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منظمة
الأغذية والزراعة
للأمم المتحدة

FINANCE COMMITTEE

Hundred and Fifty-fourth Session

Rome, 26 - 30 May 2014

**Review of Individual Consultancies in the United Nations system
(JIU/REP/2012/5)**

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EXECUTIVE SUMMARY

- In line with guidance from the 123rd Session of Council (ref. 123/REP, para 73), Joint Inspection Unit (JIU) Reports are submitted to the Finance and Programme Committees together with the comments of the Director-General (and CEB comments, if available) for review and comments.

GUIDANCE SOUGHT FROM THE FINANCE COMMITTEE

- The Finance Committee is invited to take note of the information provided in the attached JIU report, and submit any comments it may wish to make to the Council.



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COUNCIL

Hundred and Forty-ninth Session

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Review of individual consultancies in the United Nations system (JIU/REP/2012/5)

1. This JIU Report is accompanied by brief comments of the Director-General and more extensive joint comments of the UN system Chief Executives Board (CEB) for Coordination (A/68/67/Add.1).

Comments from the Director-General of FAO

2. FAO endorses the JIU report, as well as the CEB comments on the "Review of Individual Consultancies in the United Nations System". FAO strongly supports all the substantive recommendations contained in the report, which have been considered and incorporated into FAO's new corporate guidelines on the employment of consultants issued in November 2013. These cover classification, competitive selection, remuneration and evaluation.

3. While generally supportive of recommendation 13, FAO believes that any harmonised policy must take into account the different needs, resources and work of individual organizations within the system and contain the necessary flexibility to allow them to use non-staff to meet their specific needs.

4. FAO supports an approach aimed initially at finding generic "common denominators" that should be present in non-staff contracts of system organizations, such as basic levels of social benefits, limits on durations, and a common workable definition of "core functions" to delineate what type of work should and should not be carried out by non-staff.



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Joint Inspection Unit

Review of individual consultancies in the United Nations system

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly his comments and those of the United Nations System Chief Executives Board for Coordination on the report of the Joint Inspection Unit entitled “Review of individual consultancies in the United Nations system” ([A/68/67](#)).

* [A/68/150](#).



Summary

The report of the Joint Inspection Unit entitled “Review of individual consultancies in the United Nations system” (A/68/67) provides an assessment of the use of individual consultants in the United Nations system by analysing relevant policies and practices and includes broader considerations of issues regarding non-staff contractual modalities.

The present note reflects the views of organizations of the United Nations system on the recommendations provided in the report. The views of the system have been consolidated on the basis of inputs provided by member organizations of the United Nations System Chief Executives Board for Coordination, which welcomed the report and supported its conclusions.

I. Introduction

1. In its report entitled “Review of individual consultancies in the United Nations system” (A/68/67), the Joint Inspection Unit, through an analysis of relevant policies and practices, assesses the use of individual consultants in the United Nations system. While individual consultancies were the main focus of the report, the inspectors discovered that, through their analysis of the information they had received and the interviews they had conducted, there was not always a clear distinction between individual consultants and other non-staff personnel. In its report, the Joint Inspection Unit therefore includes considerations of issues similar to the issue of consultancies, including other non-staff contractual modalities.

II. General comments

2. Organizations welcomed the timely report of the Joint Inspection Unit on the use of consultancies, which addresses an important issue in the management of human resources in the United Nations system. They noted that, while similarities might exist between consultancies and other types of non-staff contracts, many organizations clearly distinguished between contractual and appointment modalities. For example, financial constraints might have driven some organizations to depend more heavily on non-staff appointments, while for others the use of consultant contracts did not have the same financial impact. The report offers critical insights into the use of consultants, along with the possible risks associated with the use of this type of contractual modality. Many organizations indicated that they were in the process of reviewing human resources policies for consultancies as well as the associated business processes and that they planned to take into consideration the suggestions and recommendations contained in the report.

3. Organizations also supported the call in the report for a system-wide approach that would better align the policies associated with consultancies and other non-staff human resources, along with the recommendations for developing greater coherence among those policies through the inter-organization mechanisms. Organizations agreed that, considering the different policies and practices concerning consultants and individual contracts across the United Nations system, the existing inter-organization mechanisms could prove helpful in achieving the further alignment of policies, terms and conditions, code of conduct provisions and related practices.

4. While organizations welcomed the in-depth nature of the report, they also expressed concern about several aspects of its analysis, such as the lack of a stronger focus on the feasibility of implementing some of the recommendations. For example, in various instances in the report, the Joint Inspection Unit calls for introducing information technology systems into the monitoring and analysis activity. Organizations accepted that such improvements were desirable, but indicated that they might prove challenging to implement.

5. Furthermore, organizations expressed concern regarding the reference in the report to international labour standards, namely, as provided for in the conventions and recommendations of the International Labour Organization (ILO). Organizations noted that the conventions and recommendations address States, not international organizations, and they therefore suggested that the “international labour principles” referred to by the Joint Inspection Unit, and which underlie international labour standards, may not be applicable to international organizations, except in the context of general international law. Furthermore, in paragraph 88 of

its report, the Joint Inspection Unit refers to consultants and ILO Convention No. 132, while that Convention does not substantively apply to consultants but to employed persons. Similarly, in paragraph 36, the Joint Inspection Unit invokes ILO recommendation No. 198, even though the guidance for the determination of the existence of an employment relationship in the recommendation is provided for States for the purposes of a national policy of protection for workers in an employment relationship. Thus, the guidance in that recommendation does not apply directly to international organizations.

III. Specific comments on recommendations

Recommendation 1

The executive heads of the United Nations system organizations, taking into account international labour principles, should review their policies regarding the use of non-staff personnel, with a view to clarifying the criteria for choosing between staff and non-staff contractual modalities, and should monitor and assess the use of non-staff personnel in their organizations to detect and address risks in a timely manner.

6. Organizations of the United Nations system agreed with and accepted recommendation 1, in which the Joint Inspection Unit calls for a review of the use of non-staff personnel, although they noted that the taking “into account” of any “international labour principles” (see para. 5 above) was a matter for legislative bodies to determine, not the executive head.

Recommendation 2

The executive heads of the United Nations system organizations that have not yet done so should ensure that a specific consultancy policy, complemented by related guidelines and a dedicated contractual modality, is in place in their organizations.

7. Organizations agreed with the need for a specific consultancy policy, as noted in recommendation 2. They noted that in paragraph 61 of the report, the Joint Inspection Unit calls for “streamlining and defining clearly all non-staff contracts in one policy document”, which seems to contradict the recommendation in which the Joint Inspection Unit calls for a specific policy document pertaining to consultancies.

Recommendation 3

The executive heads of the United Nations system organizations should ensure that consultancy contracts in their respective organizations are complemented by comprehensive general conditions, including conflict of interest and code of conduct provisions.

8. Organizations of the United Nations system concurred with recommendation 3, in which the Joint Inspection Unit calls for comprehensive general conditions, including conflict of interest and code of conduct provisions, within consultancy contracts, and many organizations reported movement towards, if not already compliant with, those terms.

Recommendation 4

The executive heads of the United Nations system organizations, taking into account relevant international labour principles and good practices, should review the consultancy contracts in their respective organizations with a view to introducing contracts with a shorter duration in line with the ad hoc and temporary nature of the consultancy work, and developing a proper social benefits policy which considers the duration and the nature of the work performed.

9. Recommendation 4, in which the Joint Inspection Unit calls for contracts of shorter duration, received partial support from organizations. Some organizations pointed out that the duration of consultancy contracts, especially in the context of an organization's programme of technical cooperation assistance, is based on the duration of the relevant projects and programmes. Organizations also suggested that social benefits should only come into play in situations where consultants were employed for longer periods of time. The introduction of social benefits policies might also require the approval of legislative bodies for some organizations.

Recommendation 5

The executive heads of the United Nations organizations should ensure that there is an adequate policy on the use of retirees as consultants in their respective organizations and that compliance with this policy is effectively enforced.

10. Organizations accepted recommendation 5, regarding policies guiding the use of retirees as consultants.

Recommendation 6

The executive heads of the United Nations system organizations should consider appropriate modalities in order to provide consultants and other non-staff personnel with accessible and effective dispute settlement mechanisms and explore ways of listening to them and addressing their concerns.

11. Organizations accepted and supported recommendation 6, regarding access to effective dispute settlement mechanisms, with several organizations indicating that mechanisms were in place for consultants. Some organizations indicated that extending such services to other non-staff contract holders would require examination by legal offices.

Recommendation 7

The executive heads of the United Nations system organizations should ensure that roles and responsibilities for the use of consultants are clearly established and proper monitoring and internal control measures are introduced for the effective implementation of relevant policies.

12. Organizations supported recommendation 7.

Recommendation 8

The executive heads of the United Nations system organizations should review their roster and competition policy and practices regarding the use of consultants with a view to expanding the available pool of qualified candidates

and adopting adequate competition measures, preferably adjusted to the duration and value of contracts.

13. Organizations supported the call of the Joint Inspection Unit in the recommendation for a review of roster and competition policies and practices in order to expand the pool of qualified candidates, and several organizations indicated that the process was under way. Organizations cautioned, however, that adopting a very strict approach in the recruitment of consultants might present difficulties or lead to considerable delays, with consequent negative impacts. For example, organizations operating in highly specialized areas had only a small pool of competent qualified experts available, and it was therefore not feasible to expand the roster and apply competition measures, while organizations performing emergency humanitarian relief required a means for rapid scale-up during emergencies, which might not allow enough time for a competitive consultant recruitment process.

