

CONFERENCE OF STAFF ASSOCIATIONS OF INTERNATIONAL ORGANISATIONS

CONFERENCE DES ASSOCIATIONS DU PERSONNEL DES ORGANISATIONS INTERNATIONALES



PROCEEDINGS  
OF THE  
FIRST  
CONFERENCE

25 SEPTEMBER 2000 - OECD, PARIS

# **ALLOWANCES**

## Welcome to participants

The Chairman of the Organisation for Economic Co-operation and Development (OECD) Staff Association, Jean-Louis Rossi, welcomed all the participants and said how pleased he was that such a large number and variety of international organisations were represented (the Co-ordinated Organisations, the United Nations family, the European Commission and banking institutions). He also thanked the Executive Secretary of the Association, whose idea the project had been, and all the Secretariat for the help they had given.

The Chairman expressed the hope that the Conference, in addition to discussing the two topics on the agenda, would mark the beginnings of real solidarity between the different bodies representing staff, the object being to defend the international civil service which was nowadays under threat, and also that it would result in the creation of a network for exchanging information.

The Chairman of the OECD Assembly of Staff Representatives, Franco Mannato, stressed the delicate nature of allowances, which were always under the spotlight of the majority of international organisations' administrations, and even Member countries, with an eye to making savings. The fact was that the said allowances existed for reasons that were valid at a time when there were no budgetary difficulties. He therefore thought it very useful to exchange views and think about coming up with innovative ideas aimed at defending those allowances.

## Allowances

### **1. Report by the Federation of International Civil Servants Association (FICSA): allowances in the United Nations system.**

The rapporteurs, Marielle Richon, a regional member of FICSA for Europe, and André Heitz, Secretary-General of FICSA, described the allowances that existed in the United Nations system.

The United Nations system is a complex set of autonomous organisations and funds linked to the United Nations Organisation. Within the framework of this system, conditions of employment are co-ordinated by the International Civil Service Commission (ICSC). Traditionally, there are two major categories of staff within the United Nations system, namely the General Service and Professional and higher categories.

The two forms of recruitment used in the United Nations system are local recruitment (eg. recruitment within a radius of 25 km from Geneva) and international recruitment. General service staff tend to be recruited locally. Civil servants recruited internationally enjoy a number of advantages (see below).

#### *A. General Service staff*

Under the "Flemming principle", governing the remuneration of General Service staff, salaries have to be aligned on the remuneration paid by representative employers selected from among the best local employers (eg. twenty or so employers selected in the Paris region for an organisation based in Paris). A survey conducted by the ICSC is organised every five years in order to identify the best local employers.

#### a) Family-related allowances

General Service staff have entitlement to the following allowances:

- allowance in respect of a dependent spouse (provided the gross annual earned earnings of the spouse are less than or equal to the gross annual salary of a grade G-1/1 official);
- an allowance in respect of each dependent child.

In determining the amount of these allowances, the aim is to apply inside, on the basis of the actual demographic situation of each organisation, the situation found outside amongst the best local employers. The calculation of the amount is the outcome of a complex series of steps:

- in order to obtain the amount of the dependent spouse's allowance, it is necessary to calculate:
  - the difference in taxation between an unmarried taxpayer and a married taxpayer with no children, separately for each average outside salary used as a reference for a given grade;
  - the number of spouses for whom allowances are paid in the Organisation, separately for each grade;
  - the weighted average tax reduction; and
  - lastly, the arithmetic average of the dependent spouse's allowances paid by outside employers, which is then added to the previous amount.
- calculating the amount of the dependent child's allowance is even more complex and fairly closely follows what is done in each host country. In any event, the ICSC has made the dependent child's allowance liable to a lower level set at 3% of the wage at the mid-point in the scale.

To sum up, the United Nations has a social approach as regards family allowances, the uniform amounts having a distributive effect favouring the lower income categories.

#### b) Special allowances

The United Nations system also provides for payment of the following allowances:

- a special disabled child's allowance;
- a dependent relation's allowance (father, mother, brother or sister), when a dependent spouse's allowance is not already being paid.

#### c) Language allowances

Lastly, staff members in the General Services category are normally assigned a working language when they are recruited. They are paid an allowance if they have sound knowledge of a second language, provided they pass a language proficiency test. If they have a third language, an additional allowance equal to half the size of the first is also paid, again subject to passing a proficiency test.

The practical details of the system vary relatively little from one organisation to another, but it is worth noting that these provisions give rise to a series of difficulties when personnel administration is particularly finicky. When, for example, a French official has to know a second language in order to receive an allowance, he is not on an equal footing with an Italian official who, for his part, has to know three. However, a French official will have to know three languages if he is recruited to a post requiring in-depth knowledge of English, but not French. He again has to know three languages if the post is a bilingual one, but an Italian official will have to have a fourth. It is important to know that entitlement to an allowance can be called in question in the event of a transfer or promotion (for example, if the language in respect of which the official was receiving an allowance becomes a working language in the new job).

There are at present some worries about the future of language allowances because the ICSC wants to bring in a test examination aimed at making savings, and this is liable to call in question people's entitlement to the allowances.

The first language allowance is equal to 5% of the annual salary at the first step in the grade corresponding to a bilingual secretary (i.e. G-4/1 or G-5/1, depending on the Organisation). This formula was introduced in 1965, while the formula for the second language allowance dates back to 1973.

Language allowances are extremely important since they are taken into account for pension calculations and are included in the methods of calculating remuneration for overtime and extra pay for night work, as well as for payments and indemnities on separation from service. The FICSA keeps a keen watch on the way language allowances are calculated, given the ICSC's intention of changing the said methods some time in the future.

#### *B. Professional and higher categories (administrators and higher officials)*

##### a) Principles governing salaries

The salaries for the above categories are governed by the "Noblemaire principle", meaning that they have to be competitive with those of the best-paid national civil service (deemed to be the federal civil service of the United States) and include an element of compensation in respect of expatriation (some 15% above the salaries paid in Washington). Salaries are unified on the basis of purchasing power parity.

The compensation package includes:

- a (unified) base/floor salary;
- a post adjustment (variable from one duty station to another, depending on the cost of living and, for a given duty station, from month to month depending mainly on exchange rate fluctuations).

The system lacks transparency and is relatively complex. The effective base of the system is Washington, since the salaries of the reference American federal civil servants are measured there, but New York is the notional base. There is post adjustment in both cities; however, the cost-of-living differential is not measured by means of the same method on the way from Washington to New York (for the purpose of setting the notional base) and on the way back (for the purpose of setting the Washington post adjustment).

#### b) Salaries with or without dependents

To say that there is only one “base/floor salary” is in fact wrong: there is the salary of the civil servant with dependents and the salary without dependents. The difference between the two scales is based on the calculation of the taxation of a couple as opposed to an unmarried person. At present, the difference between the two scales is arbitrary and amounts to some 7.5% at the mid-point (6% at P-1/1; 8.7% at P-5/13).

