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PROPOSED AMENDMENTS TO THE SYSTEM FOR THE DETERMINATION OF REMUNERATION OF IICA PERSONNEL

San Jose, Costa Rica
July 2004

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

INTRODUCTION

Current Text

Proposed Text ¹

New

The definitions in the glossary attached to the IICA's Staff Rules apply to this document. For the correct interpretation and application of the terms used herein, users should consult the glossary.

SECTION ANALYSIS

The purpose of this proposed provision is to remind users of the Rules that there is a glossary and that the definitions contained therein are of critical importance for applying and interpreting the Staff Rules and the Remuneration System. Users often either do not realize there is a glossary or forget that it exists, and that leads to misunderstandings and mistakes.

¹ Deletions from current text are in ~~strikeout~~; new text is in bold and italics. Use of male pronoun is gender neutral, unless the context clearly suggests otherwise.

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

PART I INTERNATIONAL PROFESSIONAL CATEGORY PERSONNEL

Current Text

1. Salary Schedule

- b. The salary differentials between the grade levels are at a fixed percentage of the first step of the immediately preceding grade level. From P-1 to P-5 that percentage is 21%. From P-5 to D-2, that percentage is 13%. There are 20 within-grade steps for each grade level from P-1 through P-5, established at a fixed amount based on a percentage of the salary of P-1 step 1. At the levels of P-6, D-1 and D-2 there are 10 within grade steps. The first 10 steps of each of the grades are established at 3.5% of the salary of the P-1 step 1 and the steps from 10 to 20 are established at 2% of P-1 step 1.

The first 10 steps will be available as entrance levels and for advancement for seniority and satisfactory performance. Those steps beyond step 10 will be available only through seniority and performance at the satisfactory level.

Proposed Text

1. Salary Schedule

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~~The first 10 steps will be available as entrance levels and for advancement for seniority and satisfactory performance. Those steps beyond step 10 will be available only through seniority and performance at the satisfactory level.~~

SECTION ANALYSIS

The text eliminated from this Rule refers to steps in the salary scale and the percentage differences between them. The General Directorate intends to reduce the number of steps in each grade from twenty to a number more consistent with that of the salary scales of other inter-American organizations. The reduction in steps is to be balanced by an increased opportunity for staff to earn bonuses, based on totally satisfactory performance or better. The change in the text is necessary to accommodate this new concept of a more modern compensation system more squarely based on individual performance.

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

PART I INTERNATIONAL PROFESSIONAL CATEGORY PERSONNEL

Current Text

Proposed Text

1. Salary Schedule

- d. Salary increases for individual staff members will be possible under the following conditions:
- i. When salary schedules are changed as in c. above;
 - ii. by seniority and acceptable performance (seniority will be recognized only when performance is at an acceptable level or higher);
 - iii. by merit (when performance is satisfactory or higher as recognized in the appropriate procedures; and
 - iv. by promotion

1. Salary Schedule

- d. Salary increases for ~~individual~~ staff members will be possible under the following conditions:
- i. When salary schedules are changed as in c. above;
 - ii. ~~by seniority and acceptable performance (seniority will be recognized only when performance is at an acceptable level or higher);~~
 - iii. by merit (when performance is **fully** satisfactory or ~~higher~~ **better** as recognized in the appropriate procedures; and
 - iv. by promotion.

SECTION ANALYSIS

The new merit system requires an evaluation of fully satisfactory as a requisite for eligibility for a step increase or a bonus. Thus the addition of the word “fully” to this provision is necessary to reflect that requirement.

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

PART I INTERNATIONAL PROFESSIONAL CATEGORY PERSONNEL

Current Text

2. Merit System

An effective personnel salary system must be accompanied by a merit system that rewards above average performance and self-development on the part of the individual. An objective and equitable merit system requires careful management and monitoring. It must screen out the indiscriminate enthusiasm or personal bias of supervisors and it must be perceived as fair by all staff members. Thus, the remuneration system identifies a fixed amount that shall be awarded on the basis of merit. The importance of this element of the system is that it offers an incentive for the more serious and skilled staff members to keep improving their performance and provides the Institute with a means of rewarding them other than by promotion.

