

# WORLD TRADE ORGANIZATION

RESTRICTED

**WT/BFA/W/48/Rev.1**  
9 November 2000

(00-4747)

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## **Committee on Budget, Finance and Administration**

### **PERFORMANCE AWARD PROGRAMME**

#### Revision

#### Payroll simulations

1. The present document has been prepared in response to questions asked at the meeting of the Budget Committee held on 3 July 2000. A number of concerns were expressed at that meeting, regarding in particular the cost of the programme proposed in document WT/BFA/W/48. The Secretariat was asked to provide simulations based on the present staffing table, to show whether the proposed programme could be operated within the agreed budget of 2 per cent of net salaries.
2. These simulations are provided below and reflect the proposals contained in document WT/BFA/W/48, except for two changes which have been introduced in response to comments made at the above meeting. First, the initial proposal provided for a fixed, non-pensionable bonus of + 2.5 per cent of net salary for excellent performance. In the present simulations, the fixed bonus is replaced by a variable percentage depending on the number of cases qualifying for non-pensionable bonuses and on the balance of funds remaining in the budget after payment of the standard increase for satisfactory performance. Secondly, whereas the initial proposal provided for non-pensionable awards for satisfactory service to be paid to those staff whose position on the salary range did not allow for the full, pensionable increase, the present, revised proposal provides only for pensionable awards for satisfactory service. In other words, not all staff will receive an award for satisfactory service but only those who are not at the end of the salary range. Those at the top of the salary range will nevertheless be eligible for non-pensionable awards for excellent performance.
3. For the purpose of these simulations, the calculations are based on a hypothetical total net salary budget of SFR 55 million. In order to demonstrate that the proposed system would operate within the prescribed budgetary limit, even at its theoretical outer limits, it is assumed that 70 per cent of the staff are below the grade ceiling and that 100 per cent of those staff are performing satisfactorily. It is also assumed that 25 per cent of the staff have recorded an excellent performance during the year and are thus eligible to receive a share in the residual amount available for non-pensionable bonuses.
4. The simulation covers a five-year period and illustrates how the proposed programme would be gradually introduced in order to remain within the 2 per cent limit. The simulation demonstrates that the annual cost increase generated by the proposed programme does not exceed the limit of 2 per cent of the net salary budget over the five-year period. The simulation also shows that the funds potentially available for bonuses for excellent performance payable to 25 per cent of the staff increase over time, from 0.7 per cent of the total net salary budget for this subset of staff in year 1 to 5.2 per cent of the net salary budget for this group in year 5, the reason being that the non-pensionable bonuses have only a one-time impact on the growth of the net salary budget. In other words, although they represent an additional cost in the year of their introduction, that cost does not increase over time. An additional cap will be placed on the funds earmarked for non-pensionable bonuses, the total annual cost which will not be allowed to exceed 2 per cent of the total net salary budget.

**Performance Award Programme  
Five-year payroll simulation**

Proposed performance award programme	Year				
	1	2	3	4	5
Number of staff (in %) receiving the standard pensionable increase	70	70	70	70	70
Bonus (as % of net salary) payable to 25% of staff	0.7	1.6	2.7	3.9	5.2
Increase in net salary budget (in 1000 CHF)					
Standard pensionable increase:	993	993	993	993	993
Bonus for excellent performance:	107	129	151	174	198
<b>Total increase in CHF</b>	<b>1100</b>	<b>1122</b>	<b>1144</b>	<b>1167</b>	<b>1191</b>
<i>Total bonus payments, including previous year's payments</i>	107	236	387	562	759
Increase in net salary budget (as % of previous total)					
Standard pensionable increase:	1.81	1.77	1.74	1.70	1.67
Bonus for excellent performance:	0.19	0.23	0.26	0.30	0.33
<b>Total increase in %</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>Net salary budget</b>	<b>56100</b>	<b>57222</b>	<b>58366</b>	<b>59534</b>	<b>60724</b>

Amendments to the Staff Rules

5. The revised amendments which the Director-General proposes to make to the Staff Rules, pursuant to Staff Regulation 13.2 and Staff Rule 115.2(a), are set out in the annex to the present document. These amendments will now take effect on 1 January 2002 and not 1 September 2001 as indicated in document WT/BFA/W/48, owing to the delay in the approval process.

Draft recommendation

6. **The Committee recommends that, in application of Staff Regulation 6.5, the General Council approve the Performance Award Programme, to take effect on 1 January 2002, as outlined in document WT/BFA/W/48/Rev.1, together with the consequent amendments to Staff Rules 106.3, 106.4, 106.13 and Annex 1 thereof.**

**ANNEX****Amendments to the Staff Rules****Rule 106.3***Performance awards*

- (a) A staff member whose performance is judged to be fully satisfactory in the light of the annual evaluation report shall receive the pensionable increase in annual salary shown in Annex 1 of the *Staff Rules*, or the part thereof that brings the staff member's salary to the maximum of the salary range for the staff member's grade.
- (b) A staff member whose performance is judged to be excellent in the light of the annual evaluation report shall be eligible to receive a non-pensionable, lump-sum, bonus payment under conditions established by the Director-General, in addition to the award specified in paragraph (a) above. A staff member who has been promoted during the reference period shall not be eligible to receive a bonus payment.
- (c) A staff member whose performance is judged to require improvement in the light of the annual evaluation report shall receive no performance award.