In contrast with the logic applied in the case of General Service staff allowances, here it is financial logic that prevails rather than social logic.

#### c) Family-related allowances

Professionals and directors are entitled to an allowance in respect of each dependent child (as from the second where the spouse is not dependent), an additional allowance in respect of a disabled child, and also an allowance for a dependent relative, under conditions that are similar to those applying to staff members in the General Service category.

The amounts of these allowances are based on practice in the seven headquarters countries and, as a result, differ from those applying to staff members in the General Service category.

#### d) Other allowances

- The education grant

In the United Nations system, the education grant is linked to expatriation, which is why General Service staff recruited locally do not receive it. The same applies to officials in the Professional and higher categories who, although recruited internationally, serve in their country of origin. This discrimination is not only questionable but is indeed challenged.

The rules governing the education grant are somewhat complex. The salient features are as follows:

- the grant is paid from primary school to the end of the fourth year of post-secondary school studies, or the award of the first recognised degree, whichever is earlier, but not beyond age 25;
- the grant amounts to 75% of admissible expenses, up to a country-specific ceiling.

The education grant system gives rise to a relatively heavy workload since reimbursements are made only after certified bills have been produced and carefully checked. The present trend is therefore towards simplifying the system, and the ICSC has very recently been reviewing the basic principles of the education grant. A number of options were mentioned in the source document, such as a declarative system (with random checking), a lump sum payment system or the possibility of making direct payments to schools. Also, there was the newly introduced World Bank system, whereby the staff member’s expatriation-linked costs are compensated upfront, the official being supposed to invest the amounts received to meet future expenses. The proposal concerning the declarative system is the only one to have a real chance of succeeding. The present United Nations system is reasonably satisfactory.

- Rental subsidy

The rental subsidy system, introduced in 1978 for field duty stations, was extended to headquarters duty stations in 1983. The subsidy is paid to new entrants and to officials obliged to

move for reasons beyond their control, and it is paid for a limited period of time (7 years for the former and 5 years for the latter) and at a declining rate (in the first year, 80% of the difference between the rent actually paid and the bottom level; 20% in the last year). A floor rent is established on the basis of a survey of serving staff; it is expressed as a percentage of salary and represents the amount that the staff member can reasonably be expected to spend on housing. Types of dwelling are defined on the basis of family size. Lastly, a ceiling is established for each type of dwelling on the basis of surveys among estate agencies.

- Compensation in respect of language skills

Professional and higher category staff do not receive a language allowance. Compensation of language skills for this category of staff member is a controversial issue in the United Nations and is something that does not exist in all organisations. The system has the effect of accelerating the increments awarded to officials “who have an adequate and confirmed knowledge” of two languages (the interval between two steps is reduced from 12 to 10 months).

### C. Statistics

A number of documents were presented to participants

## STAFF RULES AND REGULATIONS

AMOUNTS APPLICABLE IN RESPECT OF THE EDUCATION GRANT				
Currency	Maximum amount of fees reimbursable	Maximum amount of education grant	Lump sum for boarding fees	Maximum amount of special education grant
Danish krone	77.400	58.050	20.709	77.400
Norwegian krone	71.632	53.724	16.682	71.632
Swedish krona	91.575	68.681	20.615	91.575
Dutch guilder	28.836	21.627	6.716	28.836
Belgian franc	423.000	317.250	113.176	423.000
French franc	61.200	45.900	16.320	61.200
Luxembourg franc	423.000	317.250	94.000	423.000
Swiss franc	23.435	17.576	4.982	23.435
Italian lira	21.830.000	16.372.500	4.763.220	21.830.000
Irish pound	6.561	4.921	1.777	6.561
Pound sterling (United Kingdom)	13.613	10.210	2.973	13.613
German mark	30.777	23.083	6.848	30.777
Finnish markka	54.000	40.500	12.828	54.000
Spanish peseta	1.572.710	1.179.530	387.658	1.572.710
Austrian schilling	167.310	125.483	42.351	167.310
Japanese yen	2.301.120	1.725.840	525.930	2.301.120
US dollar (in the United States)	20.748	15.561	4.299	20.748
US dollar ( <i>applicable to all other countries whose currencies are not indicated above</i> )	13.000	9.750	3.164	13.000

The above amounts apply to the fees paid in the countries whose currencies are indicated. However, if the amount of the allowance resulting from the application of the above table is less than the amount resulting from the application of provision 3.11.1 of the Staff Regulations as at 31 December 1990, it is the latter amount that shall apply.

## **2. Statement by the Staff Association of the European Central Bank (ECB): allowances paid by the ECB to its staff**

Marc Van de Velde, assistant spokesman for the ECB, warmly welcomed the decision to hold the conference and the opportunity to share his views with the various bodies representing the staff of the international organisations present. He saw such meetings as all the more important in that the Administrations of these same Organisations met and consulted regularly.

The ECB provides a number of allowances for its staff. Non-marital partnerships (heterosexual and homosexual) are recognized as long as certain conditions are met.

It is difficult to divide the allowances paid by the ECB into the categories housing, language and family type as proposed. The principles governing the payment of/eligibility for the said allowances are as follows: members of staff must furnish the ECB with proof of their entitlement to any given allowance; inform it of any changes in their status and themselves claim the allowances.

### *A) Allowances on appointment*

The allowances paid on the recruitment of an official to the ECB are governed by the following criteria:

- the place of recruitment is Frankfurt;
- the place of recruitment is outside the Rhine-Main region (where Frankfurt, and hence the ECB, are located);
- a staff member's request to relocate within the Rhine-Main region is approved prior to his/her date of appointment by the Personnel Directorate.

For members of staff serving in Washington, requests are considered on a case-by-case basis.

- Reimbursement of travel expenses

Members of staff, their spouses/recognised partners and their dependent children are reimbursed their travel expenses on appointment and on termination of service. The Protocol & Conferences Division will, on request, make the necessary travel arrangements.

- Accommodation

Hotel accommodation is reimbursed only if prior approval has been given by the Personnel Development Division. Otherwise, and if the staff member is not accompanied by his or her family, the ECB provides an apartment for a period of three months. If he moves to Frankfurt with his family, the ECB pays an allowance covering part of the accommodation expenses incurred.

All other expenses (e.g. meals, sundries) are met by a lump-sum payment (EUR93 for members of staff, EUR93 for the spouse/recognized partner and EUR47 per dependent child, provided the latter have also moved to Frankfurt).

- Removal expenses

Members of staff are entitled to reimbursement of all normal expenses incurred in respect of the removal of personal effects belonging to themselves, their spouse/recognised partner and dependent children from their former place of residence to their new place of residence. The cost



of insurance against ordinary risk is also reimbursed. On the other hand, expenses incurred in the alteration, fitting or extension of furniture and/or other personal effects are not reimbursed.