Recommendation 9

The executive heads of the United Nations system organizations should ensure that geographical diversity and gender balance are addressed in the consultancy policies of their respective organizations and promoted proactively.

14. Members of the United Nations System Chief Executives Board for Coordination supported the need to ensure geographical and gender balance when selecting consultants, as called for by the Joint Inspection Unit in recommendation 9. Some organizations, particularly those that consider the appointment of consultants as a procurement activity, noted that such gender and geographical representation should be implemented in the context of competitive bidding processes and the relevant procurement principles. Several organizations noted that recent improvements in recruitment information systems might further improve their ability to identify suitably qualified female and underrepresented country candidates for consultancies. Finally, several organizations expressed concern that the recommendation was worded too broadly since the concept of gender and geographical diversity is primarily related to the workforce of an organization, and only in respect of its international staff. Organizations doubted that the intent of the Joint Inspection Unit was to recommend geographical diversity for consultants, which is, in many cases, driven by the location of the hiring organization. In some respects, the recommendation could be viewed as tantamount to recommending a geographical balance in respect of corporate service providers.

Recommendation 10

The executive heads of the United Nations system organizations should ensure that their respective organization has an up-to-date remuneration policy for the use of consultants supported by adequate guidelines for consistent implementation.

15. Organizations generally accepted and supported recommendation 10, addressing remuneration policies, with some organizations noting that reviews of such policies were currently under way. However, some organizations considered that the remuneration of a consultant should be given not only in accordance with the complexity of the tasks to be performed, as described in the terms of reference (see [A/68/67](#), para. 144), but also in accordance with the ability/know-how and experience of the consultant in respect of fulfilling the requirements of the terms of reference. Other organizations noted that they set consultant fees based on a

competitive process for specific terms of reference on a case-by-case basis. Consequently, the outcome of the competitive process and the “best value for money” dictated the consultant fees. Therefore, a predetermined remuneration could limit and constrain the full and effective application of the competitive selection processes, and standard remuneration packages might not yield the “best value for money”. In addition, assignments were normally based on case-specific terms of references which, combined with the competitive bidding principles, might render establishment of standard remuneration packages counterproductive.

Recommendation 11

The executive heads of the United Nations system organizations should strengthen oversight on the use of consultants through effective performance evaluation, audits, monitoring and analytical internal and external reporting, with a view to ensuring proper use of contracts and efficient use of resources.

16. Organizations supported recommendation 11, in which the Joint Inspection Unit calls for strengthened oversight on the use of consultants. Several organizations indicated that consultant oversight practices were under review as a result of the report.

Recommendation 12

The legislative/governing bodies of the United Nations system organizations should exercise their oversight function on the use of consultants through regular reviews of analytical information provided by the executive heads of the respective organizations.

17. Organizations expressed support for recommendation 12, noting that it was directed at legislative/governing bodies, with several noting that the oversight of the use of consultants was generally considered a management function.

Recommendation 13

The Secretary-General of the United Nations, as the Chairperson of the CEB, should, through the HLCM/HR Network, initiate the development of a common policy approach for the implementation of recommendations 1, 2, 3, 4, 5, 6 and 10 of this report. For this purpose, the establishment of a specific task force should be considered.

18. Organizations of the United Nations system generally agreed with the recommendation and supported the overall objective to achieve better alignment of policies. They noted, however, that producing a “single” approach might result in a lengthy exercise that would not reflect the different needs, resources and mandates of each organization within the common system, thus hampering the flexibility needed in the use of consultants for specific needs. Furthermore, in some organizations, the selection of consultants was a procurement activity, and it might therefore prove useful to include the High-level Committee on Management procurement network in such discussions. Nevertheless, organizations generally agreed that, to the extent possible, a common approach to the use of consultants and individual contractors would be welcomed.

JIU/REP/2012/5

Original: ENGLISH

**REVIEW OF INDIVIDUAL CONSULTANCIES
IN THE UNITED NATIONS SYSTEM**

Prepared by

Cihan Terzi

Joint Inspection Unit



United Nations, Geneva 2012

EXECUTIVE SUMMARY

Review of individual consultancies in the United Nations system

JIU/REP/2012/5

Objective and scope

The objective of this report is to provide an assessment of the use of individual consultants in the United Nations system by analysing relevant policies and practices. While the focus is on individual consultancies, the analysis of information received and the interviews highlighted that there is not always such a clear distinction between individual consultants and some other non-staff personnel. The present review therefore also includes broader considerations of similar issues regarding non-staff contractual modalities.

Need for overarching criteria to choose between staff and non-staff contract modalities

Consultants and other non-staff personnel are becoming an important part of the workforce of the United Nations system organizations. However, policies and regulations do not always provide clear criteria for the use of these human resources, and the implementation of the policies is a matter of concern from the perspective of fair and socially responsible employment practices, particularly when individuals are working for extended periods of time under short-term non-staff contracts. The pressure to deliver under inadequate funding and inflexible staffing models, coupled with permissive non-staff policies and the lack of oversight, lead organizations to use non-staff contractual modalities excessively.

Introducing different statuses for similar types of work in the system, which are no longer subject to a common set of rules and regulations, may have negative consequences in terms of employment practices, the reputation of organizations, and the coherence of the workforce. Current practices create precarious statuses that are not fully aligned with the United Nations values, nor with international labour principles. There is a need for the organizations to monitor and assess the use of non-staff personnel regularly, and to introduce mitigating measures against risks.

The review found that the policies of the organizations do not provide clear criteria for choosing between staff and non-staff contractual modalities. ILO labour recommendations and good practices indicate that overarching criteria to this effect would be the existence or absence of an “employment relationship.” When there is an employment (employer-employee) relationship for the execution of work, the contractual modality should be a staff contract; if it is an independent contractor relationship, the contractual modality should be a consultancy or other non-staff contract.

Need for clear consultancy policies

Some United Nations organizations have specific consultancy policies. However, the policies of many organizations lack a clear definition of individual consultancy or do not use a specific contractual modality or adequate practical guidelines for using consultants. In practice, consultancies and other similar non-staff contracts are used interchangeably. Most importantly, these contracts are used for work which should entail staff contracts.

The existing policies allow organizations to grant successive consultancy contracts which add up to long-term assignments, with or without short mandatory breaks. This practice is no longer in line with the nature of a consultancy contract and creates conditions for inappropriate use of contractual modalities. The remuneration levels applied both within each organization and across the system are not consistent and there are no guidelines for proper implementation. Likewise,

social benefits provided through these contracts vary significantly across the organizations.

Need for sound management of individual consultants

The review found that overall there is room for increased efficiency and effectiveness in the use of consultancies by defining clear roles and responsibilities, and implementing better internal control measures. A corporate vision for the use of consultants and ownership at the corporate level with regard to monitoring and enforcing policies would contribute greatly to the proper use of related funds. Competition in the recruitment process is either lacking or not effective. It would be useful to adopt a rational approach to recruitment by introducing progressive competition elements proportional to the value and duration of contracts. Organizations do not have a roster policy; rosters are fragmented and outdated.

Need for more effective monitoring and oversight

There is currently insufficient oversight with regard to the use of consultants within the United Nations system organizations. Organizations do not have a clear picture of the workforce of their organization and lack the necessary analytical information to plan the workforce, assess related risks, and introduce proper measures to address these risks. Monitoring is lacking to the extent that information systems do not have adequate capabilities and available information is not utilized effectively. As a result, action-oriented analytical reporting and effective consideration of these reports are inadequate at both the senior management and the legislative/governing bodies' levels.

In view of the strategic implications of the increasing use of individual consultants and other non-staff personnel, it is imperative that the legislative/governing bodies of the organizations exercise their oversight role and, at the same time, provide the necessary funding for proper staffing. In that spirit, Member States should ensure that this issue is included in the agenda of their meetings and that it is dealt with either directly or in the context of the debate on human resources management. To this effect, executive heads of the organizations should provide Member States with detailed analytical reports.

Need for a system-wide approach

Policies and practices regarding the use of consultants and other non-staff personnel in the United Nations system organizations are quite diverse. The current situation makes it necessary to focus more attention system-wide, with a view to harmonizing policies and practices, taking into account international labour principles and good practices. As explained in the report, all the organizations face similar challenges and problems with regard to the use of consultants and other similar non-staff personnel. The report includes 13 recommendations; recommendations 1, 2, 3, 4, 5, 6 and 10 in particular, should be the subject of a system-wide discussion and a common approach should be adopted in order to facilitate their coherent and consistent implementation across the system. To this effect, **a dedicated working group or task force should be set up under the High-level Committee on Management with the mandate to develop a common approach to guide the implementation of the recommendations in the organizations.**

Recommendation for consideration by the legislative/governing bodies

Recommendation 12

The legislative/governing bodies of the United Nations system organizations should exercise their oversight function on the use of consultants through regular reviews of analytical information provided by the executive heads of the respective organizations.

