**Principles of Remuneration**

1. The remuneration of staff members is established in accordance with the United Nations (UN) Common System of Salaries and Allowances. The Common System is the arrangement by which most organizations of the UN system have agreed to follow a single, coordinated set of salaries and allowances for their staff. The Common System organizations include the UN, its subsidiary organizations, and the specialized agencies. Not included in this arrangement are the Bretton Woods institutions, i.e., the World Bank, the International Monetary Fund (IMF), and their affiliated organizations (organizations that have not agreed to be covered by the UN Common System of Salaries and Allowances).

1. The purpose of this Common System approach is to avoid undue competition among UN agencies for staff, while at the same time facilitating movement (by means of secondments, loans, and transfers) between agencies. The main elements of the pay system (salaries and allowances) come under the Common System, as do the pension system and other main social security benefits. The General Assembly (GA) and the legislative organs of the other UN system agencies have agreed that the conditions of the staff of the different organizations will be governed by the coordinated system. It has also been accepted by the different organizations that the International Civil Service Commission (ICSC) is to play a central role in harmonizing and regulating the conditions of service among Common System organizations.

1. Through the decisions of the various governing bodies, through the decisions and recommendations of the ICSC, and through the coordinated deliberations of the High Level Committee on Management (HLCM), the allowances and benefits that are covered by the Common System include, *inter alia*, the following: base salary; the post adjustment and rental subsidy/deduction system; mobility and hardship allowance (MHA), dependency allowances, education grant (EG) and travel (EGT); assignment grant (AG) arrangements; shipping and insurance entitlements; separation benefits; annual leave (AL) and home leave (HL) provisions; retirement and disability provisions; and danger pay.

1. Despite the attempt to coordinate most of the broad package of benefits, there are, nevertheless, some benefits that do not come under the Common System of salaries and allowances. For these ‘excluded’ benefits, either the organizations have agreed that it is not necessary to have coordination conditions or the organizations have ‘agreed to disagree’. Some of the benefits not falling within the Common System are: medical insurance, benefits for language proficiency, merit awards, and use of business class travel.

**Noblemaire Principle (for International Professional and Higher Categories)**

1. The remuneration of staff is based on the "Noblemaire Principle" (from the name of the Chairman of a Committee of the League of Nations, which first formulated it in 1920). This principle holds that an international organization must remunerate its entire staff equally for work of equal value, irrespective of differences in levels of pay in the various countries from which they are drawn. It must also be able to recruit and retain staff from all its member states. Consequently, the uniform level of pay it provides must be sufficient to attract staff from the country or countries where national pay levels are highest.

1. The principle has been applied in practice since the establishment of the UN system by taking, as the single point of reference for setting the level of UN remuneration, the pay of the home civil service of the United States of America (USA), which is normally the highest paid.

1. In the application of this principle, a comparison is made between the remuneration level (net salary plus post adjustment) for UN staff in New York and the salary level for US federal civil servants in Washington, D.C., for a range of jobs and grades that have been found to be at similar levels of responsibility. An adjustment is made for the costof-living differential between the two cities. With the assistance of ICSC, the GA monitors this remuneration comparison on a regular basis and approves adjustments in salary from time to time. In doing so, the GA allows for a margin of pay between the two services to be approximately 15 percent, in favour of the UN pay in New York. The justification for this ‘margin’ of difference has traditionally been based on three factors:

* 1. The largely expatriate nature of UN system service

* 1. The shorter career in the UN system, due to a higher average age of recruitment

* 1. The more limited promotion prospects in the UN system

1. The annual reports of the ICSC provide information about the various studies undertaken in this connection, particularly about the manner in which the comparison is made between US and UN salaries.

1. The application of the Noblemaire Principle and the consequent ‘margin comparison’ described above result in the setting and monitoring of salary levels at the base of the UN salary system, which is New York. To ensure appropriate pay levels at other duty stations, the post adjustment system is maintained for the purpose of providing similar ‘purchasing power parity’ as compared to New York.

1. While the UN salary system continues to be based on the comparison with a single national civil service, reputed to be normally the best, attention has been given in recent years to the possibility of taking other reference points into consideration. Other international civil services (which certainly did not exist back in the days of the League of Nations when the Noblemaire Principle was enunciated) do exist today and do compete with the UN system for qualified staff. For that matter, it is also understood today that the UN international civil service draws its staff from a much wider network than civil services alone. These and other considerations have encouraged an ongoing debate about the appropriate way to apply the Noblemaire Principle in the modern environment.

**Fleming Principle (for Locally Recruited Staff Members)**

1. The remuneration of local staff members is based on the “Fleming Principle” (from the name of the Chairman of the Committee that first enunciated it in 1948). This principle advocates that these staff should be compensated in accordance with the best prevailing conditions of service found locally for similar work. This ensures that the UN remains a competitive employer able to attract and retain high-calibre staff. In practice, the salaries and conditions of service of locally recruited staff members are established by reference to those of the presumed best employers in the locality, identified by means of a survey.

1. The salaries of local staff are set on the basis of a single scale applicable to all locally recruited staff members at a particular duty station.