The merit system shall be for recognition of performance at levels above the level of satisfactory. No increase shall be granted for levels of performance at the acceptable level or below.

Staff members will be eligible to progress from steps 1 to 20, in each grade level shown on the salary schedule, with the combination of seniority and satisfactory performance. Depending upon their level of performance, staff members will be eligible for up to two steps every two years. The determinations as to whether or not a staff member should receive an increase, and the number of steps to be granted, will be made through the performance appraisal system.

In addition, there will be a provision for a bonus for exceptionally high levels of performance. The bonus will not be available for staff members appointed to positions of trust. The bonus will be a single payment to be made at the end of a completed year of service. The amount shall not exceed 5% of the staff member's salary earned during that year.

Proposed Text

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An effective personnel salary system must be accompanied by a merit system that rewards above average performance and self-development on the part of the individual. An objective and equitable merit system requires careful management and monitoring. ~~It must screen out the indiscriminate enthusiasm or personal bias of supervisors and it must be perceived as fair by all staff members. Thus, the remuneration system identifies a fixed amount that shall be awarded on the basis of merit.~~ The importance of this element of the system is that it offers an incentive for the ~~more serious and~~ **skilled and experienced** staff members to keep improving their performance and provides the Institute with a means of rewarding them other than by promotion.

The merit system shall ~~be for recognition~~ **recognize fully satisfactory** performance ~~at levels above the level of satisfactory or better.~~ No increase shall be granted for ~~levels of performance at the acceptable level or below~~ **below fully satisfactory. Based on their annual performance evaluation, staff members may be eligible for an annual bonus or a step increase in grade.**

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SECTION ANALYSIS

The purpose of these modifications is to conform the text on the Merit System to the new performance evaluation system. Under the new system, staff are evaluated on a five point scale. The middle point is “fully satisfactory.” Under the old system, the middle point was “satisfactory.” The new system provides for annual evaluations instead of the biennial evaluations of the prior system.

Under the prior system, staff were eligible for as many as two step increases based on the biennial evaluation if their performance was better than satisfactory. Under the new system, they will normally be granted annual bonuses for fully satisfactory or better performance. The better the performance, the better will be the bonus relative to others. The staff member who achieves an evaluation of at least fully satisfactory shall have the option of electing a bonus or a step increase; however, staff members in the last step of their grade may receive only a bonus.

The system replaces a system that allowed staff members to improve their basic salary by advancing step by step within a particular grade level based on a combination of merit and seniority, with a system based principally on merit. Bonuses for better than fully satisfactory performance are expected to exceed the amount of step increases; however, the bonus is fundamentally different from the step increase because once a step increase is given; it remains part of the staff member's basic salary forever. In contrast, a bonus is a one-time payment; it does not become part of the staff member's basic salary.

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

PART I INTERNATIONAL PROFESSIONAL CATEGORY PERSONNEL

Current Text

4.8 Recognition of Years of Service

- a. A bonus for recognition for years of service shall be paid to all International Professional Personnel who resign or whose appointments are terminated for reasons of health, the elimination of the contract or employment, retirement or death (Article 57)

Proposed Text

4.8 Recognition of Years of Service

- a. A bonus for recognition for years of *continous* service *as a staff member* shall be paid to all International Professional Personnel who resign or whose appointments are terminated for reasons of health, the elimination of the contract ~~or~~ *of* employment, retirement or death. (Article ~~57~~**63**)

SECTION ANALYSIS

This modification is necessary to conform this Rule to the new proposed text for Staff Rule 4.2.8.

