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Sixteenth session
Geneva

REPORT OF THE FOURTEENTH SESSION OF THE
CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS

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ANNEX: SCHEDULE OF TRAVEL SUBSISTENCE ALLOWANCE RATES ADOPTED BY CCAQ

present system of external audit, on which the Administrative Committee on Co-ordination is expected to express views prior to the eighth regular session of the General Assembly. (See paras. 14 to 20, below.) At the request of the Joint Staff Pension Board, the Committee also considered several matters on which the Board wished to receive views at its own session, commencing 15 April. The material contained in paras. 60 to 84, below, has been put before that session of the Board as tentative views subject to review and approval by ACC. In addition, the Committee formulated recommendations to the Technical Assistance Board covering social security provisions for experts and fellows. These recommendations appear in paras. 92 to 107, below. The Committee continued, but did not complete, its consideration of the elements of a common compensation scheme for service-incurred death and disability for regular staff and the possibilities of common financing, taking into account views received from the Actuary of the Pension Board. (See paras. 85 to 88, below.)

4. Action or special cognizance by the ACC is proposed in respect of the following items:

- (a) External audit arrangements - paras. 14 to 20;
- (b) Education grant provisions - paras. 43 to 46;
- (c) Financing of administrative expenses of the Pension Fund -
paras. 55 to 59.
- (d) Items reported to the Pension Board, paras. 60 to 84.

5. A decision as to the time of the next session was deferred, pending a review of the individual agenda items, the amount of preparatory work which would be desirable in each case, and the relative urgency of the various items. It was agreed that if a meeting were decided upon for the autumn of 1953, the time should be within the first two weeks of September, and if in 1954, then in March of that year. The place would in any event be in North America (New York or Montreal). The decision as to the next session was to be made through correspondence, by early May.

6. The Committee paid tribute to the late Mr. Lewis Gielgud, former Director of Personnel of UNESCO, whose death in February of this year was a loss not only to his agency but to the family of organizations comprising the CCAQ.

B. FINANCIAL MATTERS

(a) Financing the budget

7. At its fifteenth session in December 1952, the ACC asked for a reformulation of the views which the CCAQ, in 1951, had requested the ACC to transmit to the Economic and Social Council, concerning certain principles of financial control to be borne in mind in taking budgetary account of anticipated arrears in contributions. The action of the ACC resulted from improvements over the past two years in the situation of the agencies most directly affected. Upon further review, it is now the opinion of CCAQ that the matter can be satisfactorily deferred to a later time.

(b) Travel per diem rates

8. Within-year review: The results of the within-year review are reflected in the revised schedule of rates, attached as an Annex which is to come into effect on 1 June 1953.

9. The United Nations was requested by agencies to consider, in the course of the coming twelve months, whether the schedule would be improved if service costs included in the hotel bills of many countries, as a matter of practice, were taken into account in calculating the cost of hotel accommodations. At present, this factor is excluded in calculating the cost of hotel accommodation and features instead in the calculation of the percentage amount to be allowed for incidental expenses.

10. The United Nations was authorized to propose adjustments within the year in any cases where exchange fluctuations warrant a change in the dollar equivalent per diem rate for a country.

11. Review of the existing per diem system: The Committee did not adopt proposals put forward by WEO for (a) eliminating the lower per diem rate for staff members of the rank of P1 and P2, or (b) applying the standard (Group A) rates, but with a minimum of \$12.50, to all areas except those requiring a specially high minimum.

12. The United Nations Secretariat, however, was requested, in its future travel per diem surveys, to ascertain whether the actual costs in certain areas were adequately reflected in the surveys. In so far as the problem of staff members at P1 and P2 levels was concerned, the Committee noted that in

several agencies administrative discretion was used in particular cases of such staff members, in order to resolve questions of equity. It was hoped that a further review of high cost areas, bearing in mind the problem of junior staff members in travel status, would assist in minimizing the number of problem cases.

13. Revised United Nations travel rules: Attention was given to various problems which have arisen in implementing the United Nations revised travel rules. FAO, the only agency which so far has adopted the new United Nations rules, reported some saving in administrative labour, but was doubtful whether net financial savings had occurred, as yet. Other agencies are not expected to take over the new rules until the United Nations and FAO have had further experience. Both organizations consider the new system a desirable simplification, particularly in the case of terminal entitlements for long journeys.

(c) External audit arrangements

14. CCAQ discussed the present audit procedures and arrangements, with a view to forming an opinion on the questions raised by General Assembly Resolution 672B (VII). These questions were (a) whether the present arrangements are the most suitable and efficient that can be devised to meet the increasing requirements of the United Nations and the specialized agencies, or (b) whether any changes or improvements are desirable.

15. All the specialized agencies indicated that they considered their existing audit arrangements, which meet the requirements of their respective constitutions and legislative bodies, to be suitable, efficient and capable of meeting their increasing needs. These arrangements, except in the case of ICITO, involve utilization of the services of governmental auditors for their external audit. (ILO, FAO, UNESCO, WHO, ICAO and WMO use members of the Joint Panel; ITU and UPU have the services of the Swiss Government.)

16. The existing arrangements for the United Nations also conform to the principle that final responsibility for the audit of international bodies should be placed in the hands of governmental auditors.