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ABBREVIATIONS

APW	Agreement for the performance of work
CEB	United Nations System Chief Executives Board for Coordination
ERP	Enterprise resource planning
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
HLCM	High-level Committee on Management
HR	Human resources
IAEA	International Atomic Energy Agency
ICA	Individual contractor agreement
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
IT	Information technology
ITU	International Telecommunication Union
JIU	Joint Inspection Unit of the United Nations system
NSHR	Non-staff human resource
OCHA	Office for the Coordination of Humanitarian Affairs
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
PAHO	Pan American Health Organization
PSA	Personal service agreements
SC	Service contract
SSA	Special service agreement
TOR	Terms of reference
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNOV	United Nations Office at Vienna
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East

UNWTO	World Tourism Organization of the United Nations
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

I. INTRODUCTION

Objective

1. As part of its programme of work for 2011, the Joint Inspection Unit (JIU) conducted a review of individual consultancy policies and practices in the United Nations system organizations, with the objective of assessing the efficiency and effectiveness of the use of individual consultancies in the system.¹ This consolidated system-wide comparative analysis of policies and practices across the system highlights the similarities and differences among organizations, identifies good practices and makes recommendations for improvement.
2. The report provides an assessment of several aspects of consultancy policies and practices, such as the definition of consultancy, the duration and general conditions of contracts, social benefits, and dispute settlement mechanisms. It further addresses issues related to the management of consultants, such as the respective roles and responsibilities in the selection and recruitment process, internal controls, geographical diversity and gender balance, performance evaluation, monitoring and reporting, the role of the governing bodies, as well as system-wide coherence.
3. During the review, a number of organizations (International Civil Aviation Organization (ICAO), United Nations, United Nations Population Fund (UNFPA), Office of the United Nations High Commissioner for Refugees (UNHCR), United Nations Industrial Development Organization (UNIDO), United Nations Office for Project Services (UNOPS), World Health Organization (WHO) and World Meteorological Organization (WMO) indicated that they were revising or had recently completed the revision of their regulatory framework or were planning to undertake such revision (Food and Agriculture Organization of the United Nations (FAO), International Atomic Energy Agency (IAEA) and the World Intellectual Property Organization (WIPO)). The Inspectors strongly encouraged these organizations to take advantage of the findings and recommendations presented in this report and integrate them in their respective new policy and practices.

Scope

4. The initial scope of the review was to focus on the individual consultancy contract, envisaged as a contractual relationship between an organization and an individual for advisory work or for a product-based assignment requiring special expertise, with a short period of duration, and providing added-value to the capacity of the organization, as opposed to other categories of non-staff personnel.
5. However, the analysis of information received and the interviews conducted highlighted that there is no clear distinction between individual consultants and other non-staff personnel (usually designated as “individual contractors” or “service contractors”) hired to perform functions and tasks similar to those of regular staff. While some organizations have neither a clear and distinct definition for individual consultancy nor a dedicated contractual modality, other organizations consider all non-staff contractual modalities as “consultancies”.
6. The analysis also showed that, in practice, consultancy contracts and some non-staff contract types are used interchangeably. It is not unusual for individuals to work for the same organization for repeated or extended periods of time under the precarious status of various non-staff contractual modalities. Such a contract may be granted successively to the same individual performing the same

¹ Previous JIU reviews on this subject include an assessment of the use of corporate consultancies in the United Nations system organizations (JIU/NOTE/2008/4) and an assessment of the use of consultants in the United Nations (JIU/REP/2000/2).

tasks or similar work in the same department/unit for a significant period of time. The review found that there are no overarching criteria for choosing between staff and non-staff contractual modalities. For these reasons, the present review includes broader considerations on non-staff contractual modalities (see Chapter II).

7. In the United Nations system, there is no clear definition of staff versus non-staff personnel from the perspective of functions performed or international labour principles. Generally, in the United Nations system, the term “staff” refers to personnel subject to the staff rules and regulations of the respective organizations, whereas “non-staff” refers to personnel not subject to said staff rules and regulations. The United Nations System Chief Executives Board for Coordination (CEB) defines a “staff member” as any individual who receives a formal letter of appointment under the Staff Regulations and Rules from any organization of the United Nations common system or who has otherwise been determined by the employing organization to be subject to that organization’s staff rules and regulations. “Non-staff personnel” are defined as members of the workforce other than staff members subject to the staff rules and regulations. This latter category usually includes international consultants, United Nations volunteers, holders of service contracts (SC), special service agreements (SSA), casual labourers, and other related categories.²

8. In fact, the denomination and purpose of non-staff contractual modalities vary significantly across the system. It is therefore difficult to refer to “non-staff contracts” as a homogeneous category of contractual modalities. However, for the purpose of this review, “non-staff personnel” does not include volunteers, interns and gratis personnel, and officials, other than Secretariat officials. Going beyond consultancies, the report includes considerations on non-staff personnel/contracts from the perspective that they are used for repeated and extended periods for work that should entail staff contracts, which is not in line with good labour practices.

9. The report is system-wide in scope and covers all JIU participating organizations. In order to include best practices relevant to the issues, other international public institutions, like the World Bank and the European Commission, were consulted.

Methodology

10. The methodology followed included a range of evaluation techniques: analysis of relevant available policy documents; internal reports and documents submitted to governing bodies; a questionnaire sent to organizations based on the review of available documents and the responses to the questionnaire; interviews and video conferences conducted with human resources and procurement officers, hiring managers, staff representatives and consultants in various professional and technical areas. This enabled the Inspector to understand the views of different groups involved in the process.

11. The methodology also included the review of a sample of consultancy case files selected randomly. The purpose was to get a general sense about the documents recorded and whether the files were properly documented and complied with the respective policies. These files were reviewed in full confidentiality. Case files at the following organizations were reviewed: ILO, United Nations Secretariat, UNDP, UNESCO, UNHCR, UNICEF, UNIDO, UNOV/UNODC, WFP, WHO and WMO.

12. The review shows that the United Nations system organizations have unequal capacity and various methodologies for maintaining information and statistics concerning non-staff personnel, in general, and particularly individuals employed as consultants. Many organizations found it challenging to provide detailed statistics.

² CEB/2010/HLCM/21, Benefits, entitlements and insurance related to service-incurred injury, illness, death and disability.

13. In accordance with article 11.2 of the JIU statute, this report was finalized after consultation among the Inspectors so as to test its conclusions and recommendations against the collective wisdom of the Unit.

14. The report contains 13 recommendations. To facilitate the handling of the report and the implementation of the recommendations and the monitoring thereof, Annex VIII contains a table indicating whether the report is submitted to the organizations concerned for action or for information. The table identifies the recommendations that are relevant for each organization, specifying whether they require a decision by the legislative or governing body of the organization or action by the executive head of the organization.

15. The Inspector wishes to express his appreciation to all who assisted him in the preparation of this report, particularly those who participated in the interviews and so willingly shared their knowledge and expertise.

II. NON-STAFF PERSONNEL IN THE UNITED NATIONS SYSTEM

A. Overuse of non-staff contractual modalities

16. General observations and interviews indicate that the use of non-staff personnel in the United Nations system organizations is on the rise and that they constitute a significant part of the total workforce. According to some rough estimates, non-staff personnel in the United Nations system constitutes on average over 40 per cent of the total workforce. This situation reflects a major shift in the organizations' human resources models and their operational modalities, which may have strategic implications for the organizations. Therefore, the situation requires close review and monitoring.

17. The United Nations system organizations have wide-ranging mandates, including peace and security, development, humanitarian assistance, and human rights. Over the years, the governing bodies have been expanding the mandates and responsibilities of the organizations. However, the resources, including the human resources, have generally been stagnant or not increasing in a commensurate manner. Naturally, such expansion, combined with additional pressure to deliver with inadequate funding, has substantially increased the need for short-term non-staff personnel, and has led to the use of such personnel for work that should be performed by regular staff. These contracts, in general, do not involve long-term obligations and do not provide social benefits.

18. In other words, in order to maintain their delivery capacity, organizations have been trying to increase the flexibility of their workforce and have expanded the use of consultants and other non-staff personnel. Managers feel the pressure to deliver under tight budgets, and this situation places them in the delicate position of using contracted services and causes inappropriate and unsustainable contractual practices. In general, the process works without an explicit policy decision at the governing body or executive management level. In the case of FAO, this situation was explicitly recognized in the report of its finance committee: "A target of a 60:40 ratio of staff to non-staff was envisaged so as to allow for a greater flexibility in delivering the organization's programme of work in times of substantial budgetary constraint."³

19. Interviews with managers, staff representatives and non-staff contract holders confirmed the concerns raised within the United Nations system organizations regarding the general terms and conditions under which non-staff personnel are employed, particularly when they are given contracts for repeated and extended periods of time and when the same individual is granted successive non-staff contracts to perform work similar to that of regular staff members, but with a different status and without social benefits.

B. Main reasons for the overuse of non-staff contractual modalities

20. Under severe budget constraints, project managers often opt for non-staff contractual modalities instead of staff contracts, for flexibility and cost-savings reasons. By using non-staff contracts, they can also exercise more discretion at various levels, such as selection, remuneration, etc. Although it seems that managers perceive the non-staff contractual relationship as the best option, the reasons put forward are not always convincing nor in full compliance with United Nations values and good international labour practices.

³ FC 126/15, Revised Policy and Implementation of FAO, Use of Contractors and Retirees, para. 5.

Lack of resources

21. In many organizations, the resources allocated to staff posts have been frozen or have not increased adequately over the years. These situations naturally lead organizations to resort to non-staff workforce. Legislative and governing bodies are aware of the situation and some have requested the heads of organizations not to use consultants for work that should be done by staff personnel. However, the governing bodies fail to provide the necessary resources to increase staff posts to properly address the issue.