- Provisional accommodation and subsistence allowance

The ECB provides new members of staff with provisional accommodation for the longer of the following two periods: 90 days or the length of the probationary period (usually three months, more rarely one year<sup>1</sup>). If the initial three-month trial period is extended, there is nothing in the rules to say whether the ECB continues to provide provisional accommodation or not.

*B) Allowances paid during the period of the contract*

- Installation allowance

The ECB pays 200% of the basic monthly salary to staff entitled to the household allowance, and 100% of the basic monthly salary to staff not entitled to the household allowance. An advance of 80% of the installation allowance may be paid to staff on production of a duly signed rental contract for permanent accommodation.

- Household allowance

The household allowance is equal to 5% of the basic salary and is paid every month to the staff concerned. To be entitled to it, the “gross annual income” of the spouse/recognised partner must not exceed EUR 41 863. That income includes all forms of remuneration (salary, wage, pension, fees, royalties or other equivalent incomes and various allowances). If the income of the spouse/recognised partner does exceed the above ceiling, the excess household allowance payment has to be reimbursed to the ECB. When both spouses/recognised partners are recruited by the ECB and their joint income is below the threshold, the household allowance is based on the higher of the two incomes.

- Dependent child allowance

This allowance is awarded to staff members with one or more dependent children aged under 26 and satisfying the conditions laid down in the Staff Rules. It amounts to EUR245 per month. Double the allowance is paid in the month in which the child is born and in the event of the child suffering from a serious illness or disability.

- Expatriation allowance

The ECB makes a distinction between staff who have never lived in Germany (in which case the allowance is 16%) and staff who had lived in Germany for more than five years before being recruited (in which case the allowance is 4%). When a member of staff has dual nationality, including that of the host country, it is the latter that takes precedence, no expatriation allowance being awarded.

- Education allowance

The ECB pays the education allowance to staff members entitled to the 16% expatriation allowance. The allowance covers 100% of all mandatory costs in relation with the regular, full-time attendance at an educational establishment: tuition fees, enrolment fees, pre-enrolment fees, additional expenses (not defined in the Rules), and the costs of study stays, boarding and set

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<sup>1</sup> Translation service staff are subject to a one-year probationary period.

books. Additional charges or interest levied because of payments being spread over the year or because of late payment are not reimbursed by the ECB. However, this ought never to happen since the ECB pays the relevant fees directly to the school.

*C) Benefits paid on termination of the appointment*

- Resettlement allowance

Like the installation allowance, the resettlement allowance represents 200% of the basic monthly salary of staff entitled to the household allowance, and 100% of the basic monthly salary of staff not entitled to the said allowance. The resettlement allowance is paid when the contract of the staff member expires or after two years of service, but never earlier. Resettlement has to take place within one year of the appointment coming to an end. Before paying the allowance in question, the ECB has to receive confirmation of resettlement.

- Unemployment benefits

Members of staff who do not find another job after finishing their appointment at the ECB are entitled to unemployment benefit at 60% of the last basic salary for the first six months, and then at 30% for the following six months - or more if the person concerned meets a number of criteria relating to age and seniority. Entitlement to these benefits may in no circumstances exceed two years.

It needs to be said that the ECB is tending to abuse its powers, in the sense that the staff of the Organisation no longer belong to any national system of social protection and are therefore entirely dependent on the ECB and on the payment of this type of benefit when their appointments come to an end. It has, moreover, been known for the ECB to refuse to pay unemployment benefit to a staff member who had been dismissed, which is absolutely improper.

### **3. Discussion**

The Chairman of the Assembly of Representatives thanked the rapporteurs and the speaker for the interesting comparison between the United Nations system and that of a more recent Organisation such as the ECB.

The following points were tackled in the course of the discussion and as a result of the questions put to the different speakers:

- **Rent allowance**

At the OECD, the Staff Association and the Administration are in the process of reaching an agreement on the rent allowance, which the Administration has in its sights. At present, the allowance is awarded on the basis of a number of complex criteria to do with salary and rental levels. The Administration wanted initially to abolish the allowance on the grounds that it was complicated and inequitable. So the Staff Association then asked the Administration to reconsider the principle behind it so as to make it simpler and fairer; it proposed that it be subject to a salary ceiling and that it be a lump sum. The compromise would involve keeping the present system for staff currently in receipt of the allowance and applying new rules to new entrants and to serving staff who no longer met the conditions governing entitlement. Over time, this system would generate savings for the Organisation. The Association's proposals have been taken up by the Administration, and it is now up to the Council to pronounce on this proposed reform.

The European Organisation for Nuclear Research (CERN), for its part, does not provide its staff with a rent allowance.

- **Language allowance**

Within the framework of the United Nations system, the percentage of officials receiving a language allowance varies from one organisation to another: from 2 to 3% in the least multicultural organisations up to 40 to 50% in the others. The allowance is at present threatened by the work of the ICSC.

The European Patent Office (EPO) has three officially recognised languages but no language allowance. Nor is there one at the ECB, English being the “mandatory” working language and knowledge of English being one of the main criteria for recruitment. The same is true in the European Commission, and also at CERN where French and English are the two working languages.

Lastly, the allowance is also being looked at by the OECD Administration, but the Staff Association is not yet in receipt of the proposals to be submitted to it.

- **Dependent spouse’s allowance**

The staff of CERN receive a spouse’s allowance<sup>2</sup>, irrespective of whether the latter is in paid employment or not. The European Space Agency (ESA) Staff Association raised the question of extending the status of spouse to a staff member’s partner, something that this Organisation has not yet recognised. The same is true at North Atlantic Treaty Organisation (NATO), where the Administration has rejected the Staff Association’s requests for a change in the rules, but for budgetary reasons rather than as a matter of principle. The Secretary-General of FICSA stressed the fact that the Organisation’s recognition of partners had a big psychological impact on the staff concerned and made them perform better. The issue is currently under review in the European Commission.

- **Education allowance**

In the United Nations system, the above allowance is raised every year using a method that is not in dispute. In the European Commission, the costs involved are relatively low, a system of free European schools having been put in place in all major duty stations. In CERN, education costs are reimbursed - up to 75 % - to all staff (expatriate or otherwise, resident or otherwise). However, the allowance is currently under review by Member countries, the latter having already decided a few years ago not to raise the relevant ceilings.

- **Mortgage allowance**

The European Bank for Reconstruction and Development (EBRD) gives all staff of all grades, expatriate or otherwise, an allowance designed to offset the cost of living in London. The allowance therefore has the effect of reducing the market rate of interest when a staff member borrows in order to purchase a house or flat. It is payable until the loan has been repaid. Usually, the staff member pays no more than 3%, with the Organisation taking care of the difference. The Bank for International Settlements (BIS) offers its staff the same sort of facility and, in addition, it provides loans equal to one year’s salary, at a preferential rate and repayable over seven years. Lastly, European Commission staff have the same advantages, but restricted to the lower income brackets.

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<sup>2</sup> The system does not recognise partners.

- **Resettlement allowance**

The resettlement allowance paid to CERN staff on completion of their appointment is currently being reviewed by the Administration, which wants to reconsider the 25 km limit.

