

Agenda item 8

Review of process and mechanisms for Secretariat staff salary awards

Action requested: The Standing Committee is invited to note the content of this document, a response to Decision SC40-13, and advise the Secretary General as appropriate.

1. In Decision SC40-13 the Standing Committee “requested the Subgroup on Finance to review the overall process and mechanisms for Secretariat staff salary awards, clearly considering the decision-making responsibilities of the Secretary General vs. where Ramsar should follow IUCN processes.”
2. The Secretariat has produced the attached policy paper to brief the Subgroup on Finance. This paper will be reviewed and discussed by the SubGroup and the group’s conclusions reported to the Standing Committee in its report.

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Ramsar 2009 -2012 Salaries – March 2010
Policy, methodology, communication

1. At the 40th meeting of the Standing Committee (2009), the SC requested that the Subgroup on Finance review the overall process and mechanisms for Secretariat staff salary awards, clearly considering the decision-making responsibilities of the Secretary General vs. where Ramsar should follow IUCN processes (Decision SC40-13).
2. This paper has been prepared for the Subgroup on Finance in response to this. It also outlines the Secretary General's plans for Secretariat salaries for 2010-2012. The Secretary General requests that the Subgroup endorse this plan.

I. Background – Roles and responsibilities

a) Secretary General

3. The Ramsar Secretary General (“SG”) is required to manage the annual budgets of the Secretariat submitted to and approved by the Conference of the Parties (COP) every three or four years. The SG has responsibility for managing the finances of the Secretariat (“the Secretary General is responsible for the administration of Convention funds with all expenditure from this account requiring his approval or that of his designee.” Annex 3 to Resolution V.2 (2003) – *Terms of Reference for the Financial Administration of the Convention on Wetlands*, referred to in all COP finance Resolutions since, including Resolution X.2).
4. In the event of a shortfall in resources over any year as a whole, the SG is required to seek the approval of the Standing Committee as to its expenditure priorities, after which the SG is empowered to make transfers between budget lines (per Annex 3 to Resolution V.2, cited in Resolution X.2). Resolution X.2 also explicitly authorizes the Standing Committee, with the advice of the Subgroup on Finance, to change budget allocations between budget lines in the light of significant changes during the triennium, with the reservation that this must not affect Regional Initiatives or be detrimental to the work of the Scientific and Technical Review Panel).
5. However, within the approved total budget for a year, the SG must retain the power to make financial decisions and adjustments. It is inevitable that, especially over time, actual income and expenditure will vary from that budgeted at the COP and minor reallocations may be required. In the recent past, the SG has used a 10% variation benchmark, such that decisions affecting individual budget lines by $\pm 10\%$ are not referred onwards to the Subgroup on Finance or SC for pre-authorization.

b) Standing Committee

6. It is the Standing Committee's role to supervise the implementation of policy and the execution of the budget, as well as to oversee Secretariat personnel matters. (On establishment of the SC, at COP3 (1987) under Resolution 3.3.1, the role of the SC is to: “Supervise, as a representative of the Conference of the Contracting Parties, the implementation of policy by the Bureau, the execution of the Bureau's budget, and

conduct of the Bureau's programmes". At COP 4 (1990) "...and Bureau personnel matters" was added.) This is an oversight responsibility.

c) Subgroup on Finance

7. The Subgroup on Finance exists to provide guidance and advice to the SG in the discharge of his duties in connection with the administration of the finances of the Convention and to prepare recommendations on all financial aspects of the Convention that are submitted to the Standing Committee. Again it is mainly an oversight and guidance mechanism, and should be used as such. An expectation that the Subgroup on Finance will be consulted every time a financial decision is made by the SG would aid no one.