Inflexibility of staff posts

22. In most organizations, the number and level of staff posts for each department/office are approved in the programme-budget by the governing body with little flexibility for adjustment during the budget year/biennium. The flexibility of consultancy and other non-staff contracts compensates the rigidity and constraints related to the creation and management of staff posts (short or fixed term).

Easy recruitment process

23. Subject to corporate rules and procedures, the recruitment of staff is a relatively lengthy process that includes, inter alia, advertisement, competition and interview panels. Bringing on board non-staff personnel, on the other hand, offers more flexibility since there are less procedural requirements: it is easier to establish and terminate non-staff contracts and recruitment is much faster. This flexibility is particularly important in a dynamic work environment and emergency situations.

24. Managers often anticipate difficulties at the termination phase of fixed or short-term staff contracts and therefore prefer non-staff contractual modalities. Managers interviewed expressed their discomfort with providing short- or fixed-term staff contracts that might create expectations for a long-term commitment, even though these contracts are by nature limited in time and could be aligned to the programme/project duration.

Cost savings

25. In general, fixed-term or short-term staff contracts are costly in comparison to non-staff contracts as they include a series of social benefits (e.g. retirement pension, medical insurance and education grant), whereas non-staff contracts do not. Furthermore, there is room to adjust remuneration levels downward in non-staff contracts which is not the case with staff contracts. During the interviews, some managers openly expressed cost-saving incentives. Under tight budgetary constraints, their choice is based on cost-savings rather than the proper contractual modality. This is the case particularly in the field with decentralized fund management, where managers tend to prefer less costly non-staff contractual modalities. Given the circumstances of insufficient funding and pressure from donors, managers try to maximize the use of extra-budgetary funds in programme/project activities by various means, including the misuse of non-staff contract modalities.

26. For example, FAO Finance Committee explicitly recognized the cost-saving motive in its report:

“The lower cost of non-staff human resources, together with the flexibility that such human resources offers, have contributed to the extensive and prolonged use of non-staff contractual instruments. The average yearly cost of a non-staff human resource (NSHR) at Headquarters in 2008 was approximately USD 58,300, and since NSHR are generally employed to carry out professional-level work, this represents a far more economical alternative to creating a professional post (by more than 50 per cent) to meet programme delivery requirements. The budgetary constraints of previous biennia have increased the

organization's reliance on non-staff human resources to deliver essential ongoing programme activities".⁴

Unpredictability of funding flow

27. It seems that the use of non-staff contracts is more prevalent in extra-budgetary financed activities. The low predictability of an extra-budgetary funding flow forces managers to adopt a precautionary approach, whereby they prefer to use consultancy and other non-staff contracts rather than staff contracts. However, there are also attempts to increase the flexibility of staff in case of lack of funding. Some managers explained that as a precaution for unpredictable funding, they include a clause in staff contracts stipulating that the contract is subject to the availability of funding, thereby introducing flexibility in staff contracts.

C. Need for risk assessment

28. The review indicates the need for adequate frameworks for using non-staff personnel (including individual consultants) based on clear principles, including the distinction between staff and non-staff contracts. The increasing use of non-staff contractual modalities for repeated and extended periods may lead to the formation of two parallel workforces with different rights and entitlements. This situation can create critical risks for the organizations. Therefore, organizations with a significant amount of non-staff personnel need to undertake a focused review of the issue and conduct a risk analysis to improve the planning of their workforce and related resources. The following risks relating to the use of a non-staff workforce should be considered (Box 1).

Box 1: Risks in the use of a non-staff workforce

- *Loss of reputation because of unfair employment practices that may be contrary to United Nations values and international labour principles.*
- *Exposing the organization to legal disputes if a de facto employment relationship exists but is not recognized by corresponding contractual modalities and benefits.*
- *Losing control of core functions and services if they are increasingly transferred to temporary workforce.*
- *Loss of institutional knowledge due to increasing temporary workforce.*
- *Blurring of organizational culture, causing tension and low morale among the workforce by creating various statuses and providing different benefits for similar work.*
- *Loss of international character of the workforce through discretionary recruitment of temporary workforce.*
- *Endangering the accountability framework through discretionary recruitment and use of significant amount of temporary personnel.*
- *Exposing programme/project to a lack of ownership due to temporary and unfair contractual modalities.*

29. Closer monitoring, evaluation and analysis would enable the organizations to identify problems and trends and introduce remedial actions, including the creation of staff posts and the use of short-term staff contracts. To that end, organizations should regularly collect comprehensive analytical statistics relating to the use of non-staff contracts, and more systematically assess and report on such contracts.

⁴ FC 126/15, para. 8.

30. The executive heads should ensure that there is a clear rationale for the use of non-staff contractual modalities in their organization; they should examine the nature of the work performed by non-staff personnel and the specific functions and responsibilities entrusted to them, both at headquarters and in the field offices.

31. The issue of precarious statuses in the organizations is not new. The organizations need a radical policy change on this issue, based on a holistic approach rather than temporary solutions. Over the years, some organizations attempted to eradicate the misuse of non-staff contracts for staff-appropriate work through various measures, such as introducing proper staff contracts to long-serving consultants and more scrutiny on the implementation. However, after sometime, misuse of non-staff contracts recommenced. This shows that as long as the underlying causes are not addressed radically at the policy level, it is impossible to root out the improper use of non-staff contracts.

Immunity from legal actions

32. All companies and employers are subject to national employment laws. However, the United Nations system organizations are not subject to those laws and enjoy immunity from legal action against them. Nonetheless, immunity from legal action should not be considered as permission to establish employment practices that are not in line with socially responsible employment principles and United Nations values in general. Furthermore, there is no guarantee as to how local courts interpret immunity nor how they would rule in the case of legal action. Therefore, organizations should pay close attention to establishing and implementing proper policies regarding the use of consultants and other non-staff personnel.

D. Need for more flexibility in the use of staff contracts and resources

33. In order to prevent inappropriate use of non-staff contractual modalities, organizations need to address the root causes of the problem with measures implemented on multiple fronts, such as effective oversight and accountability, improving and clarifying policies, requesting governing bodies to provide adequate funding, and increasing flexibility in the use of staff resources.

34. For instance, organizations could consider establishing a pool of staff posts that are not under any specific department, unit, or office for the purpose of mobilizing these resources temporarily to different departments or units as needed. This “reserve pool” would help to eliminate the bureaucratic process of approving posts and would reduce the improper use of consultancy and other non-staff contracts. The size of this pool can be adapted to the size of the organization and there should be a clear mechanism for prioritizing and deciding on deployment locations and duration, so as to avoid internal competition for these resources. This option would not disrupt the basic structure of the organization, but rather complement it and enable it to address temporary staff needs. The executive heads of the organizations should report to the governing bodies on the utilization of this pool of resources. Some managers reported that they had established rosters of pre-screened candidates around key staff positions. These rosters are used to speed up the filling of anticipated and ad-hoc vacancies.

35. Overall, the heads of the organizations need to have more flexibility to create or cancel staff posts and mobilize staff and staff posts between divisions or programmes, and use relevant budget resources more flexibly. It should also be possible to use fixed and short-term staff contracts flexibly by tying them to the programme or project’s life cycle rather than creating de facto permanent contracts. Recruitment of national professional officers can be used more effectively in the field. Another issue is the inflexibility in the use of budget lines with strict transfer limitations which can cause improper contract modalities. **Organizations must have the necessary resources and flexibility to apply result-based management rather than resource-based management.**

E. Need for overarching criteria to choose between staff and non-staff contractual modalities

36. According to the ILO recommendation No. 198 (2006), the main criterion to use when deciding between staff and non-staff contracts should be the “employment relationship.” If the work requires an employment relationship, then it should be a staff contract; if the work to be performed entails an independent contractor relationship rather than an employment relationship, it should be a non-staff contract. The recommendation gives precedence to the practice over the contract itself: “[...] the determination of the existence of [an employment] relationship should be guided primarily by the facts relating to the performance of work and the remuneration of the worker, notwithstanding how the relationship is characterized in any contrary arrangement, contractual or otherwise, that may be agreed between the parties” (Recommendation No. 198, para. 9).

37. The interviews revealed that non-staff personnel, particularly consultants, often work on the premises of the organizations, follow regular working hours and receive a monthly remuneration, just like other staff members. Their services are used in a wide range of areas, including information systems, human resources, finance, training or programmes and project management. Employing consultants and other non-staff personnel for extended periods, like staff under an employment relationship, create precarious statuses and the situation is not sustainable for either the employees or the organizations which are facing a dramatic change in their workforce composition. Introducing different statuses of personnel for similar work within the organizational workforce, which is no longer subject to a common set of rules and regulations, is not a fair or socially responsible employment practice. It creates discrimination in the workplace by not providing equal benefits for equal work.

38. The review found that many consultants and other non-staff personnel often work under an employment relationship with repeated or extended short-term non-staff contracts. The organizations provide them with office space, telephones, email accounts, monthly remuneration, and ground passes. Some consultants have been working for more than two years under various types of successive contracts of limited duration, and without social benefits. All these elements indicate the presence of an “employment relationship” rather than an “independent contractor relationship” which implies that these people are staff by a de facto employment relationship. This debate is essential and the United Nations system organizations must ensure that their employment practices are in line with all the values that they are promoting.