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

PART II LOCAL PROFESSIONAL CATEGORY PERSONNEL

Current Text

1. Salary Schedule

- a. A numerical identification of grade levels from PL-1 to PL-5. Within each level there shall be 20 within-grade steps.
- b. The initial levels of salary for each grade of the Local Professional category shall be determined by legal minimum salary levels and by conducting comparability studies of classification grade and salary in each country using government agencies, public corporations and private national and multinational corporations.
- c. Salary schedules will be adjusted according to local labor laws when a cost-of-living increase is decreed.
- d. At a minimum of once a year a comparability study (b. above) will be requested to determine the prevailing salaries for comparable work, and appropriate adjustments will be made, within the budgetary possibilities of the Institute.
- e. Salary increase for individual staff members will be possible under the following conditions:
 - i. when salary schedules are changed through c. or d. above;
 - ii. by seniority and acceptable performance (seniority will be recognized only when performance is at an acceptable level or higher);
 - iii. by merit when performance is satisfactory or higher as recognized in the appropriate procedures; and
 - iv. by promotion.

Proposed Text

1. Salary Schedule

- a. A numerical identification of grade levels from PL-1 to PL-5. ~~Within each level there shall be 20 within grade steps.~~
- b. The initial levels of salary for each grade of the Local Professional category shall be determined **by taking into account** legal minimum salary levels and ~~by conducting~~ comparability studies of classification grade and salary in each country, ~~using~~ **based on** government agencies, public corporations and private national and multinational corporations.
- c. Salary schedules will be adjusted according to local labor laws when a cost-of-living increase is decreed.
- d. ~~At a minimum of once a year~~ **As necessary** a comparability study (b. above) will be requested to determine the prevailing salaries for comparable work, and appropriate adjustments will be made, within the budgetary possibilities of the Institute.
- e. Salary increase for individual staff members will be possible under the following conditions:
 - i. when salary schedules are changed through c. or d. above;
 - ii. ~~by seniority and acceptable performance (seniority will be recognized only when performance is at an acceptable level or higher);~~
 - iii. by merit when performance is **fully** satisfactory or ~~higher~~ **better** as recognized in the appropriate procedures; and
 - iv. by promotion.

SECTION ANALYSIS

The implementation of the new evaluation and merit system, is combined with changes to the salary scale, including reducing the number of steps in the salary scale. To conform this Rule to that decision, the text referring to the number of steps in the scale has been eliminated from this Rule. We also modified part d. to reflect the reality that IICA no longer conducts annual salary surveys in the field because they are extremely expensive and there are not sufficient budgeted resources to do so. Finally, we have modified the text to indicate that only those staff members with fully satisfactory performance evaluations (the midpoint on the new evaluation scale) will be eligible for step increases based on merit.

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

PART III GENERAL SERVICE CATEGORY PERSONNEL

Current Text

1. Salary Schedule

- a. A numerical identification of grade levels from G-1 to G-9. Within each level there shall be 20 within-grade steps.
- b. The initial levels of salary for each grade of the General Service category shall be determined by legal minimum salary levels and by conducting comparability studies of classification grade and salary in each country using government agencies, public corporations and private national and multinational corporations.
- c. Salary schedules will be adjusted according to local labor laws when a cost-of-living increase is decreed.
- d. At a minimum of once a year a comparability study (b. above) will be requested to determine the prevailing salaries for comparable work, and appropriate adjustments will be made, within the budgetary possibilities of the Institute.
- e. Salary increase for individual staff members will be possible under the following conditions:
 - i. when salary schedules are changed through c. or d. above;
 - ii. by seniority and acceptable performance (seniority will be recognized only when performance is at an acceptable level or higher);
 - iii. by merit when performance is satisfactory or higher as recognized in the appropriate procedures; and
 - iv. by promotion.

Proposed Text

1. Salary Schedule

- a. A numerical identification of grade levels from G-1 to G-9. ~~Within each level there shall be 20 within-grade steps.~~
- b. The initial levels of salary for each grade of the General Service category shall be determined by **taking into account** legal minimum salary levels and by ~~conducting~~ comparability studies of classification grade and salary in each country, ~~using~~ **based on** government agencies, public corporations and private national and multinational corporations.
- c. Salary schedules will be adjusted according to local labor laws when a cost-of-living increase is decreed.
- d. ~~At a minimum of once a year~~ **As necessary** a comparability study (b. above) will be requested to determine the prevailing salaries for comparable work, and appropriate adjustments will be made, within the budgetary possibilities of the Institute.
- e. Salary increase for individual staff members will be possible under the following conditions:
 - i. when salary schedules are changed through c. or d. above;
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The implementation of the new evaluation and merit system, is combined with changes to the salary scale, including reducing the number of steps in the salary scale. To conform this Rule to that decision, the text referring to the number of steps in the scale has been eliminated from this Rule. We modified part d. to reflect the reality that IICA no longer conducts annual salary surveys in the field because they are extremely expensive and there are not sufficient budgeted resources to do so. Finally, we have modified the text to indicate that only those staff members with fully satisfactory performance evaluations (the midpoint on the new evaluation scale) will be eligible for step increases based on merit.