II. Personnel matters and salaries

8. Ramsar employees are legally IUCN employees. The principles of staying within IUCN's personnel management framework have been strongly enforced, at the general and specific level.
9. When the Secretariat was established as an independent unit with IUCN, based on the Resolutions of COP4 (1990), it was agreed that Ramsar would adopt the IUCN salary scale and personnel policies. ("The IUCN salary scale along with IUCN personnel provisions shall apply to Bureau personnel, subject to the approval of the Standing Committee" – Resolution appended to DOC. C.4.15, para f.)
10. This is also explicitly referred to in the delegation of legal authority from the IUCN Director General to the SG. The Secretary General has sole responsibility for all financial and administrative matters, other than those requiring the exercise of legal personality. These powers rest with the DG of IUCN and are the subject of the 1993 Delegation of Authority from the DG to the SG. That Delegation of Authority includes a number of clauses relating to personnel management and delegates from the DG to the Ramsar SG the power to select, hire or dismiss staff, assign salary levels, evaluate performance and provide employee awards, "**all in line with IUCN personnel provisions**". (This Delegation of Authority also refers to the ability of the SC to request the DG to suspend certain IUCN personnel provisions for Secretariat staff in view of Convention finances. However, this has rarely been used. Please note that the delegation does NOT apply to the selection, removal, pay, performance, etc., of the SG, which requires agreement with the Standing Committee).
11. In the 2009 Letter of Agreement on Services, the Ramsar Secretariat agreed to "adhere to all IUCN policies and procedures [relevant to matters within the purview of this agreement]." IUCN's policies and procedures relating to staff matters are detailed in IUCN's Global Human Resources Policy, HR Procedures Manual, Local Conditions of Service and Guidelines, and procedures for expatriates.
12. These policies and procedures are complex, and their practical implementation does evolve over time. The main elements relating to salary rewards are summarised below, together with a summary of how Ramsar currently applies them:

a) Basic IUCN salaries framework/methodology - summary

13. Below is the IUCN grade structure.

| Generic Category | Functional Level |
|------------------|------------------|
| Services | O |
| Support | A1 |
| | A2 |
| | A3 |
| Professional | P1 |
| | P2 |
| | SP |
| Management | M |
| | D |
| Senior | S |
| Director General | DG |

14. Different contract types are offered depending upon the nature of funding and where the employee is recruited from (expatriate vs local).
15. For each grade there is a salary band. This is built around an average local salary, which forms the mid-point of the salary band. The salary scale is reviewed and updated periodically to reflect changes in the local market – the last update was in 2004. The current A1 salary scale is from CHF 52,000 to CHF 78,000. The current S scale is from CHF 184,800 to CHF 277,200. A further review of the salary scale is anticipated in June 2010.
16. Most new recruits join IUCN/Ramsar at between the start (80%) and mid-point on the salary scale. Salary increases can be expected for cost of living, performance within grade, or promotion from one grade to another.
17. Annual cost of living increases are given to all staff (where HQ budget allows. For example in 2009 IUCN did not have sufficient resources to pay cost of living increases.)
18. Bonuses or salary increments are awarded for performance within grade. There is no formal scale for these. Assessments are based on performance appraisals and are made at the discretion of department heads, as departmental budgets allow.

b) Ramsar under the IUCN salaries framework/methodology

19. IUCN insists that Ramsar positions be graded according to IUCN criteria and staff paid according to the IUCN published salary scales. (Ramsar currently has only A2, P1, P2, M and S positions).
20. IUCN advises, but does not insist, that new recruits are brought into the organisation at the start point on the scale. The Ramsar SG has discretion to vary this as circumstances (experience, job requirements) dictate.

21. A cost of living increase is given each year in line with the movement in the annual index used by IUCN, where Ramsar budgets allow.
22. In addition, bonuses or salary increments can be awarded for performance. Performance assessments are based on performance appraisals conducted in April of each year, and are given at the discretion of the SG, only to the extent that budgets allow, remembering that the SG is concerned with balancing the entire budget of the Secretariat and not just the salaries budget, and must make judgements accordingly.
23. The SG and Ramsar staff would like to find an affordable transparent salary increment mechanism covering cost of living and performance related increments. Such a mechanism has been discussed with the Subgroup on Finance and Standing Committee previously, and the concept has been approved. However, the scale proposed in mid-2008 raised staff expectations too high and did not leave the SG sufficient flexibility to manage the total activities and finances of the Convention without significantly demotivating staff.

III. Application of Ramsar policy in 2009

24. In April 2009 the SG approved a cost of living increase of 2.6% for all Ramsar staff – this was the official Swiss rate of inflation that IUCN uses as its benchmark for Swiss-based staff. IUCN did not give a cost of living increase in 2009 because it did not have sufficient budgetary capacity. IUCN stated that it would prefer that Ramsar not give a cost of living increase, but understood that ultimately it is the SG's decision. In light of uncertainties in other areas of the budget (specifically income from retained income taxes, expenditure on expatriate benefits payable, and the effects of exchange rates), together with the general economic environment, the Ramsar SG decided to defer any decisions regarding performance related bonuses/salary increments. Whilst recognising there were a number of performances that merited reward, the SG advised staff in December 2009 that there could be no performance-related increments for 2009. Whilst salary lines had received a 4% increase in 2009 over their 2008 levels, only 2.6% cost of living increases were given.