39. International labour principles and standards set out basic principles and rights relating to work. They have been adopted by the International Labour Conference and made available to the Member States, either for voluntary ratification, in the case of conventions, which creates binding and reporting obligations; or as guidelines/soft laws, in the case of recommendations. In the United Nations system, no policy exists with respect to the application of international labour principles. Since international labour principles are not legally binding in the United Nations system organizations, the fundamental labour principles they promote do not have to be applied by the organizations. This situation leaves the United Nations system organizations without yardsticks for their policy development and aggravates the proliferation and misuse of non-staff contractual modalities. There is an urgent need for United Nations system organizations to review their staff and non-staff policies with a view to aligning them with basic international labour principles. These policies should take into account the existence or absence of an employment (employee-employer) relationship and provide indicators to help to identify the nature of a work relationship.

Triangular employment relationship

40. Some United Nations system organizations hire non-staff personnel through private employment agencies or the United Nations Office for Project Services (UNOPS). This modality speeds up recruitment and may also reduce transaction costs. On the other hand, officials in some

organizations noted that sometimes the private agencies do not provide adequate remuneration and/or benefits, resulting in dissatisfaction on the part of consultants, and results in high turnover.

41. From a legal point of view, this type of contract presents difficulties as the consultants find themselves interacting with two interlocutors: the agency and the organization. It is important to clarify in the contract who is the employer responsible for the contract-related entitlements, such as remuneration, compensation in case of accident at work, leave and medical insurance. Since this model is in the development stage, organizations need to clarify all related aspects, including their respective roles and responsibilities.

The following recommendation is expected to enhance control and compliance in the United Nations system organizations.

Recommendation 1

The executive heads of the United Nations system organizations, taking into account international labour principles, should review their policies regarding the use of non-staff personnel with a view to clarifying the criteria for choosing between staff and non-staff contractual modalities, and should monitor and assess the use of non-staff personnel in their organizations to detect and address risks in a timely manner.

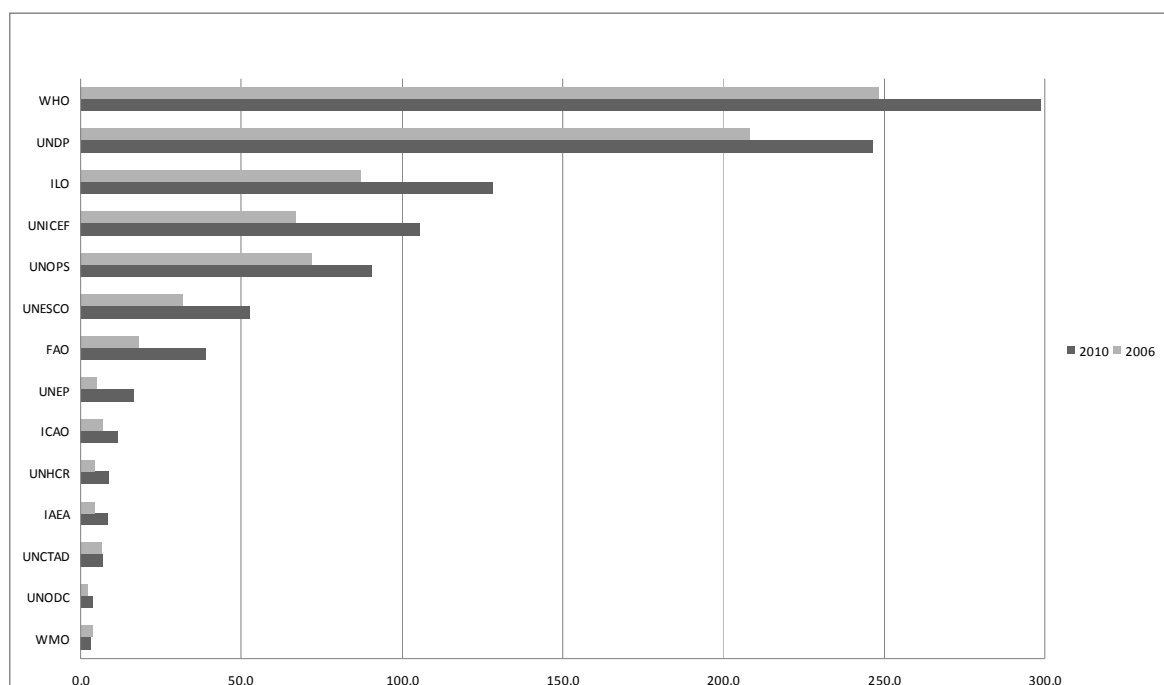
III. CONSULTANCY POLICIES AND PRACTICES

A. Overview of consultancy policies

Increased use of consultancies

42. Since many organizations did not provide a full set of specific statistical data and figures, it was difficult to consolidate comprehensive statistics on the use of consultancy contracts across the United Nations system. However, based on the figures collected during this review (Figure 1), it is fair to say that the use of individual consultancies across the United Nations system has been on the rise since 2006. Some organizations have not been included due to the lack of comparable data for the years considered (2006 and 2010).

Figure 1: Expenditure on individual consultancies in 2006 and 2010, in USD million



Source: Responses to the JIU questionnaire. Figures provided for biennium estimated on a yearly basis.

43. Consultants are used in normative, operational and technical areas of work including project implementation, information management, training, human resources management, finance and programme evaluation. The review found an increasing use of junior-level consultants recruited following internships in the organizations. This situation can be considered as indicative of consultants hired to work as de facto junior-level staff, as consultancy contracts require special expertise and work experience which would exceed that of an intern.

Mapping of policy documents

44. Many United Nations system organizations have policy documents on the use of consultants and/or other non-staff personnel. However, the quality and clarity of these documents vary significantly across the system. Some policies are vague and do not focus on individual

consultancies, but on non-staff personnel in general, and therefore do not take into consideration the difference between a consultancy contract and other non-staff contracts. The policies applicable to individual consultancies across the system are often too permissive and not always aligned with a common understanding of consultancy, particularly regarding the authorized length of the contracts. Annex I to this report provides an overview of the policy documents of the United Nations system organizations relating to individual consultancies.

45. In many organizations, the policies on consultancies are contained in various documents, such as staff rules and regulations, human resources manuals, administrative directives and circulars. **In order to avoid fragmentation, all the elements of a regulatory framework on consultancies should be consolidated into one document, such as a policy paper or manual, and made accessible through a single link on the intranet.** A good example is the new comprehensive policy of UNHCR on individual consultants, which includes administrative and other guidelines. UNESCO's manual also comprises extensive guidelines and templates.

46. ICAO, PAHO, UNDP, UNESCO, UNICEF and WHO have developed policies containing provisions on the principles of contracting, identification and selection process, performance evaluation, roles and responsibilities and remuneration schemes. Their policies also include provisions on the use of retirees and applicable travel rules.

47. **ITU, UPU and WIPO have no formal regulatory framework on consultancies, therefore they incur the risk of using discretionary practices. IMO has a policy applicable to technical cooperation programmes only, which do not fully cover individual consultancies at headquarters. The executive heads of these organizations should introduce policies covering all the aspects relating to the use of individual consultancies, as a matter of priority.**

Definition of consultancy

48. Annex II contains a compilation of the definitions of "individual consultancy" as provided by the participating organizations. The majority have been inspired by the wording used in United Nations policy documents on the matter. Some definitions do not establish a clear distinction between individual consultants and other types of non-staff personnel.

49. **A consultancy contract should cover ad hoc advisory work or product-based work that requires special expertise, last for a short specific period and provide added value to the organization's current capacity.** While many organizations use this or a similar definition for consultancy contracts, hence try to distinguish it from staff and other non-staff contracts, other organizations do not have a definition and/or allow the use of consultancy contracts for regular staff tasks.

50. Many of the concerns raised in this report could be alleviated if consultants were used strictly for consultancy tasks, such as ad hoc advisory or output-oriented short-term work. Policies should include not only a definition of consultancy, but also guidelines or criteria on when and how to resort to consultancy; they should also define the tasks that consultants should not perform. There is a need to refocus on the notion of consultancy so as to develop a specific contractual modality and implementation guidelines. The United Nations Secretariat administrative instruction sets out the conditions for using consultants.

51. Most of the policy documents stipulate explicitly that consultants do not have the status of staff members therefore they are not subject to the staff regulations and rules of the respective organization and are not considered officials for the purpose of the Conventions on the Privileges and Immunities of the United Nations and Specialized Agencies, except when they are on mission. However, contrary to other United Nations system organizations, FAO and WFP policies consider individual consultants as officials and assign them, inter alia, managerial and representative

functions. Their policies allow managers to authorize consultants to represent the organization, assume management responsibilities and coordinate corporate activities. In the Inspector's view, this goes beyond the nature of a consultancy and the organizations should amend their policies to prohibit the use of consultants for managerial activities, including representation and coordination.

Functions not entrusted to consultants

52. Echoing the General Assembly resolutions,⁵ the consultancy policies in many organizations stress that consultants should not assume functions normally performed by staff members nor be given assignments for which there is continuing need. Internal and external audit reports often raise this issue and underline cases where consultants appear to be carrying out staff functions in an ongoing manner, rather than undertaking short-term tasks with defined outputs and target dates for completion.⁶

53. During the interviews, some managers stated that they tried to be mindful not to use non-staff personnel in core functions. They underlined, however, the absence of a clear definition of core functions or regular staff functions. For instance, some argued that the consultant's expertise may be core in the context of a specific project and its operations, but may not be a core function of the organization itself. They also argued that core functions in today's world could be outsourced.