17. CCAQ concluded that there does not appear to be at present any need for a general change in the type of audit arrangements now in existence.

18. It was noted that further examination of the special circumstances of the United Nations might lead to the consideration of the appointment of some full-time external audit staff. This was recognized as a problem specific to the United Nations. At the same time, there was a consensus of opinion that such staff, if appointed, should not replace the existing Board of Auditors or in any way impair the principle of placing final responsibility upon governmental auditors, but should carry out its duties on behalf of and under the direction of the Board. It was noted that the appointment of full-time external audit staff would not eliminate the need for an internal audit service, in view of the value of such a service in day-to-day financial administration. There would have to be, however, the maximum degree of co-ordination between the work of the internal audit service and an external audit staff.

19. In its discussion of audit arrangements, the Committee had before it information on the existing audit arrangements and audit cost for each of the organizations, as well as the views of some member governments, including those governments which had supported Resolution 672 B (VII) during the General Assembly discussion of the matter. This material is to be made available to the Joint Panel of Auditors.

20. It is proposed that the ACC should concur in paras. 15-18 above, as representing the common opinion of the organizations, and transmit this opinion to the Joint Panel of Auditors.

(d) Annual Information Annex

21. The draft instructions prepared by the United Nations Secretariat to assist agencies in the submission of comparable data for inclusion in the Information Annex to the Secretary-General's budget estimates for 1954 were reviewed and revised. The following main points, to be reflected in the final instructions which the United Nations will send to agencies shortly, were agreed upon, as follows:

- (a) The summary table showing budgets by objects of expenditure will be simplified by distributing meetings costs (Group I) within the object headings under Groups II and III, thus eliminating Group I;
- (b) The sub-items under the object headings will be reduced in number or eliminated in several instances;
- (c) Provisions will be made to show undistributed reserves as an entry;
- (d) Agencies will continue to present their summary of budgets by main activities without a further breakdown by main types of costs; the UN will continue to use the additional cost breakdown.

C. PERSONNEL MATTERS

(a) Cost-of-living adjustments

22. Common System: There was a detailed informal discussion of the variations in points of view between the report of the Special Committee which had been entrusted in April 1952 by the ACC with the task of reviewing the problem of salary differentials and cost-of-living adjustments, and the report made by the United Nations Advisory Committee in December 1952. All organizations have adhered generally to the report of the Special Committee, in so far as Headquarters offices are concerned (including the United Nations Geneva Office). The problem now relates to field offices of the organizations.

23. The December 1952 report of the Advisory Committee on this question was not intended to be definitive in all respects, and the United Nations Secretariat has undertaken to submit to the summer session of the Advisory Committee a current summary of agency views.

24. Application of adjustments to allowances: The Committee had before it a working paper summarizing the views of the Secretary-General, the comments of the Advisory Committee on Administrative and Budgetary Questions, and the views and practices of the several agencies.

25. In so far as organizations have succeeded in applying the principle that necessary changes in the remuneration of General Service staff members should be effected by revising the base salary rates rather than by applying a cost-of-living adjustment, the problem of application of adjustments does not arise. Where cost-of-living adjustments are utilized for local salary scales, however, and, in any event, where professional staff members are concerned, a greater degree of uniformity in the application of adjustments to allowances and special salary payments is desirable.

26. The Committee reached agreement to the extent shown below:

(a) Cost-of-living adjustments should apply to:

- (1) Overtime compensation and night differential, in so far as these are computed on the basis of salary;
- (2) Personal allowances resulting from conversion to the common salary scheme (except that UNESCO offsets the cost-of-living adjustment against any personal allowance);

- (3) Language allowance (except where the amount is a flat sum not related to salary, as in the case of ICAO);
 - (4) Special post allowance (except that ILO did not agree on this point, on the ground that the special post allowance is rather in the nature of a temporary promotion); and
 - (5) Pay in lieu of notice.
- (b) Cost-of-living adjustments should not apply to:
- (1) Termination indemnities;
 - (2) Repatriation grant; and
 - (3) Commutation of annual leave (United Nations, ICAO and ICITO are prepared to amend their present practices to accord with this agreement).

27. In the case of the non-resident's allowance, which is not necessarily dependent upon local economic conditions and need not be adjusted on the same basis as local salary scales, it was agreed in principle that, assuming a stability of the local currency, the cost-of-living adjustment should not be applied to this allowance. At the same time, situations have arisen in the past which have been met by adjusting the non-resident's allowance in conjunction with an adjustment in salary rates. Where this has happened, it was felt that the organizations in the duty area involved should seek, at a feasible time and after consultation, to revert to the principle stated above.

28. As regards the children's allowance for professional staff, practices vary considerably. The United Nations, ILO and ICITO have applied minus differentials. The United Nations has not applied cost-of-living adjustments. WHO, ICAO and WMO treat the item exclusively as a flat statutory allowance, not subject to adjustment. FAO has applied both plus and minus differentials to the allowance. UNESCO has applied differentials (to 100% rather than 75% of the allowance) only to staff members in field offices.

29. In view of divergent practices and the fact that the children's allowance was not among the allowances and payments dealt with in the preparatory work for the present discussion, the Committee decided to defer action on this matter until its next session.