IV. Proposed application of Ramsar policy in 2010 and beyond

25. The 2010, 2011 and 2012 budget for the Secretariat has a 4% annual increase in salary lines only.
26. The SG thus has a potentially significant pool of money to allocate to staff costs in 2010 and beyond. It might be argued that significant salary increments/bonuses could be awarded. However, a number of staffing decisions have to be taken each year, such as temporary staffing increases, correcting salary anomalies, etc. These have to be considered and factored into the decision as to what pool remains for general performance-related distribution.
27. It is the hope and expectation of the SG to be able to give some performance-related increments each year to all staff who are performing their duties well, and possibly more for those performing exceptionally, especially as Ramsar staff have limited opportunities for real promotion within the organisation due to its small size and tight budgets. Staff and managers would value a mechanism that motivates and matches annual performance with

annual financial reward, and that accepts in principal that it also needs to give the SG flexibility in managing the total budget of the Secretariat.

a) Proposed 2010-2012 new step system

28. There are arguments for and against an automatic step system and how it should be best utilised in organisations of various size and complexity. IUCN stopped using a step system in the early 1990s when it deliberately moved to a performance-based salary system. The following suggestion has been developed to be used as guidance for the Ramsar SG and staff.
29. Taking each salary band in the current IUCN scale and dividing by 25 years would give a fixed nominal annual increase per year. Staff could expect that for satisfactory performance and general progression within their job, this annual increase will be paid each year, either by way of cost of living or performance increment or both. For example, in respect of 2009 where no cost of living increase will be given, staff could expect the annual increase entirely by way of performance increment. They could expect more than this if the official Swiss cost of living index alone increases by greater than the annual increase, but should expect no additional performance increments (unless budget allows). For example if in 2011 the cost of living index was 3.5%, staff could expect a 3.5% increase.
30. Based on the current staffing structure, and assuming cost of living increase stays below 2%, this mechanism would cost Ramsar just less than 2% per annum. If cost of living increases to between 2% and 4% and the SG pays all of the increase, salary costs will increase by more, but by less than 4%.
31. The annual increase would not apply to interns or anyone in their position for less than six months before the start of the calendar year to which the increase applies. This is consistent with IUCN's policy on giving cost of living increases.
32. Should additional budgetary capacity exist, and cases of exceptional performance exist which the SG determines should and can be rewarded, he will determine additional performance increments or bonuses.
33. The SG's conclusions will be reviewed with IUCN before being finalised to ensure that anomalies are not being created and fairness and objectivity is being generally applied. IUCN keeps the Ramsar SG apprised of where each employee lies in his or her salary band and advises the SG when anomalies need fixing or where his decisions regarding performance related increments do or might create problems.
34. The above mechanism could be simply reworked as and when IUCN pay scales change, and would not in itself lead to any cost escalation.
35. IUCN do consider that this step system falls outside of IUCN policy and its use will need to be agreed as an exception to the 2009 Letter of Agreement on Services. Preliminary indications are that such an agreement will be possible.

b) How this would work in 2010

36. The 2010 official Swiss rate of inflation index shows a small reduction in cost of living, and the Ramsar SG is not proposing a cost of living increase for 2010. A very small increase in the monthly medical premium element of salary will be given to stay in line with IUCN in this regard.
37. For 2010 the estimated cost of the annual increases based on the step system above is CHF 37,000, representing a 1.3% increase in salary cost. The SG has already made decisions for 2010 that will cost a further 1.7% (including keeping Dwight Peck as part-time Documentation Officer and a small increase in administrative support for six months). This currently leaves him with 1% for additional performance related increases, other staffing related decisions, or underspend (to cover overspend elsewhere in the Secretariat budget). The SG will make final decisions in the summer of 2010.

c) Communication

38. Ramsar staff understand that the headline 4% annual increase in staff costs does not necessarily equate to across the board increases of 4% for each staff member, but wants to understand how the SG elects to spend this 4%. We assume that the Subgroup on Finance would welcome the same information. And so the SG and Finance Officer propose reporting annually on this to the Subgroup.