- **Expatriation allowance**

At the ECB, the expatriation allowance is not degressive. At CERN expatriation was made degressive five years ago on the grounds that this was modern and that every international organisation was going to do the same thing. For the staff of the European Commission too, the “Regulations” Group of the Council is at present considering a proposed change in the rules, which would make the expatriation allowance degressive (16% at present). At the OECD, the said allowance has now been degressive for some years.

CERN has a non-residence allowance (slightly different from the idea of expatriation) which now gradually decreases from the time when the staff member first obtains an indefinite-term contract.

- **Indemnity for loss of employment**

The unemployment benefit paid by the ECB is not accompanied by an indemnity for loss of employment. On the other hand, allowances such as the dependent child’s, household and education allowances are additional to unemployment benefit. In the specific case of staff with contracts for less than one year, no unemployment benefit is payable.

No unemployment benefit is provided for under the United Nations system, but a staff member who is dismissed does receive a payment on cessation of work, mainly on the initiative of the Organisation. Staff dismissed from the United Nations system lose both their social protection and residence entitlement at the same time. Non-European officials dismissed from the OECD also lose their residence entitlement. Otherwise, members of staff of the Co-ordinated Organisations whose contracts are terminated receive an indemnity for loss of employment equal to one month of salary per year of service (with a ceiling of 24 months), but do not receive any unemployment benefit. In CERN, unemployment benefit is paid only in the event of dismissal (not if the official resigns). As for the European Commission, only officials with fixed-term contracts receive unemployment benefit, those with indefinite-term contracts in theory keeping their jobs, unless they are the subject of disciplinary measures or are dismissed for unsatisfactory performance, which is extremely rare.

Lastly, in the International Telecommunications Union (ITU), the Staff Union put the question of unemployment benefit to the last Plenipotentiary Conference (Minneapolis, 1998), but the 161 Member States were unable to reach a consensus. That said, the pressure on ITU staff contracts that existed ahead of the meeting has subsided.

- **ECB Staff Rules and Regulations**

Whatever allowances the ECB pays, it pays to all staff, without distinction (the different categories of staff that existed at the time of the European Monetary Institute - the ECB’s predecessor - i.e.: support staff, professional staff and managers, have been abolished). ECB staff are not civil servants; they have private law contracts. They are based in Frankfurt (only two people work in Washington and they have special working conditions). In theory, ECB contracts are for an indefinite term, only some small institutions offering fixed-term contracts for specific projects.

According to the ECB Director-General, interviewed by the *Frankfurter Allgemeine Zeitung*, the headquarters agreement between Germany and the ECB applies solely to official actions by members of staff, German legislation applying outside the Organisation, except in the case of the six members of the Directory who enjoy diplomatic status. In the event of a dispute between the ECB and a member of staff, there is an internal appeals procedure called the “administrative review”, and if the staff member does not obtain satisfaction, he can go to the next stage which is the “grievance procedure”. If his complaint is again rejected, the final option is to take the case to the Court of Justice of the European Communities. The status of ECB officials is very special in that their contracts can be amended unilaterally by administrative circular. The ECB Staff Association is campaigning against this interpretation and is lodging an appeal.

Although it does not belong to the institutional system of the European Union, the ECB does offer its staff conditions of employment similar to those of European Commission officials; only the question of the staff regulations appears to differ.

- **Salaries**

Information was provided concerning wage scales at the ECB (twelve salary brackets, of which four for directors, annual adjustment of remuneration decided by the executive committee of ECB Member countries on the basis of the increase in salaries of staff of central banks and of the Bank for International Settlements and of a rather vague weighting system - not on the basis of clear and precise rules). In the United Nations system, attempts are being made to reduce basic salaries, whereas allowances are less under attack.

- **Pensions**

The ECB has its own, defined-contributions pension system. It is relatively complex and comprises two separate accounts - the core benefit account, reserved for the employer, and the flexible benefit account, reserved for employees. Maximum pension rights, gained after 35 years' service, amount to 60% of the average salary received during an official's career at the ECB. CERN, for its part, has a capitalised pension fund with the priority attaching to benefits.

- **Sub-contracting**

At the ECB, official clerical responsibilities (secretariat, inter alia) are not contracted out, but half of the security service and also the cleaning and catering services are.

- **The right of bodies representing the staff to institute legal proceedings**

The staff associations of organisations in the United Nations system cannot themselves bring matters before internal legal bodies. The OECD's Administrative Tribunal adjudicates on cases brought by the Staff Association in respect of any acts brought to its attention or which infringe the rights conferred on it by the Staff Rules and Regulations. In the European system of organisations, staff associations and unions cannot themselves institute proceedings, but they can provide financial support for cases brought by individuals if the former are in the general interest. In the case of the ECB, the question ought to be settled by the competent authority in the near future.

In conclusion, the Chairman of the Assembly of Representatives said that the various associations needed to exchange as much information and to co-operate as extensively as possible on the question of allowances.

The Chairman of the OECD Staff Association invited participants to address all the questions they wanted to the Secretariat of the Association.

# **PERFORMANCE MANAGEMENT**

## **1. Opening of the work session by Pierre-Dominique Schmidt, Executive Director of OECD**

The Executive Director makes the following opening speech for the attention of the staff representatives of international organisations.

“Chairman, Ladies & Gentlemen,

I should like first of all to thank you for giving me the opportunity, in my capacity as recently appointed Executive Director of the OECD, to say a few words at this, the first conference of staff associations of international organisations, organised by the OECD Staff Association which I heartily congratulate on its initiative. We all know, and you no doubt better than others, that intergovernmental international organisations are changing and it is vital, to my mind, that the players involved in social dialogue in international secretariats compare their philosophies, their methods of action, their experience and the ensuing results, in particular and very specifically because we are engaged in an altogether specific social dialogue in our international organisations. There is not the usual tripartite social dialogue that exists in most Member countries, i.e. involving government, employers and employees, nor is there a bilateral relationship between the state as an employer and public sector employees. What we have rather is a complex, two-dimensional relationship with, on the one hand, a bilateral dialogue between the organisation and its staff and, on the other, a specific dialogue between the secretariat, i.e. the entity made up of the international organisation as employer and its staff, and the Member countries which in the end pay for these organisations. In contrast, therefore, with the usual sort of situation in our Member countries, there is always a form of potential censure of the organisation as employer by bodies which may from time to time identify themselves as “shareholding bodies”, i.e. the community of Member countries which is not necessarily always very convincing in the way it represents the clearly perceived common interest which is often the same thing as the sum of national interests - themselves very specific. In order to keep within the time you’ve allotted me and allow you to get down to work, this being a very important working meeting, I shall come straight to the point because I would not want to appear less disciplined, just for once, than Fidel Castro at the UN Millennium Summit! I am not surprised that you have made performance management one of the key topics of your conference, since it is an area that has, in recent years, gained a much higher profile in both the private sector and also government. This is something I am all the more alive to because, in the government departments I had responsibility for earlier in my career, I was led to carry out in-depth reviews in an effort to respond to the changes wrought by time. So it is quite natural that international organisations should be interested in this subject since, ultimately, it is the question of careers themselves that is central to the debate. The concept of careers is something that has itself changed a great deal in international organisations - perhaps more than in national administrations. The public/private transition, in both directions, is a fairly crucial question, because obviously it is a way of managing careers, but also because it makes for a “cross-fertilisation” of ideas and people. Words are important. For decades, when it came to assessing the performance of members of staff, of officials, the term used was “marking”, and it is still used in many national administrations, rather like school.