30. In the case of medical insurance payments, the Committee noted that some organizations have medical insurance plans requiring staff contributions on

a flat amount basis, and that others have plans relating contributions to salary. In the latter case, the question arises whether the cost-of-living element when applied to certain allowances and special payments should be considered as salary for purposes of computing the proportion of medical insurance contributions to be paid by the organization. It was decided that this matter should be left to the individual organizations.

(b) Termination indemnities

31. The present provisions of the Staff Regulations of ILO for termination indemnities provide that the Governing Body may direct that such payments shall be made in annual instalments equal to three months' salary or \$600 whichever is higher.

32. In proposing the adoption of the uniform scale of indemnities agreed upon at the thirteenth session of CCAQ to the Governing Body, the Director-General of ILO had also proposed to retain the provision for the possibility of payments by instalments.

33. This clause has its origins in the emergency which arose due to large scale reductions of staff of ILO during the war and was designed to enable the organization to meet its obligations to the staff.

34. The Governing Body of ILO requested the Director-General to consult with the other organizations before coming to a decision on his proposals.

35. The Committee felt that while it would be prudent for ILO to retain the clause in its regulations when adopting the new scale of indemnities, as it has proved a useful instrument in an emergency, it should defer to the next session a further discussion of the possibility of recommending to all organizations the method of payment by instalments of termination indemnities. It was, moreover, understood that such a provision should be applied only in the event of a major emergency involving a large scale reduction of staff and should not be considered for use in other circumstances.

36. The United Nations raised in the Committee the question whether the termination indemnity (and the repatriation grant) should be calculated on the basis of completed months rather than completed years. The United Nations Legal Department has advised that either method of calculation is open to the Secretary-General. The practice of all participating organizations is based on completed years. No change in the present practice was suggested by the Committee.

(c) Probationary periods

37. In raising the question of probationary periods, the United Nations called attention to the action of the seventh session of the General Assembly which requested the Secretary-General to submit a final proposal on this question at the eighth session. Members of the Committee noted that the problem faced by United Nations related to trial periods to be served prior to the granting of a permanent appointment, rather than a probationary period in the normal sense. Accordingly, the United Nations suggested a proposed new staff regulation to read as follows:

"The Secretary-General shall establish standards of eligibility for permanent appointments and prescribe the duration and conditions of trial periods for such appointments."

38. In advising the United Nations as to its proposed new staff rule (to replace rule 104.12) other members pointed out the policy contained in the Standards for Unification of Conditions of Service agreed at the thirteenth session, namely: ".....all permanent appointments should be preceded by a trial period of service, either in the form of a specific period of probation or on a fixed-term basis, for a period of one or two years....." For most agencies (except the United Nations and WMO for individual cases), the two year period is regarded as a maximum. The United Nations felt that it was not out of keeping with the intent of the standard policy to allow for the possibility in special cases of a further trial period, the entire period not to exceed three years.

39. Accordingly, a new United Nations staff rule, which would accompany the proposed regulation, might read, inter alia, as follows: "Normally the satisfactory completion of a period consisting of two years full-time continuous service shall be required before a permanent appointment may be granted or confirmed. In appropriate cases the trial period may be extended for the duration of one additional year."

40. The United Nations informed the Committee that, in addition, a new rule, following rule 104.13 which defines the various types of temporary appointments, should be included as follows: "Upon completion of two years service temporary appointments shall be subject to review on grounds of suitability for career service and other grounds as prescribed by the Secretary-General".

(d) Retirement age

41. FAO proposed consideration of a revision of the compulsory retirement age from 60 to 65 years. While most of the members of the Committee agreed that there would appear to be reasons for reviewing the problem of the retirement age, they were as yet unable to express the views of their organizations. The Committee noted the three choices open to organizations which are members of the Pension Fund: (a) to retain the present 60 year limit and follow a strict policy regarding exceptions; (b) to liberalize the present regulation by the uniform use of a provision such as "may extend this age limit (60) in 'appropriate' cases"; and (c) to change to an age limit of 65, with a provision of retirement at 60, as FAO proposed. In connexion with alternative (b), it was noted that while the United Nations, FAO and WMO regulations refer to "exceptional" cases, the ILO regulation reads "special" cases and that of UNESCO, "specific" cases.

42. In agreeing to return to the question at the next meeting, members undertook to give thought in the meantime to the various factors entailed in liberalizing present policies, especially the effect upon the Pension Fund and upon Pension Fund entitlements.

(e) Education grant provisions

43. Concerning the proposed change in the definition of international schools agreed at the thirteenth session of CCAQ, which in the case of the United Nations would involve an amendment of para. 2(c) of Annex IV of the permanent Staff Regulations, the ILO and WMO reported that their governing bodies had accepted the change as drafted in para. 43 of CO-ORDINATION/R.132. UNESCO is considering such an amendment, and WHO is incorporating it in the redraft of its Staff Rules now being developed. The United Nations continues to favour the change and plans to propose it to the General Assembly.

44. FAO, which has a Headquarters problem not found in other organizations, because the language of the host country is not an official language of the agency, will bring the amendment before its Council this year.

45. The Committee was informed that there had been consultation among the Geneva organizations concerning the broad problem of adequacy of school facilities for staff members in various parts of the world, in which the education grant was only one factor.