**Rule 106.4***Salary on promotion*

- (a) Upon promotion, a staff member shall receive a salary increase equivalent to two pensionable increases in the lower grade. However, the resulting salary shall in no case be greater than the maximum of the salary range for the grade to which the staff member has been promoted. If the salary corresponding to the minimum of the salary range for the higher grade yields an increase greater than two pensionable increases, the staff member shall be entitled to that salary.
- (b) If promotion takes effect on the date at which a pensionable increase falls due, the new salary shall be calculated after the award of any pensionable increase due in the lower grade.

**Rule 106.13***Definition of dependency*

- (a) A dependent spouse shall be a spouse whose earnings, if any, do not exceed the equivalent of the pensionable remuneration at the minimum of the salary range for grade 1 in Geneva.
- (b) Unchanged.
- (c) Unchanged.
- (d) Unchanged.

**WTO STAFF RULES - ANNEX 1 - Page 1**  
**Annual Net Salary and Pensionable Remuneration Scale Effective 1 January 2002**  
(in Swiss Francs)

GRADE		RANGE		PENSIONABLE INCREASE
		Minimum	Maximum	
1	Net salary	46,363	63,183	1,901
	Pensionable remuneration	51,004	72,917	2,091
2	Net salary	50,529	68,877	2,021
	Pensionable remuneration	56,407	80,577	2,256
3	Net salary	55,062	75,048	2,147
	Pensionable remuneration	62,301	89,428	2,430
4	Net salary	60,066	81,866	2,283
	Pensionable remuneration	68,844	99,256	2,616
5	Net salary	65,729	89,576	2,432
	Pensionable remuneration	76,252	110,410	2,821
6	Net salary	71,981	98,108	2,591
	Pensionable remuneration	85,004	123,128	3,060
7	Net salary	78,819	107,425	2,759
	Pensionable remuneration	94,860	137,092	3,320
8	Net salary	94,015	125,456	2,820
	Pensionable remuneration	117,007	165,487	3,510
9	Net salary	111,692	144,737	2,904
	Pensionable remuneration	143,600	196,948	3,734
10	Net salary	131,907	160,155	3,034
	Pensionable remuneration	175,829	223,119	4,044
11	Net salary	146,625	167,049	1,613
	Pensionable remuneration	200,089	235,049	2,201
12	Net salary	162,511	176,916	1,788
	Pensionable remuneration	227,161	252,233	2,499

**WTO STAFF RULES - ANNEX 1 - Page 2**

Annual Net Salary Scale Applicable to Staff Members in Grades 1-7 Recruited Before 1 September 1995  
(in Swiss Francs)

GRADE	Minimum	Maximum	PENSIONABLE INCREASE
1	48,672	64,722	1,995
2	53,054	70,534	2,122
3	57,810	76,920	2,255
4	63,061	83,861	2,396
5	69,005	91,785	2,553
6	75,571	100,501	2,721
7	82,752	110,052	2,896

**WTO STAFF RULES - ANNEX 1 - Page 3**

Pensionable Remuneration Scale Applicable to Staff Members in Grades 1-7 Recruited Before 1 September 1995  
(in Swiss Francs)

GRADE	Minimum	Maximum	PENSIONABLE INCREASE
1	63,791	85,816	2,615
2	69,777	93,864	2,791
3	76,292	102,761	2,975
4	83,525	112,537	3,174
5	91,740	123,697	3,394
6	100,861	135,973	3,631
7	110,975	149,425	3,884

**WTO STAFF RULES - ANNEX 1 - Page 4**

Pensionable Remuneration Scale Applicable to Staff Members in Grades 1-7 Recruited Between 1 September 1995 and 31 May 1997  
(in Swiss Francs)

GRADE	Minimum	Maximum	PENSIONABLE INCREASE
1	58,571	78,803	2,401
2	64,067	86,212	2,563
3	70,056	94,251	2,732
4	76,689	103,189	2,914
5	84,231	113,307	3,117
6	92,580	124,572	3,333
7	101,752	137,113	3,561

**WTO STAFF RULES - ANNEX 1 - Page 5**

Pensionable Remuneration Scale Applicable to Staff Members in Grades 1-7 Recruited Between 1 June 1997 and 31 December 1998  
(in Swiss Francs)

GRADE	Minimum	Maximum	PENSIONABLE INCREASE
1	57,859	77,634	2,372
2	63,237	85,098	2,529
3	69,087	93,188	2,694
4	75,551	102,122	2,870
5	83,106	112,233	3,075
6	91,506	124,016	3,294
7	100,693	137,113	3,524