54. In the United Nations system, several definitions of staff, non-staff and core functions are used. For instance, UNICEF Human Resources Manual specifies that "regular staff functions" are duties which can be found in the job descriptions of regular UNICEF staff, such as programme management, accounting, clerical, and ancillary services. Temporary staff typically supports regular staff during periods of heavy workload, covers absences while regular staff are on extended leave or mission, temporarily fills in on vacant posts or assists on special projects. "Non-staff functions" entail skills or expertise which are not readily available in the organization, for example, conducting specialized studies, research and technical work.⁷

55. UNOPS defines core functions as "those of a continuing nature and required regardless of business volume fluctuations. Functions that are discharged to implement a project or a portfolio of related projects and funded by the project(s) are normally not considered to be core functions."⁸ **A good practice identified during the review consists of listing in the policy document or subsequent administrative instructions, concrete examples of correct and incorrect uses of contractual modalities applicable to recruitment of individual consultants** (UNDP and UNOPS).

56. Some policies allow consultants to carry out functions and tasks that should normally be performed by staff members, as long as the hiring department can justify that it is unable to perform these functions and tasks within available staff resources (i.e. ILO External Collaborators, WMO individual contractors under SSAs). At IAEA, consultants may be used to fill expertise gaps in the existing staff force, but not on vacant posts. However, some organizations (UNIDO and WFP) formally authorize the placement of consultants in vacant staff positions during an ongoing recruitment process when the services of individual consultants are used as a bridge, pending completion of the official selection and recruitment process or to fill other employment gaps, such as maternity leave. At WFP, consultants may occasionally be employed on a temporary basis to perform staff functions when staff resources are not immediately available.

⁵ General Assembly resolutions 61/244, 63/250 and 65/247.

⁶ ICAO, Audit of the Aviation Security Plan of Action (01/2008) and Audit of Staff Contracts (02/2009), ITC HR Committee, Contractual Arrangements, HR-WP/14 (05/2009)

⁷ UNICEF HR Manual, chap. 6, sect. 2, Consultants and Individual Contractors, CF/MN/P.I/6.2.

⁸ UNOPS Organizational Directive No. 21 (rev. 3), 16 January 2012.

57. It would be helpful for each organization to define core functions in line with their business model and operational requirements. This would allow them to have control over their key functions with proper staff contract modalities and to exercise adequate risk management. However, **the definition of core functions does not provide sufficient criteria or a yardstick for choosing the contract modalities. As explained in chapter II of this report, the best criterion to use to choose between staff and non-staff (including consultancy) contracts is whether or not an “employment relationship” exists.** Therefore, even if it is not a core function, but there is an employment relationship, the contractual modality should be a staff contract.

58. **The repeated or extended use of non-staff contracts under a de facto employment relationship is not in line with international labour principles or best employment practices.** If there is an employment relationship, organizations should decide whether to use short- or fixed-term staff contracts according to the amount of the work and the time frame for completion of said work, rather than using non-staff contracts. If a function is outsourced, it should be remembered that outsourcing companies are responsible, in accordance with national labour regulations, to provide proper labour contracts and that their employees have a right to take legal action if their labour rights are not respected.

59. ILO policy specifies that consultants should, in principle, not work on the organization’s premises because of the nature of consultancy work. The review found that most consultants work on the premises of the contracting organization, and comply with the working hours applicable to regular staff. They are provided with offices, telephones, email addresses and ground passes. Considering the extensive use of consultancy contracts, combined with other elements mentioned, it is fair to say that this contractual modality is tantamount to a fixed-term staff contract, without the social security and other benefits.

Diversity of contractual modalities for consultancies

60. The types of contracts for consultancies vary significantly across the organizations. The United Nations Secretariat policy distinguishes “consultants” from “individual contractors;” FAO differentiates consultancy contracts from “personal service agreements”, and WHO makes a distinction between consultancy contracts and “agreements for the performance of work.” Many organizations use a variety of contractual modalities for consultancies that are also used for other types of temporary assistance (ICA, SSAs, external collaboration contracts, etc.). These different contracts create a lot of confusion. Annex III to this report shows the different types of contracts used for individual consultancies at the organizations.

61. **A clear definition and guidelines for the use of consultancies are important and should be the basis for choosing the appropriate contractual modality. Streamlining and defining clearly all non-staff contracts in one policy document would facilitate correct and easy use of such contracts. Vague definitions not only create conditions for consultancy and other non-staff contracts to be used interchangeably, but also lead to the misuse of these contracts for the performance of regular staff tasks.**

62. Consultancy is one of the most common types of work for which non-staff contracts are used. Due to the expenditure involved, these contracts pose inherent risks for the organizations and therefore require close oversight by the management. The concept of consultancy and its contractual modality should be clearly distinguished from other contract modalities. It should be recalled that the United Nations Secretariat discontinued the use of SSA contracts and introduced a clear status for consultants. PAHO also did away with SSA contracts as legal instruments for hiring consultants after facing a number of difficulties implementing policy provisions, notably in the field. ICAO replaced SSA contracts with consultancy and individual contractor contracts in 2011.

63. To avoid confusion in policy and its implementation, the executive heads of the United Nations system organizations should ensure that a dedicated contract for consultancy is in place, together with clear guidelines for its implementation.

The following recommendation is expected to enhance the effectiveness of the management of consultancies.

Recommendation 2

The executive heads of the United Nations system organizations that have not yet done so should ensure that a specific consultancy policy, complemented by related guidelines and a dedicated contractual modality, is in place in their organizations

B. General conditions of contract

Variations in general conditions of contract

64. Consultancy contracts usually include standard conditions of service which stipulate the rights and responsibilities of the contractual parties. In practice, some organizations use detailed general conditions and attach them to the contract, while other organizations include some important standard clauses in the contract itself. The review found that issues and details covered by the standard or common conditions clauses vary significantly. There are some commonalities in certain provisions but, in general, the scope and substance of the clauses differ. Considering that contract conditions are legally binding, the absence of some clauses or inadequate phrasing of clauses may pose legal risks.

65. From the review of the clauses included in the contracts and the general conditions of contracts attached thereto, the following can be underlined:

- *All contracts contain certain common clauses, such as legal status, dispute resolution, standard of conduct, disclosure and title rights.*
- *ICAO, UNDP, UNFPA and WFP have similar and quite comprehensive general conditions.*
- *Some organizations have more specific clauses, for example, UNOPS contracts include a clause requiring individual contractors to take security courses before being allowed on the official premises.*
- *IAEA, UNIDO and ITU do not have separate general conditions but include some similar clauses in the contract itself.*
- *Although many standard conditions are similar, the scope and content of the clauses vary significantly across the organizations.*

Conflict of interest

66. Potential conflict of interest is an important issue when resorting to external expertise; it should therefore be properly addressed in the general conditions of contracts. During the interviews, some managers referred to a number of different policy and regulatory documents, including staff and procurement rules, which address different aspects of conflict of interest. The relevant provisions are mostly fragmented and incomplete, and consultants are often not aware of the provisions. Legal enforcement of those provisions is quite doubtful as long as the issue is not adequately addressed in the contracts signed by the consultants.

67. Most policies include restrictions on recruiting, as consultants, candidates who are closely related to staff members in the same organization. They also prohibit consultants from receiving instructions from outside parties, including governments, during their contract. Some organizations (United Nations Secretariat, UNOPS, WHO) require consultants to sign a standard declaration on potential conflict of interest. This is a good practice as it formalizes awareness and reinforces compliance with the rules. ICAO has recently incorporated such clauses in their contracts.

68. In the United Nations system, there is a need to introduce comprehensive provisions on conflict of interest, which would enable adequate coverage of the issue in contracts. The World Bank General Conditions, for example, contain a section detailing conflict of interest situations.⁹ It stipulates, among other points, that consultants shall not accept for their own benefit any commission, discount or similar payment in connection with activities pursuant to the contract; nor should consultants offer any direct or indirect benefit arising from the contract to regular staff; and consultants should not engage in certain activities, as listed in the document.

Code of conduct

69. The review also found that there is no common approach regarding a code of conduct for consultants. Consultants often work on the premises of the organizations and constitute a significant part of the organizations' workforce, and therefore a proper code of conduct should be applied. The approach to this issue differs greatly across the organizations. Some include a few clauses in the contracts as part of the standard conditions of contract, while others stipulate that the code of conduct for regular staff is applicable to consultants. A few organizations, such as the United Nations Secretariat and UNIDO, provide consultants with relevant documentation at the time of their engagement; some organizations require consultants to comply with other related policies, such as prohibition of sexual harassment at work, whistleblower policies and code of ethics.

70. The code of conduct applicable to consultants needs to be clarified and harmonized throughout the United Nations system. Given the increasing use of consultants and their presence on the premises of the organizations, it would be advisable that the staff code of conduct and other relevant policies also be applicable to consultants, and that this be clearly indicated in the general conditions of the contract. Consultants should also be provided with all relevant documents to that effect upon signing the contracts. Consultants who have been working for long periods in an organization should be required to take mandatory training on code of conduct, ethics, and accountability. Organizations should also establish and/or strengthen reference checking and reinforce the security clearance process before hiring external consultants.

The following recommendation is expected to enhance the effectiveness of the management of consultancies.

Recommendation 3

The executive heads of the United Nations system organizations should ensure that consultancy contracts in their respective organizations are complemented by comprehensive general conditions, including conflict of interest and code of conduct provisions.

⁹ World Bank Group General Conditions of Contract for Operational Consulting Services (03/2008), section 3.2.