46. ILO was asked to take the initiative in arranging, with other interested agencies, for the preparation of a statement of these problems, so that the entire subject could be referred, with documentation, to ICSAB for study. If the use of ICSAB for this purpose is endorsed by ACC, the documentation to be prepared under ILO leadership would be made available to all agencies well in advance of the ICSAB discussion. Any organizations wishing to do so could submit supporting or alternative materials for ICSAB use.

(f) Definitions of dependency

47. Dependents are recognized by each of the organizations for a number of different administrative purposes and under varying definitions. Among the purposes are: (a) dependency credit under staff assessment (United Nations, ICAO and ICITO) and dependency allowance; (b) children's allowance and education grant; (c) payment of travel in connexion with the staff member's assignment, or with home leave, death of the staff member or his dependents, leave without pay for military service, and eligibility for removal of the higher amount of household effects; (d) repatriation grant; (e) family relationship upon appointment; (f) allowance rate during mission service; (g) Joint Staff Pension Fund; (h) compensation for accident, death or disability attributable to service; (i) reimbursement of national income taxation; (j) group medical and hospital insurance.

48. In addition to variations in definitions of dependency, there are differences in the formula for determining dependency, although the concept of main and continuous support is frequently used.

49. It is not to be expected that a standard definition of dependents could be utilized for all the several purposes enumerated above. However, the application of alternative definitions should serve a conscious aim, and capricious differences should be avoided. In addition, there should be greater uniformity among agencies in the definitions applied by them for the same purpose.

50. With these objectives in mind, the Committee requested the ILO to take the leadership in a study on this subject which could be made available in advance of the next session of CCAQ, and to convene for this purpose a working party in Geneva at an appropriate time.

(g) Common medical standards

51. UNESCO requested that the position be made clear as to the manner in which the United Nations and the agencies are actually interpreting the resolution adopted by the third session of the Pension Board which requested organizations to apply the medical standards of the pension scheme for employment purposes.

52. UNESCO wished to know in particular whether it was the practice in any organization to preclude from employment a candidate for a post whose medical examination results in his being placed in category two or category three under the Pension Fund standards. The supplementary question was also raised whether personnel already employed and classed in categories two or three should be employed on expiry of present contracts.

53. The general practice in most organizations, including the United Nations, appears to be as follows: Classification under two or three normally precludes a candidate from being considered as suitable for employment, but exceptions to this general rule are admitted where the circumstances are such as to make it highly desirable to obtain the services of the individual concerned. UNESCO indicated that a similar policy was to be introduced in the near future.

54. On the question of the position of personnel already employed under standards different from the Pension Fund standards and who are classified in categories two or three, it was the general opinion that such grounds alone should not automatically constitute grounds for termination or refusal to renew a contract.

D. FINANCING OF ADMINISTRATIVE EXPENSES OF THE PENSION FUND

55. Article 27 of the regulations of the Joint Staff Pension Board has been amended by the General Assembly (resolution 680 (VII), Annex) upon the instance of the Joint Staff Pension Board, to read as follows (addition is underlined):

1. Expenses incurred in the administration of these regulations by the Joint Staff Pension Board shall be met out of the general budget of the United Nations. Arrangements between the Secretary General of the United Nations and the competent authorities of the other member organizations may however be concluded to provide for the sharing of such expenses

56. The General Assembly also referred to the Joint Staff Pension Board a suggestion by the United Nations Advisory Committee on Administrative and Budgetary Questions that the administrative expenses of the Pension Fund be charged to the Fund. The Pension Board is expected to study this matter at its April session.

57. Subject to any action which might be taken subsequently to finance the expenses from the Pension Fund the Committee agreed that the sharing of costs under article 27, as presently amended, should take place on the following basis:

(a) That the basis for distribution of costs should be the number of participants and pensioners from each organization on 1 July of the year concerned, expressed as a proportion of the total number of participants and pensioners on that date; and

(b) That in view of the practical difficulties of obtaining authority to pay for the current year in the case of most organizations, the expenses of administration should be shared between the United Nations and the specialized agencies, as from 1 January 1954. Agencies with biennial budgets were apprehensive that even this date might entail substantial difficulties, particularly in cases where the agency budget has been stabilized on a financial basis. Accordingly, it is understood that in any specific case where there were barriers to paying the obligation for 1954 an alternative arrangement effective for the year 1955 might be necessary. In the latter instance, however the United Nations would expect that the question of retroactivity to 1954 would be put to the legislative body concerned.

58. As to the actual assessment of charges by the United Nations once the competent authorities have agreed the principle of payment, it is understood that:

(a) Before the commencement of each year the United Nations will circulate to the specialized agencies the estimates of the administrative expenses to be shared as a basis for consultation and agreement, which should, if possible be done in the CCAO.

(b) Changes in the agreed estimates found to be necessary during the course of the relevant budget year may be made by the United Nations without further consultation and agreement unless they are of a substantial character;

(c) At the close of the budget year the United Nations shall prepare a statement of the actual expenditure incurred and circulate it to each specialized agency, together with a notification of the amount due by that agency;

(d) If it so desires, an agency may make provisional payments to the United Nations on the basis of the agreed estimates. Such provisional payments shall be adjusted on receipt of the notification referred to in (c) above.

