-boundary activities. Sensitive to wider organizational priorities and to different perspectives. Collaborates and finds common ground with a wide range of stakeholders. Identifies and pursues opportunities to improve performance through partnerships. Builds consensus and develops networks that support the achievement of goals. Approaches challenges and opportunities with a clear perception of the impact on others and aiming to create win-win situations. Advocates, through persuasion and negotiation with those inside and outside the organization, for the attainment of organizational goals.

**Communication.** Demonstrates an ability to explain, advocate and express ideas in a convincing manner. Is an effective advocate of the organization’s values and mission. Is an effective listener; is sensitive to and responds to the concerns, needs and feelings of others. Negotiates effectively with individuals and groups both internally and externally. Is tactful and sensitive to the perspective of others; treats individuals with respect; facilitates an open exchange of ideas. Is clear and convincing in oral presentations.

**Judgement/decision-making.** Identifies the key issues in a complex situation, analyses problems and makes sound decisions. Is valued for sound application of knowledge and expertise. Accepts responsibility for own decisions. Makes tough decisions when necessary. Involves others in deciding what course of action is appropriate. Evaluates pros and cons of alternatives and the impact of decisions on others and on the organization. Acts with integrity.