On one hand there was the official who was marked and who passively received his annual report, and on the other there was the “boss” who gave marks and filled in the report, as it were handing out good and bad grades, but always rather passively and without the protagonists ever meeting or discussing the appraisal on a one-to-one basis. So it was a formal process, not a constructive dialogue.

Quite obviously, the aim of performance management is entirely different, being to get away from the school-like situation and arrive at an adult interactive dialogue about work between members of the same team.

To achieve this, it is absolutely essential to set individual, clear, realistic and preferably measurable objectives which fit in with the overall objectives of the directorate or service concerned. So it is important that each person knows where he is going, what is expected of him and what can reasonably be expected of his managers, his “superiors” - between quotes because it is not a word I like - in terms of assistance, advice and also training.

This policy is recent in the Organisation, having been in place only since 1999, and it will no doubt take a little while for the lessons to be learnt. That said, it seems to me that the actual principle of a regular dialogue between the staff member and his manager is in itself a big step forward compared to the administrative world we used to live in. Obviously, I am well aware that the introduction of these new methods of appraisal is not going to happen without encountering certain reservations or even opposition - and not necessarily on the part of those who used to be “marked”.

I think there is also considerable reticence on the part of managers themselves in the OECD because these methods highlight responsibilities at all levels and, on occasion, provide a perfect illustration of the inability of some people to inspire their staff to achieve the hoped-for results. It is in fact the permanent challenge facing this sort of appraisal system: in all of our organisations, and in the various degrees of specialisation concerned, we have first-rate experts, people who can I think without exaggeration be said to have an international reputation but who, once promoted to posts involving management responsibilities, turn out to be very poor managers. This shows that the ability to motivate people on a daily basis, to enable them to find fulfilment in their work - because we are always talking about results, but it is true that there is also a sort of right to fulfilment - while at the same time achieving the best possible results, is not necessarily innate; it is something that can be learnt, which is why I have insisted that in the OECD a lot of emphasis be placed on training managers. We have put considerable resources into this and a lot of managers have taken training courses and so been able to test the advantages of these new methods.

We have also, in the OECD, sought to give a real chance to staff who are experiencing major difficulties in their jobs - to the extent that their performance is unsatisfactory. The point is that it is all very well talking about managing and a sense of responsibility, but it has to be a two-way process. There has also, therefore, to be a degree of solidarity with people who have moments of weakness, so that an equitable system can be set up.

Before 1999 the OECD had no coherent, equitable system enabling an official to “get back on course” when the situation was beginning to be worrying - when he was told that it was beginning to be worrying. We have introduced into our working structures a somewhat barbaric acronym - the “PIP”, which stands for Performance Improvement Plan, the aim of which is to help staff and to identify the sort of objectives that will ultimately enable them to make up lost ground, so that they can serve the Organisation better and feel more comfortable working in a highly competitive environment.

All that we have in fact done in this context is to introduce procedures that exist in other international organisations, and I should like to congratulate CERN in this respect for, unless I’m mistaken, it pioneered these methods. For satisfactory results to be achieved, this type of performance improvement plan has obviously to be geared to succeeding and to be implemented in good faith on the part of both the staff who are being given a chance, and also managers who must be attentive and alive to the efforts made by the officials in question. Here in the OECD, we shall have the opportunity over the coming years to assess what this plan has achieved and see if it really does not only boost and enhance the performance of the staff concerned, but also improve the general work atmosphere in the various directorates and services concerned.



Before I really do get taken for Fidel Castro, I should like to conclude by stressing what is a general point, but one which nevertheless seems to me to be vital, namely that the international civil service really cannot continue to remain aloof from changes in labour relations, whether in industry or in national administrations. I even think that we should be anticipating these developments. The Member countries of our organisations expect of international secretariats - secretariats that they finance, sometimes very substantially - both the excellence of their expertise and also a capacity to evolve structurally and, might I say, spontaneously. In the eyes of Member countries and their governments, this culture of excellence is one of the fundamental justifications for the policy of keeping remuneration at the highest level, which is a very important objective that we have always encouraged.

It is, as it were, important to counteract what I call the “goldfish bowl” effect, meaning that each organisation looks at the world through a distorting prism as if the world was confined to the goldfish bowl of the organisation concerned, whereas in reality each of us is part of a much more global reality. In keeping that reality in mind, we have to try to maintain the best possible conditions of employment in each of our organisations which, as international organisations, are now being questioned much more closely than in the past. The legitimacy of international organisations is no longer a basic fact, considered to be unalterable, but something that is constantly being challenged. We have therefore to produce more and more cogent answers, which ought to enable us to contribute more effectively to the objectives and ideals - a word I like to repeat - the ideals we share of a structure, a universe, a world characterised by co-operation and progress which are I suppose, in the final analysis, the fundamental reasons why we all joined this group of idealists serving the common interest.

Mr. Chairman, I hope I have not been too long. Allow me to take the opportunity once again to wish you every success with today’s conference.”

The Chairman of the Staff Association thanks the Executive Director for having agreed to open the work session on performance management.

## **2. Report by the Staff Association of CERN - Performance management: present situation and future developments**

By way of introduction, Jean-Pol Matheys, Chairman of the Staff Association of CERN, indicated that the information he was about to impart might be incomplete or not up-to-date. This was why he wished to advise participants to check the information with the organisations concerned before venturing to use it.

### *A) On the management side*

#### a) Advantages

According to managers, performance management increases productivity, motivation and cohesion and also improves career management. That said, if managers approve of performance management, it is also because it is in vogue and is something that is wanted by Member countries and seen as a way of making savings.

#### b) Drawbacks

Performance management does, however, increase the workload of supervisors, and also obliges them to take training courses in staff management. Then again, it increases their responsibilities, in the sense that they have to talk with their staff about whatever is not going well,

break bad news and help them (e.g. performance improvement plan). Most supervisors, however, are reluctant to take on this sort of responsibility.

### *B) On the staff side*

#### a) Advantages

As a rule, performance management results in improved communication between supervisors and supervisees. Also, staff appreciate the 360° systems of evaluation introduced in some organisations, which in particular enable supervisees to assess their supervisors. There are also other systems that allow staff to comment on the way their supervisors manage.