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

PART II LOCAL PROFESSIONAL CATEGORY PERSONNEL

Current Text

6. Recognition of Years of Service

- a. As a bonus for years of service, Local Professional Personnel will accumulate one half of a monthly salary for each year of service, in line with the provisions listed below: (Article 57)
 - i. For accounting purposes, this benefit will be reserved monthly US dollars at the equivalent of 1/24th of the current salary. Variations in salary will not have retroactive effect.
 - ii. This benefit will be paid in a singles sum on the date services are terminated and in the local currency of the corresponding country.
 - iii. In those countries that pay fourteen (14) or more salaries per year (for any reason), or where the payment of one-half or a fully salary per year of services is obligatory by law in the event of resignation or termination or services, staff members will not be eligible for this benefit.
 - iv. The bonus for years of services will not be granted to staff members who have been terminated under the provisions or Article 58 of the Rules of Procedure or the General Directorate or under Staff Rule 9.5.3.

Proposed Text

6. Recognition of Years of Service

- a. As a bonus for years of *continuous* service as *staff members of the Institute*, Local Professional Personnel will accumulate one half of a monthly salary for each year of service in line with the provisions listed below. (Article ~~57~~**63**)
 - i. For accounting purposes, this benefit will be reserved monthly *in* US dollars at the equivalent of 1/24th of the current salary. Variations in salary will not have retroactive effect.
 - ii. This benefit will be paid in a ~~singles~~ **lump** sum on the date services are terminated and in the local currency of the corresponding country.
 - iii. In those countries that pay fourteen (14) or more salaries per year (for any reason), or where the payment of one-half ~~monthly or a fully~~ salary **or more** per year of services is obligatory by law in the event of resignation or termination or services, staff members will not be eligible for this benefit.
 - iv. The bonus for years of services will not be granted to staff members who have been terminated under the provisions or Article 58 of the Rules of Procedure or the General Directorate or under Staff Rule 9.5.3

SECTION ANALYSIS

These modifications to section a. are necessary to clarify the intent of this benefit, which, like benefits of a similar nature provided upon termination by other international organizations, is to recognize continuous service to the Institute as staff members. Similar clarifying text has been introduced into the Staff Rules.

The purpose of subsection iii. is to prevent a staff member from acquiring the right to payment of two termination payments, one under local law and another under IICA's rules. Nonetheless, a recent complaint by an IICA staff member suggested that the provision was not as tightly drafted as necessary to achieve that purpose. Thus, to eliminate all doubts about how many termination payments a local IICA staff member must be paid, we suggest that subsection iii be clarified by the above text. The current text is modified to eliminate most of the current problem in interpretation by adding the word “monthly” before the word “salary” and adding the words “or more” after the word “salary”, as indicated in the proposed text for this provision.

SYSTEM FOR THE DETERMINATION OF REMUNERATION FOR IICA PERSONNEL

PART III GENERAL SERVICE CATEGORY PERSONNEL

Current Text

Proposed Text

6. Recognition of Years of Service

- a. As a bonus for years of service, General Service Personnel will accumulate one half of a monthly salary for each year of service, in line with the provisions listed below: (Article 57)
 - i. For accounting purposes, this benefit will be reserved monthly US dollars at the equivalent of 1/24th of the current salary. Variations in salary will not have retroactive effect.
 - ii. This benefit will be paid in a singles sum on the date services are terminated and in the local currency of the corresponding country.
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