

CONDITIONS OF SERVICE APPLICABLE TO THE STAFF
OF THE WTO SECRETARIAT

Draft Decision Proposed by the Chairman of the Working Group on
Conditions of Service Applicable to the Staff of the WTO Secretariat

The WTO General Council and ICITO Executive Committee,

Noting that a WTO Secretariat shall be established pursuant to Article VI of the Agreement Establishing the WTO,

Considering the Marrakech Ministerial Decision on Organizational and Financial Consequences Flowing from Implementation of the Agreement Establishing the WTO,

Recalling that the WTO is a *sui generis* organization established outside the United Nations system,

Recalling also the Decision adopted by the General Council at its meeting on 7, 8 and 13 November 1996 that the General Council shall in 1997 continue its consideration of the Draft Decision of 18 September 1996, with a view to reaching a final conclusion by 30 June 1997, as well as the decision adopted by the General Council on 6 March 1997 establishing the Working Group on Conditions of Service Applicable to the Staff of the WTO Secretariat and defining its terms of reference,

Recognizing the need to establish the WTO Secretariat as an independent entity,

Noting that the establishment of an independent WTO Secretariat will provide a unique opportunity, on the one hand, to introduce far-reaching personnel policy reforms with a view to further enhancing the efficiency, cost-effectiveness and competitiveness of the Secretariat and, on the other hand, to improve the well-being of the staff, on the understanding that the overall conditions of service applicable to the present staff should be no less favourable in the WTO Secretariat than in the ICITO Secretariat,

Emphasising that, in the foreseeable future, the system of conditions of service applicable to the staff of the WTO Secretariat should not give rise to any increase in personnel costs in real terms,

1. *Authorize*, without prejudice to the final decision on the conditions of service to be applied to the staff of the WTO Secretariat, the Director-General, in his capacity as Executive Secretary of the ICITO, to inform the Standing Committee of the United Nations Joint Staff Pension Board at its 180th Meeting of the intention of the General Council/Executive Committee to apply under Article 16 of the Regulations of the Fund for termination of the membership of ICITO in the Fund on 31 December 1997, with a view to the establishment of the WTO Secretariat on 1 January 1998, and subject to:

- (a) the approval by the General Council in the autumn of 1997 of Staff Regulations, Staff Rules, Pension Plan Regulations and appropriate transitional measures in accordance with its decision of 6 March 1997 and taking into account the progress so far achieved by the Working Group on Conditions of Service Applicable to the Staff of the WTO Secretariat, as summarized in the attachment to the present Decision and notably with respect to greater staff accountability and a more precise correlation between remuneration, responsibility and performance,
- (b) the conclusion of a mutually satisfactory arrangement for the payment to the WTO of a proportionate share of the assets of the United Nations Joint Staff Pension Fund at the date of termination of ICITO membership,
- (c) the submission of a second opinion on the calculations of the WTO consulting actuary with respect to the proposed Pension Plan by an actuary designated by the Chairman of the General Council in consultation with the Chairman of the Working Group on Conditions of Service Applicable to the Staff of the WTO Secretariat, and
- (d) presentation by the Director-General of budget estimates for 1998 that are demonstrably cost-neutral, taking into account the above regulatory framework and the amount of assets expected to be recovered from the United Nations Joint Staff Pension Fund,

2. *Decide* that the conditions of service applicable to the staff of the WTO Secretariat shall be subject to triennial review from the point of view of cost and consistency with the evolution of personnel policies in comparable intergovernmental organizations,

3. *Further decide* that the Working Group on Conditions of Service Applicable to the Staff of the WTO Secretariat shall continue its work in accordance with the terms of reference adopted on 6 March 1997 and submit its final report, together with the final draft texts of the Staff Regulations and Rules and Pension Plan Regulations, to the General Council by 14 November 1997.