#### b) Drawbacks

On the downside, performance management often has the effect of slowing career development. Also, it increases competition between staff, and this becomes more important than team spirit and work itself. Another drawback is that it can encourage nepotism. Lastly, it has the effect of reducing staff safeguards and guarantees (for example, officials are no longer sure to get a step increase every year; whereas these used to be automatic and linked to seniority, they now depend on performance).

### *C) Groundwork*

#### a) Setting objectives

Objectives relating to the staff's core technical activity need to be set first of all. In some systems, such as CERN and ESA in particular, objectives are also team and supervision-linked; in this way, staff members can tell supervisors what needs to be improved.

Some firms have lists of performance indicators and this system, which does not operate in international organisations, looks interesting in that it makes performance evaluation more objective.

Lastly, the staff have to be given the means to carry out the objectives set.

#### b) Interviews

The performance evaluation interview has to be prepared by both supervisor and supervisee, which unfortunately is not always the case.

A real and useful exchange of views may take place during the interview, but this is not possible with telephone conversations and videoconferencing. More and more frequently, however, the interview never takes place, whence the danger of nepotism.

### *D) Performance evaluation: by whom?*

As a rule, performance evaluation takes place at two levels, namely:

- The 1<sup>st</sup>-level supervisor establishes the objectives and monitors the results; he assesses the overall performance and does not make any proposals regarding advancement or promotion.

- The 2<sup>nd</sup>-level supervisor takes a broader view and makes proposals concerning advancement and promotion, or corrective action.

#### *E) Nature of performance evaluation*

Some evaluation systems are purely narrative: a series of points are monitored and the feedback is as a rule qualitative. This system has been used at CERN, but has the disadvantage of being too subjective.

Other, more objective systems are based on purely quantitative factors, a mark being given for a series of specific factors. This is the system used by ESA.

Finally, there are hybrid systems (quantitative and narrative) at the European Commission and the World Health Organisation (WHO), which work satisfactorily.

#### *F) Performance evaluation outcomes*

The person evaluated can obtain an advancement following the performance evaluation exercise (exceptional or additional step), but can also have the step awarded deferred or refused. This is the system that operates at CERN, but few people have ever been refused their step. It is also possible to be awarded a performance-related bonus. Some systems also provide for the transfer of the supervisee (if, for example, after discussing matters with the supervisor, the supervisee realizes that he has no future in that particular service), or for dismissal (for example, following two failed performance improvement plans in a row). Lastly, performance management can result in the supervisee being promoted. According to J-P. Matheys, promotion should be linked to staff responsibilities and qualifications, not to performance.

#### *G) Must-have elements*

In-depth supervisor training is essential to the smooth functioning of a performance management system. Supervisors have to be perfectly *au fait* with the system they are using, to know how to communicate with their staff, to have interview skills and to know all about staff evaluation techniques so that they can avoid being subjective.

There have also to be feedback mechanisms, i.e. the supervisee's comments to his/her superiors, the supervisor's evaluation top-down or the 360° system of evaluation. The ideal solution is to have the supervisor's evaluations evaluated by his superiors and by human resource management.

Supervisors must also keep their staff constantly informed as to what is going well and what needs to be improved. Unfortunately, this happens all too infrequently. Some organisations, the World Bank in particular, have mid-term evaluation systems which can prove useful.

Review and appeal mechanisms also need to be put in place. Some procedures provide for checkpoints so that third parties can be consulted if necessary. It is also a good idea to establish dedicated review panels, made up of colleagues acceptable to both the staff and the administration, which can pronounce on a case's validity ahead of any formal appeal.

Also of great importance is supervisee training. All too often, supervisees prepare poorly for their performance evaluation meeting. It is also useful for the body representing the staff to have access to public and confidential statistics in order to be able to check that the system is being correctly applied. For example, ESA has set up a joint supervisory committee responsible for monitoring the functioning of the performance evaluation system.

Lastly, it is important to look at every possible way of helping staff to improve their performance (see above).

#### *H) Dangerous aspects*

Interfering with the cost of living can be very dangerous. The system introduced at the World Bank, for example, explicitly mixes performance evaluation results with the annual adjustment of remuneration to take account of inflation, meaning that an official can be refused a step and receive no compensation for the cost-of-living increase. This sort of interference exists implicitly at CERN, where Member countries do not compensate totally for inflation since staff salaries go up anyway thanks to step increases. International organisations seem in general to be moving further and further away from awarding steps and annual adjustments of remuneration automatically, so it would be interesting to hear from staff representative bodies that have fought successfully to keep such adjustments automatic.

In the same way, the interference with promotions, that is likely to occur at CERN in the near future if the new system is brought in, does represent a real danger in that it makes the conditions for awarding promotions even more subjective. This is because it does away with the link between duties and remuneration. The Staff Association of CERN is therefore of the opinion that everything must be done to keep performance separate from promotion.

There is also a gender-related bias. At CERN, the statistics show that women get fewer double steps than men; on the other hand, they receive more bonuses. This indicates that performance is not recognized in the same way, depending on whether the person evaluated is a man or a woman, which is all the more dangerous in that performance and promotion are linked.

Lastly, budgetary constraints and demography represent a dangerous trap. The same budget does not necessarily offer the same chances of advancement. An organisation that recruits a lot of young people will not be able to guarantee them a satisfactory career path. Also, comparing international organisations on the basis of their advancement budget is impossible without knowing their demographic situation.

#### *I) First conclusions*

Performance evaluation is a key part of all human resource management, but it is a system that can prove dangerous for staff. Obviously, it is topical and in vogue. While every system is different, the vital components and the dangers remain exactly the same.

It is, in any event, important to exchange information on this subject on a regular basis. A working party on performance management could be set up, while the Internet and electronic mail could also be used to follow up on the day's discussions.

### **3. Statement by the Chairman of the Staff Association of the International Organisation for Migrations (IOM).**

Reinhard Lohrmann, Chairman of the IOM Staff Association, wanted to tell participants about the experiences of an Organisation which does not have a performance evaluation system. Two attempts had been made to set up some such system, but both had failed. On the first occasion, twenty years ago, it was when the Organisation's financial situation had made it necessary to reduce the number of staff. It goes without saying that the proposal was far from well received by staff, given the situation at the time. One manager even admitted that he had once felt compelled to be harsh in assessing one of his staff because he too was being assessed and was also likely to have a few bad marks in his performance appraisal report! The Staff Association

therefore made it its business to defend any colleagues who were threatened with dismissal because their performance was unsatisfactory.

The second attempt was made in January 1999, without the Staff Association even being consulted. The scheme itself was extremely complicated and costly. Supervisors and supervisees were to agree on four annual objectives, reviewing them after six months and seeing what results had been achieved. Both supervisors and supervisees were also to be trained in the use of the new system. When implemented, the system was not an enormous success, many people forgetting all about the mid-term review, and the new Director-General, appointed in October 1999, decided to put a stop to it. At present the IOM is thinking about devising a new performance appraisal system which would be simpler and easy to manage. Experience shows, though, that it is very difficult to make do with just one system because the IOM encompasses a wide variety of tasks and duty stations.

