

## **1. Salary Adjustments and the Budget--A Reform Proposal**

1. The Executive Board approves the proposal regarding the method for determining and distributing the merit pay envelope, including the transition steps for implementing the new system in FY2012, as set forth in paragraphs 11 to 22 and paragraphs 29 to 30 of EBAP/11/12, provided, however, that the size of the merit pay envelope in any financial year shall not be greater than 1.9 percent of the actual salaries of eligible staff at the end of the previous financial year. Under the methodology for determining the merit envelope, any amount greater than the 1.9 percent ceiling will be carried over into the next financial year.
2. The Executive Board authorizes the Managing Director to implement this system with effect from May 1, 2011.
3. The experience with the application of the method for determining the merit pay envelope and the budgeted allocation for skill upgrading will be reviewed in three years. (EBAP/11/12, Sup. 2, 03/02/11)

Decision No. 14861-(11/22), adopted

March 2, 2011