COMPARISON OF MAIN ELEMENTS OF
CONDITIONS OF SERVICE

<u>Common system</u>	<u>Proposed system</u>
<p>1. <u>Net salary</u>¹ (a) For Professionals, scale expressed in US\$ and supplemented by post adjustment in US\$ to reflect exchange rate and cost-of-living differences between New York and Geneva. Converted into SFR at prevailing exchange rate.</p> <p>(b) For General Service staff, scale expressed in Swiss francs. Subject to annual adjustment according to Geneva CPI.</p>	<p>1. Net salary expressed in Swiss francs on a unified scale for all staff. Subject to annual adjustment according to Swiss CPI to the extent that national civil service salaries of five major contributors are adjusted except that cumulative adjustment not to exceed Swiss CPI movement.</p>
<p>2. <u>Progression through the salary scale</u>¹ On the basis of quasi-automatic periodic annual or biennial salary increments.</p>	<p>2. <u>Progression through the salary scale</u> On the basis of the staff member's performance, the rate of progression being determined by the value of the services rendered.</p>
<p>3. <u>Dependency allowances</u>¹ (a) For Professionals, allowance in respect of first primary dependant expressed as a percentage of net salary + post adjustment, increasing by grade. Allowance in respect of other primary dependants and secondary dependant expressed as a lump sum based on practice in common system headquarters locations.</p> <p>(b) For General Service staff, spouse allowance, child allowance and secondary dependant's allowance expressed as a lump sum based on local practice.</p>	<p>3. <u>Dependency allowances</u> For all staff, lump sum based on local practice.</p>

¹ = core condition

<u>Common system</u>	<u>Proposed system</u>
<p>4. <u>Language incentive</u>¹ (a) For General Service staff, pensionable lump sum based on 5 per cent of minimum salary payable to bilingual secretary. (b) For Professional staff, accelerated periodic salary increments.</p>	<p>4. <u>Language incentive</u> None</p>
<p>5. <u>Repatriation grant</u>¹ (a) For internationally-recruited General Service staff, based on final net salary + other pensionable elements, expressed as a function of family status and length of service. (b) For expatriate Professional staff, based on net salary (without post adjustment), expressed as a function of family status and length of service. In both cases, subject to evidence of relocation outside Switzerland.</p>	<p>5. <u>Repatriation grant</u> None</p>
<p>6. <u>Separation indemnity</u> None</p>	<p>6. <u>Separation indemnity</u> Payable to all staff upon separation from service. Based on net salary and expressed as a function of length of service and family status.</p>
<p>7. <u>Termination indemnity</u>¹ (a) For General Service staff, based on final net salary + other pensionable elements, expressed as a function of contractual status and length of service. (b) For Professional staff, based on final net salary (without post adjustment), expressed as a function of contractual status and length of service.</p>	<p>7. <u>Termination indemnity</u> For all staff, based on final net salary, expressed as a function of contractual status and length of service. Payable only in the event of termination of contract.</p>

<u>Common system</u>		<u>Proposed system</u>
8.	<u>Rental subsidy</u> ¹ Payable on a declining scale to internationally-recruited staff during limited period following arrival. Expressed as a function of net salary and maximum rent values depending on family size.	8. <u>Rental subsidy</u> No change
9.	<u>Education grant</u> ¹ Payable to expatriate staff in respect of children attending fee-paying educational establishments. Maximum grant set at 75 per cent of maximum admissible fees, expressed in local currency with reference to fees in most frequently attended schools in country concerned.	9. <u>Education grant</u> No change
10.	<u>Installation grant</u> ¹ Payable to internationally-recruited staff, equivalent to 30 days' per diem per staff member and 15 days' per diem per primary dependant.	10. <u>Installation grant</u> No change
11.	<u>Home leave</u> ¹ Granted to expatriate staff + spouse and dependent children once every two years. Payment of return travel expenses by most direct, economical means of transport to place of home leave, plus travel time.	11. <u>Home leave</u> No change
12.	<u>Assignment grant</u> ¹ Compensation payable to internationally-recruited staff not eligible for reimbursement of full removal expenses. Lump sum corresponding to one month's net salary (plus post adjustment if applicable) plus monthly grant expressed as a function of mid-point of Professional salary range.	12. <u>Assignment grant</u> None
13.	<u>Travel and removal expenses</u> Payable to internationally-recruited staff.	13. <u>Travel and removal expenses</u> No change
14.	<u>Annual leave</u> 30 working days per year of service.	14. <u>Annual leave</u> No change