C. Lengthy duration of contracts

71. Many organizations impose restrictions concerning the duration of consultancy and other non-staff contracts. Some policies require that consultants take a mandatory one-month break following the maximum term of a contract, while others require longer breaks. The rationale for these restrictions is to distinguish these contracts from staff contracts, and to avoid expectations of longer employment on the part of the contractors. Annex IV to this report shows the recommended maximum duration of contracts and the maximum accumulated duration of successive contracts.

Contract duration and mandatory breaks

72. The duration of breaks between contracts and limitations vary from one organization to another. At UNICEF, the maximum duration of a contract shall not exceed 11 months within the same unit, work plan or project, and contracts can only be renewed following a minimum one-month break. The maximum duration of successive contracts shall not exceed 44 months within a 48-month period. At the United Nations Secretariat, the total duration of successive contracts cannot exceed 24 months within a 36-month period. At UNESCO, the maximum duration of each contract is 11 months, without any aggregated limitations on renewal. UNDP authorizes 12-month contracts, for a maximum of three years. At IAEA, ITU, and WIPO, no restrictions are imposed. The shortest mandatory break required in the United Nations system is five working days (UNIDO). As can be seen in Annex IV to this report, there is no harmonized approach to this issue in the United Nations system.

73. As pointed out earlier, consultancy contracts are supposed to be used as a temporary contract modality for the performance of ad hoc work. The relationship between the organization and the consultant, as stipulated in the policies, should be an “independent contractual relationship” rather than an “employee-employer” relationship. However, the existing policies allow the organizations to use consultants on successive contracts for long periods of time (sometimes two, three or four years) or indefinitely, with or without breaks. It is fair to say that the maximum duration of these contracts is not in line with the nature of a consultancy and other non-staff contractual modalities.

74. The long duration of contracts is conducive to misuse of contracts for the performance of work that should be done by regular staff. It is important that organizations use proper staff contracts for this type of work. The Inspector would like to draw the attention of the organizations to General Assembly resolution 65/ 247, which states, inter alia, that “[...] in the areas where consultants are frequently hired for a period of more than one year, the Secretary-General should submit proposals, where necessary, for the establishment of posts”.¹⁰

Last-minute renewal of contracts

75. The consultants interviewed complained that often their contracts are renewed on the last day of their current contract or even after its expiration. This creates problems for the consultants with regard to their legal status, visa, accommodation arrangements, etc. in the host country. Managers should plan and conclude contracts earlier for the benefit of both the consultant and the organization.

Emerging practices that circumvent the rules

76. The review found that most managers are satisfied with the requirement of mandatory breaks between contracts and do not question the appropriateness of the contractual modalities. In practice, when consultants are employed for extended periods, the mandatory breaks can be considered a way

¹⁰ General Assembly resolution 65/247, para. 71.

of circumventing the employment principles by not providing regular contracts or related social benefits to the contractors.

77. The review also found that when the nature of the work does not accommodate for the breaks required by the policies, creative practices emerge to circumvent the rules. For instance, in order to comply with the mandatory break requirement or the maximum aggregated duration of contracts, a combination of different types of short-term staff and non-staff contracts are used. As a good practice, some organizations have imposed ceilings on the total duration of all types of non-staff contracts given to one person, in order to prevent the alternative use of contracts.

78. It should be mentioned that in most organizations there are no built-in information system control tools to detect and flag the cases that break the rules. Furthermore, there is a tendency not to consider these rules seriously or be accountable for violating the rules. It is also not unusual to see mandatory breaks waived due to the continuing nature of the work. Some consultants mentioned that they were provided with a visitor's pass during the mandatory break so that they could continue to work on the premises of the organization, without remuneration.

World Bank experience

79. The World Bank had encounter problems with the use of consultants, similar to those that the United Nations systems organizations are currently facing. Its approach to solving the problem may be useful for the United Nations system (see Box 2 below).

Box 2: World Bank experience

- *Historically, the practice of granting long-term consultancy contracts created difficulties at the World Bank. The co-existence of various statuses with little difference in tasks performed also provoked tension in the workforce. The World Bank thus carried out an ambitious “cleaning exercise” (1998-2000) to convert the contracts of a number of consultants who had been working for a long time and for whom there was a corporate need into staff contracts and, at the same time, ensure that other consultants were employed under a more restrictive definition of individual consultancy. The contracts of some consultants were terminated via a settlement process. The new policy launched in 2004 imposes a maximum duration of 150 days in a year for a consultancy contract (with the exception of contracts granted to WB retirees, which may be for up to 190 days). This rule is strictly enforced by the Human Resources Division so as to avoid any confusion with WB workforce and prevent career expectations of the consultants.*
- *WB managers highlighted that this reform contributed to a better delineation of the status and functions of WB staff members versus that of individual consultants employed by the WB. This strict use of consultancies is also a consequence of the increased flexibility to adjust the staffing structure at the WB. WB resources are budget based rather than post based. This enables managers to easily plan their resources according to programme or project requirements, opting accordingly for long- or fixed-term staff contracts or consultancy contracts.*

European Union Council Directive 1999/70

80. The compulsory breaks between contracts as applied by the United Nations system organizations can be considered a way of circumventing fair employment practices by not providing a proper contract with full benefits to the employee. The European Union Council Directive 1999/70/EC concerning the framework agreement on fixed-term work flagged similar issues to European Union members. The directive defines a “fixed-term contractor” as a “person having an employment contract or relationship entered into directly between an employer and a worker where the end of the employment contract or relationship is determined by objective conditions such as

reaching a specific date, completing a specific task, or the occurrence of a specific event”¹¹. To some extent, fixed-term contractors defined in the EU Council directive are similar to consultants used in the United Nations system organizations.

81. The purpose of the EU Council directive was to improve the quality of fixed-term work by ensuring the application of the principle of non-discrimination and to prevent abuses arising from the use of successive fixed-term employment contracts. The principle of non-discrimination means that fixed-term workers shall not be treated in a less favourable manner than comparable permanent workers merely because they have fixed-term contracts, unless different treatment is objectively justified.

82. The European Court of Justice has clarified the principles governing the use of successive fixed-term contracts together with short mandatory breaks. The Court rejected this practice as contrary to the EU Council directive. Some national laws, for instance in Ireland, interpreted any break in services shorter than three months as continuous service when the employee is employed by the same employer on broadly the same terms and conditions.

83. The United Nations organizations taking into account international and national best practices, should review the maximum duration of the consultancy contracts used in their organizations with a view to introducing contracts of shorter duration, preferably of not more than six months within a year, which may be more appropriate to the nature of consultancy work. However, in cases where consultants are hired in different organizational units or locations to perform different functions, and in accordance with the definition of consultancy (as an independent contractual relationship), the maximum duration of each contract could be considered separately.

D. Disparity in social benefits

84. Most of the social benefits offered by organizations, such as social security, annual paid leave, sick leave and medical insurance, are characteristic of a work contract based on an employment (employer-employee) relationship, particularly if the term of the contract exceeds a certain period (for example three or six months). Likewise, in the United Nations system organizations, staff members are entitled to social benefits. Normally, consultants who are independent contractors employed for a specific short period of time as an advisor or an expert should not receive social benefits similar to those granted to regular staff members. However, as explained earlier in the report, when consultants are employed for long periods of time as de facto staff members, the lack of social benefits becomes a highly sensitive issue. The financial implications of granting social benefits to consultants should not be underestimated. This would mean an inevitable increase in personnel related costs at the United Nations system organizations, particularly in technical cooperation projects and activities, with the consequent impact on the cost of providing substantive/technical assistance to beneficiary countries.

85. Social benefits provided to contract holders in the context of individual consultancies vary significantly, as shown in Annex III. Sometimes there are even differences among the benefits provided under non-staff contracts within the same organization, from no benefit at all to various levels of benefits. It is a matter of concern that organizations lack a well-thought out policy on granting social benefits for various consultancy and other non-staff contracts.

¹¹ European Union Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP.

86. For obvious reasons, whether or not benefits are provided impacts heavily on contract holders' personal situations. It was not surprising to hear that consultants prefer to work for organizations which provide better social packages. Although it is normal not to provide full social benefits for real consultancy contracts, it would be prudent to provide limited medical, accident and death insurance coverage to consultants, in case of work-related injury, illness or death. This is the practice in some organizations. Alternatively, organizations could ensure, through the inclusion of relevant clauses in the contract, that their consultants have appropriate insurance coverage for such risks.

87. Some organizations (IAEA, UNIDO and UNOPS, for example) provide a better social benefits package to their long-term consultants, particularly for contracts with a term of six months or more. This may be rational when it concerns individuals employed for a significant period of time in a de facto employment relationship in various positions and with various statuses under successive non-staff contracts. However, although such a relatively generous practice may be considered as fair for long-term contract holders, it still raises the question as to why staff contracts with the full complement of social benefits are not offered.

88. Most organizations do not provide paid leave to consultants, even when they are employed for long periods. This practice is not fully aligned with international standards. ILO Convention No. 132 (1970) concerning Annual Holidays with Pay states that "a minimum period of service may be required for entitlement to any annual holiday with pay. The length of any such qualifying period shall be determined by the competent authority or through the appropriate machinery in the country concerned but shall not exceed six months" (art. 5).