59. The categories of expenses entailed in the joint administration of the Pension Fund were recognized as including a pro-rated share of the cost of the Pension Board Secretariat and costs incurred in the investment of Pension Fund monies, with the exception perhaps, of Fiduciary Trust Company charges which the Committee suggested the Board might be asked to treat as a deduction from annual yield, in keeping with normal commercial practice.

E. ITEMS REPORTED TO PENSION BOARD

(a) Sick leave provisions

60. The Joint Staff Pension Board, at its third session, passed a resolution on standardization of provisions for sick leave and health insurance, stating, inter alia, that risks arising from temporary unfitness for work should be covered by health insurance and sick leave applied by the various affiliated organizations; that as a result of diversity of systems, some affiliated organizations impose an additional burden on the Fund; and that member organizations were urged to achieve the greatest practicable measure of uniformity in their staff regulations and rules relating to sick leave and other social security arrangements.

61. This recommendation was brought to the attention of CCAQ, with a view to any action which it may wish to take.

62. At its thirteenth session, the CCAQ had agreed in principle that the type of sick leave system used by ILO and described in paras. 35 and 36 of CO-ORDINATION/R.132 was preferable to the more usual system of cumulative sick leave credits.

63. In coming to this opinion, the CCAQ had recognized that implementation of the ILO principles would necessarily require time and legislative approval, since they entailed fundamental changes both in the amount of sick leave and the method of computing it.

64. The United Nations is not able as yet, particularly as it still has a large proportion of temporary staff, to undertake the changes. FAO, UNESCO and ICAO feel that they would prefer to continue the United Nations system as long as it is not changed by the United Nations itself. The ILO on whose system the CCAQ principles are based has been able to make adjustments which bring it entirely in line with those principles and WHO, in redrafting its staff rules, has the intention of incorporating the CCAQ recommendations.

65. It is recognized that general adoption of the CCAQ principle would accomplish the purpose of assuring continued income of the staff member prior to the date of initiation of disability pension.

66. While fast progress toward a common method of computing sick leave is not to be expected in the near future, most agencies, including the United Nations, have adopted the other recommendation of CCAQ concerning sick leave. That is, that the maximum number of days of sick leave permitted without a medical certificate be three, and that the maximum number of such days permitted in a year be seven. (See CO-ORDINATION/R.132, para.33.)

67. The Committee authorized the United Nations to compile and forward to the Pension Board any comparative information on actual sick leave provisions which the Board might request.

(b) Medical care plans for regular staff

68. In the same resolution which dealt with sick leave, the Pension Board referred to the desirability of greater standardization in other social security arrangements. It is understood that the Board wishes to be informed on the progress made in the establishment of medical care plans.

69. The first detailed discussion of medical care plans, based on increasing experience at a number of duty stations, took place at the thirteenth session of CCAQ. At that time, the Committee urged that consideration be given to the possibility, wherever an organization has a plan for its staff, of bringing into such a plan the staff of other member organizations in the same area. It felt also that if two or more organizations with staff members in the same area have individual plans applicable to their staff, the possibility of having a single plan to cover all such staff should be studied.

70. Since that time, a fair degree of progress has been made. In Geneva, WMO is affiliated with the United Nations Geneva Office medical insurance plan. The staffs of WHO and ITU are now covered by the ILO sickness insurance fund under mutually agreed terms. The United Nations considered the possibility of the participation of its Geneva Office Staff in the latter fund, but found such participation was not feasible at the moment. Both plans are in the form of "mutual insurance societies" in which the members to a very large extent decide the type of benefits, etc., and the benefits are substantially the same for staff members.

71. The FAO local staff at Rome is covered by a local public scheme which is compulsory for local General Service staff and optional for others.
72. At Paris, UNESCO staff members are covered by a health insurance plan, and arrangements have been made to include the Paris staff of the United Nations, ICAO and UNICEF. A plan comparable to that of the United Nations Geneva Office is in operation at ECIA (Santiago and Mexico City), and the possibility of its extension to staff of other agencies located in those areas is being studied at the request of FAO. In Bangkok, a self-insurance plan is being developed by ECAFE, in consultation with the other agencies located there.
73. In Montreal, ICAO staff are covered under a commercial policy and a hospitalization plan. In New York, the United Nations and agency liaison staff have available to them two plans for medical care, as well as a group hospitalization plan.
74. At London, Belgrade and Prague, in conformity with national laws, United Nations staff are members of the national health (or social security) plans.
75. Existing plans by no means apply to all the areas where international agencies have offices. This is a matter to which CCAQ will continue to devote attention, but it must be realized that coverage of field personnel has to be worked out, for the most part, location by location, and must be of such a character that the budget subsidy to the plans is kept to a reasonable amount.
76. Among the existing plans, all provide for hospital care; the extent of other benefits, including in some instances disability and death benefits, varies considerably according to local circumstances.

(c) Military leave

77. In requesting CCAQ to take up the question of military leave at its fourteenth session, the Joint Staff Pension Board recalled to the Committee that the United Nations General Assembly had deferred action on the proposed amendment to the regulations of the Fund intended to treat staff members in military service as on a type of special leave, so that they might keep their equity in the Pension Fund during the service period, without entitlement to

death and disability benefits. Instead, the Board's proposals on the question of leave without pay for military service were referred back to the Board "for further consideration in the light of the observations presented with respect to those articles in the 24th report of the Advisory Committee on Administrative and Budgetary Questions to the Seventh Session of the General Assembly".