<u>Common system</u>	<u>Proposed system</u>
<p>15. <u>Sick leave</u> 63 working days on full pay and 63 working days on half pay in any period of one year during first three years of service. 195 working days on full pay and 195 working days on half pay in any period of four consecutive years after first three years of service.</p>	<p>15. <u>Sick leave</u> No change</p>
<p>16. <u>Contracts</u> All initial appointments for a fixed term. After five years of satisfactory service, staff become eligible for consideration for a permanent contract.</p>	<p>16. <u>Contracts</u> All initial appointments for a fixed term. After five years of satisfactory service, staff performing long-term functions become eligible for consideration for a regular contract.</p>
<p>17. <u>Pensions¹</u> (a) <u>Pensionable remuneration</u> For General Service staff, derived from net salary + pensionable allowances in Geneva, grossed up using universal tax rate scale. For Professional staff, derived from net salary + post adjustment in New York, grossed up using universal tax rate scale and subject to further upward adjustment for determination of benefits payable in Switzerland.</p>	<p>17. <u>Pensions</u> (a) <u>Pensionable remuneration</u> For all staff, derived from net salary in Geneva, grossed up using Swiss tax rates.</p>
<p>(b) <u>Benefit accumulation rate</u> For staff recruited before 1.1.1983: 2% per year of service for first 30 years 1% per year of service for next 10 years. For all other staff: 1.5% per year of service for first 5 years 1.75% per year of service for next 5 years 2% per year of service for next 25 years 1% per year thereafter up to max. 70%</p>	<p>(b) <u>Benefit accumulation rate</u> For all staff 2% per year of service for 35 years.</p>
<p>(c) <u>Contribution rate</u> Overall rate of 23.7% shared on 2 : 1 basis between Organization and staff.</p>	<p>(c) <u>Contribution rate</u> To be defined, but same sharing ratio.</p>

<u>Common system</u>	<u>Proposed system</u>
<p>(d) <u>Early retirement reduction factors</u> Earliest date is 5 years prior to normal retirement age (see (g) below); For staff with < 25 years' service, benefit reduced by 6 per cent per year prior to normal retirement. For staff with 25-30 years' service, benefit reduced by 2-3 per cent per year. For staff with > 30 years' service, benefit reduced by 1 per cent per year.</p>	<p>(d) <u>Early retirement reduction factors</u> Earliest date the same. Benefit reduced by smaller of 1.5% points times 85 - (age + length of service), and 3.0% points times years prior to normal retirement</p>
<p>(e) <u>Disability benefit</u> Projected normal retirement benefit at date of separation.</p>	<p>(e) <u>Disability benefit</u> No change</p>
<p>(f) <u>Surviving spouse's benefit</u> 50% of (e)</p>	<p>(f) <u>Surviving spouse's benefit</u> 60% of (e)</p>
<p>(g) <u>Normal retirement age</u> For staff recruited before 1.1.90, 60 For other staff, 62</p>	<p>(g) <u>Normal retirement age</u> No change, except all staff would have option to continue to 62.</p>
<p>(h) <u>Cost-of-living adjustments</u> Pensions adjusted whenever reference CPI moves by > 3%. Initial pensions adjusted if cost-of-living in country of retirement is > 5% higher than in Switzerland.</p>	<p>(h) <u>Cost-of-living adjustments</u> No change.</p>