

February 2011



منظمة الأغذية  
والزراعة للأمم  
المتحدة

联合国  
粮食及  
农业组织

Food and  
Agriculture  
Organization  
of the  
United Nations

Organisation des  
Nations Unies  
pour  
l'alimentation  
et l'agriculture

Продовольствен  
ная и  
сельскохозяйств  
енная  
организация  
Объединенных  
Наций

Organización  
de las  
Naciones Unidas  
para la  
Agricultura y la  
Alimentación

## FINANCE COMMITTEE

**Hundred and Thirty-eighth Session**

**Rome, 21 – 25 March 2011**

**Conditions for the Appointment of the Director-General**

Queries on the substantive content of this document may be addressed to:

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### **EXECUTIVE SUMMARY**

- At its Hundred and Fortieth Session (November-December 2010), the Council requested that the Secretariat prepare a paper on the terms and conditions for the appointment of the Director-General for submission to the Hundred and Forty-first Session of the Council (April 2011).
- This document describes, in general terms, the procedural conditions for the appointment of the Director-General in accordance with Article VII of the Constitution and Rule XXXVII of the General Rules of the Organization (GRO).
- As to actual terms and conditions of employment, the paper recalls that under Rule XXXVII, paragraph 4 of the GRO, the terms and conditions of appointment of the Director-General, including the salary and emoluments attached to the office are determined by the Conference having regard to any recommendation submitted by the General Committee and are embodied in a contract signed by him and the Chairperson of the Conference on behalf of the Organization.
- The document provides information on the elements of the remuneration of the Director-General, as set out in the Resolutions adopted by the Conference whenever a Director-General is appointed. The elements of remuneration include the base remuneration, established as equal to that of the Administrator of UNDP with adjustments calculated in accordance with the formulae recommended by the International Civil Service Commission (ICSC) and approved by the General Assembly (as is the case for the executive heads of other Specialized Agencies), post adjustment, options available regarding pension benefits, housing accommodation and representation allowance. The Director-General is also entitled to allowances and benefits accruing to staff members in the Professional and Higher Categories.
- This document is also being reviewed by the Committee on Constitutional and Legal Matters (CCLM) at its Ninety-Second Session (7-9 March 2011).

### **GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE**

- The Committee is invited to note the information provided in the document, taking into account the provisions of Rule XXXVII, paragraph 4 of the GRO concerning the authority of the General Committee and the Conference on the matter.
- In this connection, the Committee is invited to note that background information about practices in the United Nations System will be prepared for the General Committee with a view to establishing the conditions for the Director-General to be elected by the Conference in June 2011.

1. At its Hundred and Fortieth Session (Rome, 29 November-3 December 2010), “*the Council requested that the Secretariat prepare a paper on the terms and conditions for the appointment of the Director-General for submission to the 141<sup>st</sup> Session of the Council (April 2011) to allow Members the opportunity to consider it in a timely manner, taking into consideration financial implications as part of the budgetary process*”. It was clarified that the paper would be submitted through the CCLM and the Finance Committee<sup>1</sup>.
2. The conditions for the appointment of the Director-General are defined in general terms in Article VII of the Constitution and, specifically, in Rule XXXVII of the General Rules of the Organization (GRO). Rule XXXVII, paragraph 1 sets forth procedures regarding the nomination of candidates by Governments of Member Nations, addresses by candidates to the Council or Conference and related matters. The overall process set forth in Rule XXXVII, paragraph 1 of the GRO is currently under way. Rule XXXVII, paragraph 2 of the GRO provides that the Director-General shall be elected by a majority of the votes cast and lays down detailed procedures regarding ballots to be held until a candidate obtains the required majority. Rule XXXVII, paragraphs 3 and 5 of the GRO contains provisions to be applied in the event that the office of Director-General should fall vacant, or that the Director-General should be prevented from exercising his or her functions.
3. Rule XXXVII, paragraph 4 of the GRO provides that “*subject to the provisions of Article VII, paragraphs 1 to 3 of the Constitution, the terms and conditions of appointment of the Director-General, including the salary and other emoluments attached to the office, shall be determined by the Conference, having regard to any recommendations submitted by the General Committee and shall be embodied in a contract signed by him and by the Chairperson of the Conference on behalf of the Organization*”<sup>2</sup>. Rule X, paragraph 2 (j) of the GRO also provides that the General Committee submits to the Conference recommendations with respect to the conditions of the appointment of the Director-General.
4. Thus, it has been a long standing practice, going back to the early days of FAO that, following the election of a Director-General, the Conference adopts, on the basis of a recommendation of the General Committee, a resolution setting forth the salary and allowances of the Director-General. The resolution of the Conference determines the gross and net annual salary of the Director-General at the time of appointment, makes provision for a post adjustment, for a representation allowance, and direct rental by FAO of appropriate accommodation to be assigned as the official residence of the Director-General and payment of related expenditures. The resolution also provides that the Director-General is entitled to all other allowances and benefits accruing to staff members of the Organization in the Professional and Higher Categories and makes arrangements related to pension.
5. This resolution of the Conference calls for some explanations. The base remuneration of the Director-General of FAO has been established as equal to that of the Administrator of UNDP, as is the case for other Executive Heads of Specialized Agencies of the United Nations, e.g. WHO, UNIDO and UNESCO. Adjustments to the UNDP Administrator’s emoluments are calculated in accordance

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<sup>1</sup> CL 140/REP, paragraph 100.