78. The observation made by the Advisory Committee was as follows:

"The Advisory Committee believes that this problem cannot be considered in isolation as a problem peculiar to the Pension Fund. On the contrary, the Board's proposals are seen as the direct corollary of certain administrative decisions concerning leave without pay for military service A problem of basic personnel policy is at issue, and the General Assembly may therefore find that there is a prima facie case for a review of this policy, which might, in the opinion of the Advisory Committee, be undertaken by the Administrative Committee on Co-ordination for report to the next session of the General Assembly."

79. Subject to review and confirmation of its opinions by the ACC, the CCAQ submits to the Pension Board, as requested, the following statement:

(a) At its twelfth session in May 1951, the CCAQ considered the problem of military service in some detail (See CO-ORDINATION/R.93 paras. 36 to 38.) The proposals then developed, which assumed resignation or termination as the suitable procedures, provided the future rights of a staff member in the Pension Fund could be protected, were based upon the understanding that no other course was possible, so long as the Pension Fund regulations were not amended to exclude from the death and disability benefits the members of the Fund on military service.

(b) The amendment proposed by the Board would solve the problem with which the Committee was concerned, namely that it was not practicable to allow a staff member called to military service to remain fully covered for death and disability when the actuarial calculations on which the Fund had been established did not include provision for covering such risks caused by war service.

(c) Adoption of the amendment by the General Assembly is to be hoped for. Given the amendment, it will become very desirable indeed, from a purely "personnel" viewpoint, to accord affected staff members the possibility of a special type of leave - "Military Leave" - so that they will be able to maintain their pension rights (in suspension).

80. Discussion of this matter resulted in some consideration of additional administrative implications of military leave, such as the question of repatriation of families, which were deferred until such time as the question of the Pension Fund regulation has been settled.

(d) Accrued annual leave in relation to disability

81. The Committee received from the Standing Committee of the Joint Staff Pension Board a summary of the action taken by the Standing Committee concerning the date of initiation of a disability pension where accrued annual leave has not been exhausted at date of separation. The action of the Standing Committee on this matter was to decide, in certain specific cases under review, that the disability benefit would begin, not after the end of the period of accrued leave, but rather from the date of separation. In referring this decision to CCAQ, the Standing Committee requested CCAQ to take "any action which it might consider appropriate".

82. The principle embodied in these case decisions was unanimously agreed upon by the members of CCAQ.

83. On the assumption that a precedent had been established for future cases, the Committee then considered the effect of the decision on leave policy. The conclusion was that, while in principle it was, of course, desirable to arrange for the taking of annual leave during the course of employment where that could be arranged, the nature of disability cases was such that no fixed rule could be required in all instances. Organizations must, it was felt, retain a full degree of flexibility in handling such cases.

84. While instances of disability are very few in number, and the leave factor in such cases entails very little in the way of financial implications, members expressed a willingness to report to CCAQ on their handling of individual disability situations, and the reasons therefore, should the Pension Board or the Standing Committee wish to receive such information at any time.

F. SOCIAL SECURITY

(a) Common scheme for compensation for service-incurred death and disability

85. The Committee considered the United Nations proposals for a common scheme, as further revised since the thirteenth session, together with the report which CCAQ had requested of the Pension Fund Actuary on possible common financing.

86. Careful laying of an adequate groundwork for a common scheme, commonly financed, was considered most important for the success of the proposal.

Therefore, since a number of the considerations dealt with in the discussion were new, it was decided that a further reworking of the basic documentation should be undertaken before the ACC would be requested to endorse the proposal.

87. The United Nations was requested to arrange for completion of the following additional tasks in time for a definitive consideration at the next session of CCAQ:

(a) To prepare draft regulations, limited in content to regulation material which is stated in broad terms and excluding rule material, which would be applicable to a common fund. The opinion was that the regulations should assume that:

(i) A common fund would insure organizations rather than staff members;

(ii) The risks to be insured would be limited to major risks (death benefits and disability annuities) and would exclude medical and hospital expenses, expenses of preparing the remains and funeral expenses, return transportation, and compensation equivalent to pay and allowance during the initial one-year period;

(iii) Coverage would be complete and not limited to staff in travel or mission status; and

(iv) The list of dependents would be that agreed by the thirteenth session of CCAQ.

(b) In this connexion, to work out proposals as to the type of administrative machinery which would be required, emphasizing administrative simplicity and clarifying the manner in which determinations for eligibility would be made, as well as the procedure best calculated to assure speedy payment of claims. It was felt that the administrative arrangements should permit payment of an annual premium in place of individual payments for each staff member.

(c) To arrange with the Actuary for a resurvey, in so far as this can be done with the data already supplied to the Actuary by the agencies, of probable costs on the basis of the schedule of benefits contained in the revised provisional regulations, and distinguishing between cost in the event of total staff coverage and cost in the event of limitation of coverage to staff in travel and mission status.

88. It was noted that the revised draft rules of the United Nations, which the Committee reviewed, are intended for immediate implementation by the United Nations and that several of the provisions appearing in the present text might, if they became established policy, handicap an eventual transition to a common scheme. The United Nations has undertaken to reconsider and, in all likelihood, amend these provisions. It also undertook to install new rules on a provisional basis, and this action also is intended to assist toward the achievement of a common scheme.

