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**KEYNOTE SPEECH BY THE CHAIRMAN, MR. LARBI DJACTA
AT THE EUROSTAT CONFERENCE ON REMUNERATION STATISTICS
Luxembourg, 9 December 2019**

**Madam Kotzeva, Director General of Eurostat,
Distinguished Delegates,
Ladies and Gentlemen,**

It is a great pleasure for me to join you at this Conference. I would like to start by thanking Madam Kotzeva for her kind invitation for me not only to attend the Conference, but to also deliver this keynote address. Let me also thank the organizers of what I understand is the first Conference focusing on statistical aspects of the determination of the various components of remuneration. It is indeed a marvellous idea to draw the attention of international organizations to this important subject, because they all have similar issues and concerns with regard to human resources management and policy.

As you all know, remuneration statistics have become an important and increasingly topical issue in the process of social dialogue within international

organizations. Among other things, they are required for evidence-based human resources management and policy, an integral component of most compensation systems. These statistics are in high demand among policy makers in international agencies who must design compensation policies and salary administration mechanisms to ensure that they remain competitive and attractive to the best and the brightest employees in the global workforce.

The setting and periodic adjustment of remuneration is, of course, a sensitive matter in the interactions among stakeholders. Both employers and employees pay close attention to the management of remuneration systems, sometimes with different, often competing objectives and expectations. By their very nature, the level of scrutiny of remuneration statistics is usually higher than other forms of official statistics. It is therefore imperative that the production of remuneration statistics be based on valid statistical principles, such as the Fundamental Principles of Official Statistics (established by the United Nations Statistical Commission), or the European Statistics Code of Practice. This would lead to sound methodologies and salary setting and adjustment policies that ensure the appropriate level of stability in the evolution of salaries, as well as predictability and transparency in their periodic adjustments. All this ensures that the statistics produced are fit for purpose and of the

highest level of quality, so that they can be used to facilitate evidence-based decision making.

At the United Nations, the International Civil Service Commission (ICSC) is an independent technical body, a subsidiary organ established by the General Assembly, with a mandate to coordinate and regulate the conditions of service (including the compensation system), for the family of organizations in the United Nations common system. It, in turn, established the Advisory Committee on Post Adjustment Questions (ACPAQ), to provide advice to the Commission on matters of statistical methodology and principles. The ICSC conducts its work in a transparent manner, with the full collaboration of representatives of both employers and employees. Every effort is made to arrive at conclusions and recommendations that are based on evidence and technical validity, so that they are implemented routinely without undue political influence. Such recommendations and decisions are subject to review and endorsement or approval by the General Assembly through a consultative process designed to arrive at a consensus resolution, and hence, is not completely free of non-technical considerations. However, these are kept to a minimum through a process of close consultations with the technical experts within the ICSC secretariat.

The ICSC has, in recent years, undertaken a comprehensive review of the

compensation package of the UN common system, with the objective of modernizing it and making it more competitive and fit for purpose. The review included a comparative analysis and benchmarking of the practices of the UN common system with those of several comparators, including the European Commission, the Coordinated Organizations, the World Bank Group, and the U.S. federal civil service. Given the global reach of the UN common system, the diversity among its staff, and the wide variation in the nature and location of assignments, the ICSC found that the current globalist approach continued to be the best-suited for professional-level staff in an international civil service. However, the package was modernized in many aspects, by, *inter alia*, aligning the salary scale with those of other international organizations, that is, a single scale focused on the nature of the job performed, not differentiated by dependency status. All allowances, including those for dependency status and other social benefits such as education grant, mobility and hardship conditions, were simplified and streamlined. Transitional measures were put in place to phase in salary losses attributable solely to the re-design of the salary scale.

The ICSC is currently engaged with another comprehensive review of the Post Adjustment System, which is the system that ensures parity of the purchasing power of salaries paid to expatriate UN common system staff in the various duty stations

around the world, relative to those of their counterparts in New York, the base of the system. In keeping with past tradition, this review is being conducted in a collaborative manner with all stakeholders. Both the underlying statistical methodology and the operational rules governing the policies of salary setting are being reviewed. It is anticipated that an improved post adjustment system will be in place by the next round of surveys, expected to be launched in 2022.

Even though all international organizations have their respective compensation philosophies, remuneration structures, and salary setting and adjustment policies, there is considerable commonality in the characteristics of their employee populations, broad compensation goals, and demand for high-quality remuneration statistics used in salary adjustments. The budgets of many of these organizations are financed by governing bodies with the same member states. It is therefore both logical and desirable that there be close collaboration between such organizations in the area of the production and application of remuneration statistics. Such cooperation could entail the sharing of base data that can be applied to each organization's remuneration structure, salary adjustment methodology, job matching, and compensation goals. Better yet, the various adjustment methodologies and data production mechanisms could be harmonized to attain the full benefits of collaboration.

I am pleased to say that the United Nations, the European Commission, and the Coordinated Organizations are engaged in one of the best examples of such cooperation in the area of remuneration statistics, which is operated by their technical agencies: respectively, the ICSC secretariat, Eurostat, and the International Service for Remunerations and Pensions (ISRP). This cooperation was memorialized with the signing, in 2009, of a tri-lateral Memorandum of Understanding, providing for the exchange of statistical data for remuneration purposes, as well as the harmonization of methodologies for their production. In the ten years since the MoU's inception, all parties have seen and repeatedly acknowledged its benefits in terms of efficiency, effectiveness and economy, in dealing with issues faced by them and their governing bodies. Indeed, all parties are currently advocating an expansion and further strengthening of the existing partnership, to include harmonization of statistical methodologies and survey instruments, the sharing of detailed but anonymized micro-data, as well as policies covering other components of compensation beyond the basic remuneration elements. Furthermore, ICSC products, such as the Daily Subsistence Allowance (DSA), the Retail Price Index (RPI), Hardship Classifications, are used frequently and routinely by many international organizations and the foreign and diplomatic services of many Member States of the United Nations.

The ICSC continues to value its collaboration with Eurostat and ISRP in the exchange of price data and harmonization of our respective methodologies, in order to fully benefit from the obvious areas of synergy. In this connection, following a meeting with Madam Kotzeva earlier this year, I was pleased to approve, in principle, Eurostat's request for the active cooperation of the ICSC secretariat in its forthcoming European Comparison Programme-type price survey in New York. Indeed, we are already providing similar support to ISRP for its annual real estate agency surveys in New York.

In conclusion, I would like to reiterate the critical importance of remuneration statistics in the overall compensation systems of international organizations. Because of their sensitive nature, their production and management are heavily scrutinized by employers and employees alike, and so they may never be free from political influence or the dictates of global macro-economic realities. It is therefore absolutely important that producers of remuneration statistics perform their work in an independent, technical manner, with regard to their methodologies and procedures, seeking to continually improve statistical products, and strictly adhering to all the fundamental principles of official statistics. And, as our tri-lateral memorandum of understanding has amply demonstrated, close collaboration in this critical area among international organizations brings a lot of benefits to all parties, including

enhanced quality and credibility of the statistical outputs. Getting remuneration statistics right will go a long way towards helping international organizations remain relevant, and fulfil their mandates by recruiting, retaining and motivating the best and brightest in an increasingly diverse, mobile and competitive workforce environment.

Once again, I thank Madam Kotzeva for her kind invitation, Eurostat for organizing this important conference, and all participants for your attention.