<sup>2</sup> Article VII, paragraphs 1 to 3 of the Constitution reads as follows: “*1. There shall be a Director-General of the Organization who shall be appointed by the Conference for a term of four years. The Director-General shall be eligible for reappointment only once for a further term of four years. 2. The appointment of the Director-General under this Article shall be made by such procedures and on such terms as the Conference may decide. 3. Should the office of Director-General become vacant prior to the expiry of his term of office, the Conference shall, either at the next regular session or at a special session convened in accordance with Article III, paragraph 6 of this Constitution, appoint a Director-General in accordance with the provisions of paragraphs 1 and 2 of this Article. The duration of the term of office of the Director-General appointed at a special session shall expire after the second regular session of the Conference, following the date of appointment, in accordance with the sequence for the term of office of the Director-General established by the Conference*”.

with the formulae recommended by the International Civil Service Commission (ICSC) and approved by the General Assembly. Any changes thereto are routinely communicated by the United Nations to the concerned organizations and applied to the remuneration of their Executive Heads, as appropriate.

6. The base remuneration of the Director-General consists of two elements, i.e. net base salary<sup>3</sup> and post adjustment. The net base salary is calculated by applying to the gross salary the approved scale of staff assessments, at either the dependency or single rate, whichever is appropriate. The post adjustment is an amount which is added to the net base salary and which reflects the differences in both the cost-of-living and exchange rate between the assigned duty station and New York (which is the base of the post adjustment system). The post adjustment is calculated for each duty station by the ICSC and is expressed as a number of multiplier points. Each multiplier point is equal to 1% of the net base salary, at either dependency, or single rate.

7. On the basis of the above criteria, the base remuneration for the UNDP Administrator (and hence for the Director-General), effective 2011, is as follows: Gross Salary USD 251,188; Net Salary at Single Rate: USD 156,760; Net Salary at Dependency Rate: USD 176.272, plus post adjustment as applicable.

8. As regards pension benefits, two options are available to Executive Heads, depending on whether they wish to be participants in the United Nations Joint Staff Pension Fund (UNJSPF) or not. If the Executive Head decides to be a participant in the UNJSPF, established procedures involving contributions to the Fund apply. The Executive Head may decide not to be a participant and, in this case, special procedures apply, as decided in 1992 by the General Assembly of the United Nations. On that occasion, the General Assembly informed the Governing Bodies of the other member organizations of the UNJSPF that if a governing body decided to make pension arrangements for the Executive Heads outside those of the Fund, the only option available would be the following:

- (a) A level of pensionable remuneration would be established using the procedure recommended to the General Assembly by the ICSC;
- (b) The pensionable remuneration thus determined would be adjusted periodically using the procedure recommended by the Commission;
- (c) An amount equal to 15.8% of the pensionable remuneration (corresponding to the Organization's contribution to the Pension Fund) would be paid to the Executive Heads as a supplement to monthly remuneration.

9. Using this supplement, Executive Heads may arrange for their own pension requirements, e.g. through continuing participation in a previous employer's retirement scheme or a national security scheme, or through purchase of annuities from private sources. These options are, and would be reflected, as appropriate, in the Conference resolution on the appointment of the Director-General.

10. As decided by the Conference on the recommendation of the General Committee, the Director-General receives an annual representation allowance, the level of which was set, in 1993, at USD 50,000, and which has not been re-evaluated since. The President of the International Fund for Agricultural Development (IFAD) and the Executive Director of the World Food Programme also receive an annual representation allowance of USD 50,000.

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<sup>3</sup> The net base salary is obtained by deducting the staff assessment from the gross base salary. The staff assessment is a form of internal tax administered by the organizations. Staff assessment rates are derived from income tax rates applicable at seven headquarters cities of the organizations in the common system (Geneva, London, Montreal, New York, Paris, Rome and Vienna). Almost all Members have granted United Nations staff exemption from national income taxation on their United Nations emoluments. However, a few Members do tax the emoluments of their nationals. In such cases, the organizations reimburse the income tax to the staff member. The staff assessment operates as an accounting mechanism allowing for reimbursements which may need to be made. Cf. United Nations (salaries, allowances, benefits and job classification) [http://www.un.org/Depts/OHRM/salaries\\_allowances/salary.htm](http://www.un.org/Depts/OHRM/salaries_allowances/salary.htm)

11. Since 1995, also as decided by the Conference on the recommendation of the General Committee, the Organization has directly rented appropriate housing accommodation to be assigned as the official residence of the Director-General and pay related expenses, in lieu of a rental subsidy.
12. As provided in the Conference resolution, the Director-General is entitled to all other allowances and benefits accruing to staff members of the Organization in the Professional and Higher Categories.
13. Background documentation including information about practices in the United Nations System will be prepared for the General Committee with a view to establishing the conditions for the Director-General to be elected by the Conference in June 2011.
14. The Committee is invited to note the foregoing information, taking into account the provisions of Rule XXXVII, paragraph 4 of the GRO concerning the authority of the General Committee and the Conference on this matter.