(b) Provisions for commission and committee members

89. Pending a more detailed study of the provisions for members of committees and commissions at its next session, the CCAQ agreed that members should forward to the United Nations by 31 July 1953, the details of their own provisions where changes have occurred since the previous submission of data.

(c) Group life insurance

90. The agency by agency tabulation of age and salary groups is still in process, in part because of related consultations with staff committees on the extent of interest in obtaining coverage under the group life insurance scheme available to United Nations staff members.

91. When the required survey materials are more completely available, the United Nations will correspond with the individual agencies on details of possible extension of the plan.

G. TECHNICAL ASSISTANCE QUESTIONS

(a) Social security for experts

92. The question of a uniform social security scheme for experts was referred back to CCAQ by TAB for recommendation prior to the May meeting of TAB.

93. The Committee Secretariat was instructed to transmit to the Executive Chairman of TAB the views shown below.

94. The Committee feels that, pending the establishment of a common compensation scheme for regular staff which can be made applicable to experts, great caution should be exercised in extending either the regular compensation benefits or Pension Fund benefits to experts not employed in "continuing" posts.

95. So far as compensation for service-incurred death or disability is concerned, it is believed that the provisions in Article 38 of the TAB Manual of Basic Personnel Policies should continue to apply to all experts in "project" posts, with the addition of the following amendment to limit an organization's liability in the case of recruitment of experts who are 60 years of age or over or have received limited medical approval:

(a) Maximum compensation in event of death or permanent total disability

	<u>Under 60</u>	<u>60-65</u>	<u>Over 65</u>
1. Occasioned by an accident	3 years salary	2 years salary	1 year salary
2. Occasioned by an illness, after <u>unlimited</u> medical approval on appointment	3 years salary	2 years salary	1 year salary
3. Occasioned by an illness, after <u>limited</u> medical approval on appointment (unless it is absolutely clear that the illness is unrelated to the medical reservation)	1 1/2 years salary	1 year salary	1 year salary

(b) Compensation payable in case of permanent/disability: to be calculated in accordance with the degree of disability on the basis of the maximum amounts shown above for permanent total disability.

96. It would be understood that the extent of implementation of (a) 3 above would necessarily vary as among the organizations; the provision is more applicable to a self-insurance scheme (United Nations) than to situations where existing commercial insurance policies do not make a distinction in coverage as between experts in group (a) 2 and those in (a) 3.

97. As to Pension Fund coverage, the following points are to be borne in mind:

(a) The preponderant part of the premiums which are payable to the Pension Fund (14 per cent of net salary by the organization and 7 per cent by the employee) relates to the provision of retirement benefits. This provision is of little financial consequence to the individual expert except after at least five years of service. The high cost to the organization and the uncertainty of employment, so far as the bulk of experts is concerned, lead to the conclusion, therefore, that the Pension Fund is far from ideal for application to experts generally at the present stage of the Technical Assistance Programme.

(b) Staff members entering the Pension Fund are entitled to retroactive coverage on the basis of past service upon payment of the annual premium (7 per cent of net salary) plus interest charges of 2 1/2 per cent. In cases of retroactive coverage, the organization must contribute, on behalf of the staff member, 14 per cent of net salary (\$1,400 on a net salary of \$10,000) for each past year of service covered. In total, this obligation would constitute a very sizeable financial burden which in the case of regular staff brought under the Pension Fund at the time of its establishment, was met only by the transfer to the Fund of reserves accumulated in previous Provident Funds. No such reserve exists for the present in the Technical Assistance Programme.

98. The recommendation is, therefore, that experts in "project" staff continue to be excluded from the Pension Fund. In the event that the question of coverage of such experts is again considered - possibly after the ECOSOC has made its proposals on the long-run level of operations and financing for the programme - it is strongly recommended that this be done only on the basis of a well worked out estimate of the financial consequences in relation to dollar resources, including particularly the financial consequences of retroactive coverage. In this connexion, the CCAQ would recommend that coverage should not be contemplated for experts in "project" posts whose length of contract or continuous service is less than three years.

99. Attention is called to the existing situation of the participating organizations in the matter of Pension Fund coverage. No experts have such coverage in the United Nations, ILO or UNESCO. In FAO, the only cases of coverage - amounting to less than one per cent of total - are experts recruited at the outset of the programme, when the TAB personnel provisions defined an expert with a contract of 2 or more years' duration as "long-term" and entitled to normal staff benefits. In WHO also, no experts have been given Pension Fund coverage since 1951.

(b) Medical care for experts

100. The CCAQ reviewed the statement of policy on medical care for experts referred to it by the twenty-second meeting of TAB. It believes that the adoption of the principle of transferring direct responsibility for meeting commitments in respect of medical care from recipient governments to the participating organizations (including TAB in the case of Resident Representative Offices) should not lead to the abandonment of satisfactory arrangements for recipient government responsibility wherever these exist.

101. It is no doubt necessary, however, to apply the new principle in most cases. At as early a date as possible TAB should, it is believed, undertake to obtain a blanket insurance policy, on a contributory basis (requiring payment by the expert as well as the organization), which can cover all experts for reasonable medical bills.