Lastly, the experience of the IOM shows that poor performance is always assessed one way or another, without it being necessary to have a proper evaluation system. Then again, a performance appraisal system has to have been properly and regularly used over a number of years to be of any real value. But the cost of such a system is very considerable (the time involved at all levels, administrative costs and the costs attaching to any disputes), so it is important to weigh up the costs and benefits, even if that is no easy task.

#### **4. Statement by the Chairman of the Staff Union of the International Telecommunications Union (ITU)**

João Cordeiro, Chairman of the ITU Staff Union, began by raising the question of the role of staff representative bodies in setting up performance evaluation systems.

In 1994, the ITU administration had set out to create a new personal report, and a document on this question had even been circulated to staff. Using a new performance evaluation form, the staff being evaluated were asked to participate in the process of transforming the ITU so that it would be better equipped for the future as a result of being more efficient and having more highly motivated staff. The ITU Secretary-General had, moreover, pointed out that the drafting of a personal report was an administrative act and, as such, was covered by the Organisation's rules with regard to disputes. The staff of ITU failed to understand how the Staff Union could have allowed itself to be involved in this exercise, and it was this episode that unfortunately contributed to the staff's gradual loss of confidence in their representatives.

The above system, initially launched for a trial period, is still in use. In 1998, the new Administration of the ITU said that it wanted to change the system and the Staff Union agreed to take part in this project for the following reasons:

- the Staff Union was anxious to do away with the link, in the ITU Staff Rules, between the appraisal report and step increases;

- it wanted to take the opportunity to discuss career prospects with the Administration, these being currently non-existent because of the strict and rigid job categories in the United Nations system; and

- it wanted to defend those with short-term contracts who were the victims of the confidential nature of the personal reports drawn up by their supervisor(s) and consulted by those international organisations to which they might apply for jobs.

The discussions between the Administration and the Staff Representatives are now nearly at an end and the last version of the new personal evaluation report is being finalised. It seems that

the Staff Union has obtained satisfaction on the three points mentioned above and, on that assumption, step increases will no longer be linked to performance evaluation and will be awarded to all staff, unless performance is particularly unsatisfactory, in which case it will be up to the Secretary-General, not the supervisor, to take the decision; the new personal report focuses more on the possibility of career management; temporary staff will be able to see their personal evaluation reports.

## **5. Statement by the spokesman for the European Central Bank Staff Committee**

Fabio Scacciavillani, spokesman for the ECB Staff Committee, described the performance management system introduced at the ECB in 1999.

It was the ECB Staff Committee which had asked last year that such a system be set up and which wanted it to be linked to salary increases. Having said that, both management and staff had been doubtful about the application of a performance evaluation system. Their reluctance was due in particular to the fact that few of them had been used in their previous jobs to being assessed. It was therefore important to remove any trace of suspicion with regard to the exercise, and to convince the staff that performance evaluation was not a waste of time but, on the contrary, could be very useful, to administrators in particular, in their future job searches.

It is an exercise that requires an effort on both sides. Both supervisor and supervisee have to prepare for the evaluation and the Organisation has to provide them with all the relevant information and urge them to take the time they need for the exercise.

Performance evaluation must not, of course, be seen as an opportunity to settle scores, i.e. to challenge the supervisor or punish the supervisee. On the contrary, it should allow the two parties to talk frankly, to discuss performance during the year gone by and to set objectives for the year ahead. It is also the right time to agree on specific solutions to any problems (such, for example, as difficulties in learning a working language or computer expertise). In this way, training courses can be planned as part of the exercise.

The performance evaluation form has in the first place to detail the staff member's main tasks. Secondly, the supervisor and supervisee comment on the latter's performance and any changes in his tasks. Lastly, the report should review the objectives that the staff member was set to reach and describe those agreed on for the coming year.

The ECB also draws up a "competency profile". Performance is not linked solely to a person's specific professional qualifications. At the ECB there are three types of key competency: work style (eg. analysis, problem solving, conscientiousness), interpersonal skills (eg. cultural approach, team spirit, communication) and motivation (eg. ability to adapt, initiative, commitment). These characteristics vary according to the job performed.

Staff may, if they wish, have their performance assessed by somebody above them other than their direct supervisor. There is not, on the other hand, any formal procedure for appealing in the event of a conflict over the evaluation. At present, therefore, disputes are settled on an ad hoc basis, which is hardly very satisfactory.

Lastly, the spokesman for the ECB Staff Committee presented the results of a questionnaire on the performance management exercise, that the ECB management had sent to staff. So far, 280 people, or one-third of staff, had replied.

## 6. Discussion

Various staff representative bodies related their Organisation's experience with performance management.

### ▪ European Space Agency (ESA)

Johnny Butu, Vice-Chairman of the ESA Staff Association, gave a brief description of the performance management system recently introduced at ESA. The system, which had been negotiated with the Administration, was in the process of being implemented, though only on a temporary basis since the Staff Association had only given its conditional approval to the project.

Real difficulties were being encountered in implementing it, mainly because managers were not convinced about its merits and were averse to change. They therefore needed comprehensive training in this area.

The ESA Staff Association had, for the time being, succeeded in keeping automatic annual step increases, one of the arguments used by the Association being that managers were not sufficiently competent in the areas of expertise of the staff they supervised. Also, the Association has convinced the Administration to introduce additional measures designed to reward exceptional performances, but not involving promotion, for example: bonuses in kind (additional days of leave, missions to Kourou to take part in Ariane launches, *inter alia*). The Administration of ESA has accepted this compromise because the cost of such bonuses does not appear in the Organisation's budget.

### ▪ UNESCO

Bruno Carnez, representing the UNESCO Staff Association, outlined the new performance evaluation system introduced at UNESCO in 1999. The system had not been the subject of any consultations with the staff union or the Staff Association, and staff representatives were in fact campaigning against the project. The latter involved setting clear individual objectives and grading staff members on the basis of the results achieved. There had therefore to be a clear link between individual objectives and results, and also between the method of grading and the programme implementation cycle. Also envisaged is a 360<sup>0</sup> grading system focused on improving management skills, the aim being to help managerial staff to identify their strong and weak points. To date, 20% of the appropriations set aside for this system have been used, 75% in the form of staff credits and 25% in the form of programme credits. The exercise will not begin, however, until January 2001.

At the same time, a new system for grading results is to be put in place and this will clearly illustrate the link between personal objectives and results, incorporate model competencies and aim at establishing fair, equitable and transparent mechanisms for recognising and rewarding conspicuous merit, while at the same time proposing ways of coping with unsatisfactory results. A prototype is expected to be ready in May 2001 and be tested in a number of units between June and October 2001. When the pilot phase has been assessed and the necessary adjustments made, training will begin in January 2002 for all staff and the new system for grading results will come into force in June 2002. This timetable raises a good many doubts concerning the renewal of managers' contracts. UNESCO plans to use outside consultants to guide the exercise through, and the total cost of the programme is likely to be in the region of \$10 million.