102. In the meantime, agencies should undertake to meet the new costs, either through self-insurance (as will be the case in the United Nations) or through commercial policies of their own. No problem will arise in WHO, where the medical insurance plan available to regular staff is contributory in character and already extends to experts. FAO already has a policy which covers expenses for medical costs of experts for all accidents and for service-incurred illness; the remaining contingency to be covered is non-service-incurred illness. In ILO, the regular contributory sickness insurance scheme is applicable to experts. The UNESCO scheme for regular staff does not extend to experts at present.

103. It is recognized that, in the absence of a common insurance plan, there will necessarily be variations in the details of the medical care coverage which agencies will provide. Nevertheless, it may be useful for organizations to note the following conditions and limitations for reimbursement which the United Nations will apply in the case of its experts:

(a) The United Nations will assume responsibility for reimbursement of medical expenses of experts incurred "in the field" or while in travel on official business, subject to the conditions and limitations set out below.

(b) The United Nations will not assume responsibility for payment or reimbursement of medical expenses of dependents.

(c) Conditions and Limitations:

1. "In the field" shall mean the area of assignment of the expert;

2. Medical expenses will not be reimbursed in connexion with:

(i) injuries arising out of accidents while an expert is on leave; (ii) injuries arising out of accidents occasioned by the wilful misconduct of the expert; and (iii) corrective surgery or the continuance or resumption of a normal course of remedial treatment relating to an established condition as at the date of appointment;

3. The United Nations will not assume any responsibility in respect of medical expenses incurred by the expert following a separation from the participating organization, except where these expenses relate directly to an injury or illness which has been determined to have been attributable to service.

(d) Exclusion of minor expenses: Claims in respect of any one illness or injury of less than \$20 will not be recognized.

(c) Health insurance for fellows

104. The CCAQ was agreed that the provision of health insurance for fellows was not intended to cover death and disability. FAO informed the Committee that its insurance arrangement applicable to fellows had been contracted prior to the previous action of CCAQ on this matter, and that the inclusion of death and disability benefits had come about on the initiation of its insurer.

105. Inquiries by WHO concerning global coverage did not result in satisfactory offers from insurance companies. The FAO scheme is part of over-all coverage obtained for its staff. It is limited to "service-incurred" illness; that is, medical costs are met for those cases where the illness is considered as arising from the conditions of the fellowship ("occupational" hazards). It appears most doubtful whether the FAO policy, with its favourable premium, could be extended to cover non-service incurred illness. The policies available at New York did not appear suitable in view of the requirement of dollar payment of premiums and the detailed administrative procedures (including weekly reporting) which would be required.

106. In view of these considerations, it was decided to recommend to TAB that in this case the risk be self-insured through the Special Account. This could be done most conveniently by authorizing agencies to make individual payments from their fellowship funds as required and possibly requiring a periodic itemized report on the payments made. These payments should be met from a reserve to be set aside, which might well consist of an initial deduction in a nominal amount to be made from the stipend of each fellow, plus other funds set aside by the organization from its fellowship allocation. The amount of the total reserve need not, in all probability, exceed one per cent of the total fellowship allocation.

107. If this self-insurance proposal were agreed by TAB, it would be necessary in view of the common source of funds, to assure common standards of benefits. It is believed that it would be suitable to apply to fellows the limitations set forth in paragraph 103 above for medical care to experts, with the exception perhaps of the \$20 limitation.

ANNEX

Schedule of Travel Subsistence Allowance Rates Adopted by CCAQ
(Effective 1 June 1953)Group A: Rates of \$10 - \$12.50 - \$15.00

All other areas not listed in group B.

(Note: The new areas added to group A are: Bahamas, formerly group B;
Uruguay, formerly at a special minimum of \$14)Group B: Rates of \$8 - \$10 - \$12

Austria	Lebanon
Australia	Libya
Bolivia	Luxembourg
Ceylon	Mexico
Chile	Netherlands
Denmark	New Zealand
Ecuador	Norway
Egypt	Paraguay
Eritrea	Syria
Ethiopia	Sweden
Germany	Switzerland
Iraq	Union of South Africa
Ireland	United Kingdom, including the British Colonies and their sub-divisions (with the exception of the Bahamas, Hong Kong and Malaya)
Italian Somaliland	Yugoslavia
Jordan	
Korea	

(Note: The new areas added to Group B are: Bolivia, Chile, Ecuador,
Germany and Switzerland, all previously in group A)Group C: Special minimum rates

Where group A rates are higher they shall apply in lieu of these special rates.

Area	Minimum Rate
Bahamas 1 December to 30 April	\$17.50
1 May to 30 November	12.50
Burma	12.50
Cuba 15 December to 31 March	17.50
1 April to 14 December	13.00
French Equatorial Africa *	20.00
Hungary	15.00
Japan	13.50 (a reduction from previous rate of \$16)
Pakistan	12.50
Philippines	15.00
Poland	Actual expenses not exceeding \$30
Saudi Arabia	14.00
Thailand	11.00
Venezuela	17.50
Viet Nam	16.00
USSR	Actual expenses not exceeding \$30

* When not accommodated at government operated hotels.

(Note: The new areas added to group C are: French Equatorial Africa and Hungary,
both previously in Group A)