The entire system is promotion-linked. In accordance with modern ideas about human resource management, promotions will be awarded on the basis of comparing between staff members, seniority and other criteria not directly related to competence, which takes second place.

Also, in view of the fact that opportunities for promotion remain limited and in order to establish a culture in which promotion is not seen as the only form of recognition or professional advancement, it is important that the most deserving officials are recognised and their services rewarded. To this end, a system designed to recognise both individual and team performances is set to be introduced in 2002. No other details are forthcoming, but the Council of Ministers has adopted the whole of the project as it stands.

- **NATO**

At NATO, there is no performance evaluation problem because the Administration is not really interested and the Staff Association is against the idea. There have always been personal grading reports, but according to Emilio Gasparini, Vice-Chairman of the Liaison Committee, internal career and promotion prospects are nil in NATO, except in the case of staff in the lowest grades.

- **International Labour Office (ILO)**

The performance evaluation form currently used for ILO staff deals only with the two years just past and is not in any way forward-looking. From the staff representatives' viewpoint, the exercise is meaningless. Poor reports and refusals to award annual step increases are very rare. The decision has therefore been taken to replace the system with a "personal development plan" specific to each staff member. The latter would indicate their strong and weak points and could ask their immediate superior to be sent on training courses. The introduction of this Plan is being negotiated with the Administration, but the ILO Legal Adviser insists on maintaining some sort of written performance appraisal; the staff representatives have made it clear that they consider this as a transitional measure and that the current performance appraisal system needs to be overhauled.

- **World Trade Organisation (WTO)**

Since the WTO Secretariat became independent, automatic annual step increases have been replaced by a merit-based system of performance evaluation and remuneration. The latter is in the process of being negotiated by the Staff Association and the Administration. The present project involves a three-tier system: excellent, fully satisfactory and unsatisfactory. All staff would be able to earn a bonus for fully satisfactory service, equivalent to the old step. Some (20%) would be able to get a bonus for excellent service (2.5 to 3% of annual salary). As for those whose service was unsatisfactory, they would not receive any bonus. All of these bonuses could be validated for pension purposes, in the same way as the old steps. In addition, people "blocked" at the last step in their grade (some 30% of staff) would also be able to benefit from the new system and perhaps be awarded performance-based bonuses. The immediate superior would not be the only person responsible for performance evaluation - and hence for awarding or not awarding bonuses; he would have to submit a proposal to a panel made up of all the Directors in a given Unit and, possibly, staff representatives (but the management is against this). The Administration initially rejected any individual appeals challenging the results of a performance evaluation but, following negotiations with the Staff Association, it is expected that an appeals procedure will in the end be put in place. The whole of the new system is also scheduled to be reviewed after two years, with the reactions of staff representatives and the Administration being taken into consideration. For the moment, it is mainly the management and not the staff who have been reluctant about the introduction of this system, the reasons being the increased workload and burden of responsibility that such an exercise involves. In any case, the new performance evaluation system will depend very much on the WTO budget which is liable to be insufficient to fund the project.



Lastly, according to Nicolas Lockhart, representing the WTO Staff Association's Joint Consultative Committee, it would be dangerous to break all links between performance and promotion. It is, however, true that there are nuances between the two forms of merit recognition, promotions rewarding performance over the long term and also the ability to adapt to new tasks.

- **CERN**

At CERN, an official has to perform satisfactorily for twelve months in a new position before promotion can be considered. However, many people in this precise situation do not gain promotion on the grounds that their performance is not as good as that of other members of staff. Another thing is that when steps are not often refused and few people are given unsatisfactory performance appraisal reports, Member countries tend to tire of the system and have an opportunity to bring in an even more unfavourable system introducing barriers within career paths which encompass three grades (eg. annual step awarded only every two years).

- **World Health Organisation (WHO)**

The World Health Organisation (WHO) representative said that the Organisation was currently involved in a sweeping reform of human resource management, including performance management. Edmond Mobio, Vice-Chairman of the Staff Association, said that the latter had demanded and been allowed to participate in every stage of the reform process, and had pointed out the inconsistencies and inadequacies of the proposed new system. It had also organised a staff information meeting at which it had outlined its views. The final version of the reform will probably be submitted to the WHO governing bodies for approval in the near future. The Organisation has already launched a pilot scheme for the new performance management system in its regional offices in Washington and Africa, and the results thereof ought to be available soon.

- **International Telecommunication Union (ITU)**

The Administrative Tribunal of the International Labour Organisation, which the ITU comes under, recently handed down two judgements rejecting the applicants' appeals on the grounds that they had never challenged their performance evaluations. It is therefore important that staff should always enter any reservations they may have concerning their evaluation in the relevant report.

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The Chairman of the OECD Staff Association concluded from this exchange of views that, with a few exceptions, it was difficult to get away from the notion of grading in international organisations. The problem was to know whether bodies representing the staff should join in such exercises or resist them. Most international organisations appeared to be experiencing difficulties in implementing performance evaluation systems because of staff opposition and, more so even, the reluctance of management. Any sanctions that might result from performance evaluations were, moreover, rarely applied (the OECD's Performance Improvement Plan, for example, had been used in the case of two or three people at the most), so people's fears about these systems needed to be qualified. Lastly, the staff had their doubts about the reasons that the Administration gave for implementing this type of system: was the aim really to improve staff competencies? Was it not more of a financial nature? Or was it simply the product of a new generation of human resource directors. Whatever the reality, the advantages of these systems and the results produced seemed rather paltry compared with the cost of implementing them.

## **Preparation of the second Conference of Staff Associations of International Organisations**

It was indicated first of all that the proceedings of the present Conference would be sent to participants within 45 days. All the participants thanked the OECD Staff Association for its initiative and for the excellent way the first Conference had been organised. Regarding the preparation of the second Conference, the participants opted in favour of the event being annual and therefore agreed to meet again in 2001. The Staff Association of CERN volunteered to organise the second Conference in Geneva, the condition being that the members of the new Executive Committee, to be elected in June 2001, were in agreement. It was envisaging a conference made up of three half-days, with three topics on the agenda. In the event of the CERN Staff Association encountering difficulties, the NATO staff representative offered to provide participants with adequate premises in Brussels. Various topics were suggested for the next Conference: salary adjustment methods, pension systems, international administrative jurisdictions, contractual policy, career structures, the social dialogue and working hours. The OECD Staff Association suggested that there should be a balance between general, abstract topics and more concrete issues. In any case, it was the Staff Association responsible for organising the next conference that would decide at a later date what topics would be discussed.

Participants also expressed the desire that contacts be maintained between annual conferences, and it was suggested that electronic means of communication could be used for this purpose (electronic discussion forum, for example). It was proposed, lastly, that general information about each of the staff associations represented, and also about the international organisations to which they belonged, should be available to participants. The idea of sending a questionnaire to all participants was therefore contemplated.

The OECD Staff Association thanked all the participants.