89. As long as the organizations use successive short-term contracts to ensure their long-term needs, the lack of social benefits will be a problem. The ideal solution would be to discontinue the practice of using consultancy contracts for staff work and to introduce staff contractual modalities. Managers often raise concerns about the increase in costs in such a case. The Inspector would like to point out that the United Nations system organizations are value-driven and must set a good example by applying the best employment practices. When organizations face an immediate significant increase in costs, they may choose to use a phased approach to deal with this issue.

The following recommendation is expected to enhance control and compliance.

Recommendation 4

The executive heads of the United Nations system organizations, taking into account relevant international labour principles and good practices, should review the consultancy contracts in their respective organizations with a view to introducing contracts with a shorter duration in line with the ad hoc and temporary nature of the consultancy work, and developing a proper social benefits policy which considers the duration and the nature of the work performed.

E. Employment of retired staff as consultants

90. The use of retirees as consultants is a common practice in the United Nations system. Staff representatives reported that retirees are usually recruited at the managerial level, which negatively affects the career development of staff members. While it is understood that in emergency situations the use of retirees could be very helpful and even justified, in other situations it signifies a lack of timely succession planning.

91. The policies of many organizations contain restrictions on the use of retirees. However, these restrictions vary among the organizations and there are doubts as to their proper implementation in practice. IAEA, IMO, UPU, and WIPO do not have a specific policy for hiring retirees, which

creates conditions for discretionary practices. The policies of the United Nations Secretariat and its funds and programmes limit the use of retirees to a salary of US\$22,000 or a six-month contract within a year. However, for retired language staff, the salary limit is higher. WHO salary ceiling for retirees is US\$30,000, while PAHO and WMO do not have a salary ceiling. Setting limits on salary and contract duration constitutes good practice; however, existing monetary ceilings may not be realistic in some cases. As a good practice, some organizations require the approval of the HR department and/or the head of organization for such contracts, in order to better control the employment of retirees.

92. Another restriction on employing retirees is the requirement of a minimum break after the retirement date. The most commonly applied break is three months following the date of retirement. UNIDO imposes a one-year break, while UNICEF imposes only a one-month break. Some organizations do not have a mandatory break period in this respect. The United Nations system organizations should consider applying a minimum three-month break following the date of retirement before recruiting retirees.

93. Employment restrictions regarding retired staff concern not only retirees of the same organization but also those of other organizations. However, there is no control at the time of recruitment over whether a consultant is a retiree of any other organization. The relevant information is kept within each organization and there is no common database or searchable central gateway that could provide such information across the organizations. Increased information sharing on the matter is necessary and should be made possible, in particular with the assistance of the United Nations Joint Staff Pension Fund.

94. The review found a number of different approaches across the United Nations system regarding the use of retirees as consultants. There is a need for harmonization and realignment of policies among the organizations, to the extent possible. Furthermore, organizations should improve their succession planning and set the tone at the top to prevent overuse of retirees.

The following recommendation is expected to enhance control and compliance with policies.

Recommendation 5

The executive heads of the United Nations organizations should ensure that there is an adequate policy on the use of retirees as consultants in their respective organizations and that compliance with this policy is effectively enforced.

F. Dispute settlement and representation

95. The increase of non-staff personnel in the organizations' workforce who are not subject to staff rules and regulations inevitably raises the issue of representation of this personnel category and the availability of an accessible and effective dispute settlement mechanism, particularly when non-staff personnel work like de facto staff members. Indeed, in most of the United Nations system organizations, non-staff personnel do not have access to the internal justice system and is not represented by staff unions or any other association.

Dispute settlement

96. The General Assembly recognized this issue and put forward the question as to whether or not it would be appropriate to grant consultants and individual contractors access to existing internal

justice mechanisms or to set up a separate justice system for that purpose.¹² The Secretary-General submitted a proposal for recourse mechanisms for non-staff personnel to Member States, taking into account the legal and financial aspects of granting access to existing dispute and appeals tribunals or establishing a separate dispute settlement mechanism.¹³ He proposed a two-stage process, consisting of an informal dispute resolution phase and an expedited arbitral proceeding in case the informal dispute resolution phase fails.¹⁴

97. The General Assembly requested the Secretary-General to present a report at its 67th session further elaborating on the proposed mechanism and including an analysis of the policy and financial implications should individual contractors and consultants covered by the proposed expedited arbitration procedures be granted access to mediation under the existing informal system. The Secretary-General presented the said report.¹⁵ At the completion of this review, the final decision of the General Assembly was pending.

98. In most of the organizations, the contractual provisions concerning non-staff personnel and consultants contain articles regarding amicable dispute settlement and reference to arbitration as a final dispute settlement option using various modalities, such as the International Chamber of Commerce and resolution of arbitrators to be designated by both parties, the arbitration rules of the United Nations Commission on International Trade Law. Officials stated that disputes reaching the arbitration stage were extremely rare as disputes are often settled amicably or by involvement of in-house legal departments. The policies of some organizations also mention specific internal mechanisms: UNFPA requires that disputes in field duty stations be referred to the responsible division at headquarters, and UNESCO allows the involvement of the Chairperson of the Appeals Board if disputes are not resolved.

99. Only a few organizations have formally allowed consultants access to their justice systems if disputes arise. FAO and WFP provide an avenue to the justice system based on the provisions of the FAO Manual. As this is not specifically stated in the contracts, few consultants are actually aware of it. IFAD consultants also have access the Joint Appeal Board before engaging in any arbitration procedure. ILO contracts explicitly stipulate that any dispute arising out of the application or interpretation of ILO external collaborators contracts shall be referred, as final step, to the Administrative Tribunal of ILO.

100. Most of the organizations stated that the existing system of amicable conflict resolution and arbitration has worked well to date. They raised concerns that opening up an internal justice system to non-staff would be costly and could saturate the system. However, considering the lengthy and complex process of international arbitration, it cannot be considered a practical, accessible and effective manner of addressing concerns of this large workforce. Indeed, in practice, it is extremely rare that parties resort to external arbitration.

101. The Inspector is of the opinion that consultants and other non-staff personnel, who represent a significant part of the workforce of the United Nations system organizations, deserve an accessible and effective justice system appropriate to their specific situation. It would be difficult to propose a “one-size-fits-all solution” for this issue; however, there is need to consider, discuss, and find the best solution possible. The assumption that setting up an internal justice system for non-staff personnel would increase the case load may not be accurate in practice. Taking into account developing experiences and new attempts in this regard, organizations should consider finding appropriate solutions. Organizations should, at least, consider establishing

¹² General Assembly resolutions 65/247, 63/250 and 61/244.

¹³ A/66/275, annex II.

¹⁴ Ibid., para 5.

¹⁵ A/67/265, Annex V.

informal/voluntary/administrative internal dispute resolution mechanisms that can be used before resorting to formal external processes.

Representation

102. During the interviews, consultants welcomed the opportunity to express their views and share their experiences, from both professional and personal perspectives, on various issues mentioned in this report. Staff representatives stressed their concern about the implementation of consultancy policies and referred to the risk of discretionary practices and the creation of precarious statuses caused by the extended use of non-staff personnel for long periods of time.

103. Consultants and other non-staff personnel are not formally represented by staff unions or any other association. While for short-term consultants this may not be a problem, it becomes a concern when non-staff personnel work for longer periods on the premises of the organizations. In the absence of appropriate channels for communicating with the administration, consultants refrain from talking about problems and filing complaints individually, in particular considering their weak statutory position within the organizations. They are often not aware of the applicable contractual provisions, their rights, nor the possibility of informal consultation. They complained that they did not have anyone to consult other than the administration.

104. Many staff representatives interviewed stated their willingness to accept consultants and other non-staff personnel as members of their associations and to represent them officially. They said that they were already providing informal consultations and support to consultants on an ad hoc basis.

105. The emergence of a new component of personnel in the United Nations system organizations makes it necessary to have the means to listen to and consider the concerns of these personnel. There is a potential benefit to be gained by better integrating this growing group, instead of creating a silent workforce. Organizations need to explore formal or informal means to facilitate a communication process through which managers could hear constructive suggestions for improvement. The modalities for achieving such integration may vary from allowing staff associations to represent consultants to arranging specific consultation meetings with non-staff personnel or allowing them to choose internal or external representatives. **Organizations should consider consultants as an asset, particularly as some of them have gained significant corporate knowledge.**

The implementation of the following recommendation is expected to improve the effectiveness of management within the organizations.

Recommendation 6

The executive heads of the United Nations system organizations should consider appropriate modalities in order to provide consultants and other non-staff personnel with accessible and effective dispute settlement mechanisms and explore ways of listening to them and addressing their concerns.

IV. MANAGEMENT OF CONSULTANTS

A. Roles, responsibilities and internal control

Role of human resources and procurement departments

106. Clarity in roles and responsibilities and an appropriate separation of duties are important for ensuring accountability and effective internal control in the organizations. The majority of the United Nations system organizations handle the selection and recruitment of consultants and individual contractors as part of a human resources process, emphasizing that the focus is on hiring a person and his or her personal expertise, not an entity. However, at UNDP, WHO, and UNOPS, it is the procurement department that deals with the recruitment of consultants.

107. The review found that there were problems in the interpretation of roles regarding the use of consultants. In general, the policy departments (human resources or procurement) are satisfied with their advisory role but are not willing to accept any role to monitor and enforce the proper implementation of policies. Although some policy documents assign strong responsibility to the human resources department for the implementation of the policies, human resources managers usually are not willing to assume that role due to lack of enforcing power and the operational capacity to deal with such a substantial amount of non-staff personnel. Therefore, there is, to some extent, a lack of ownership of the issue at corporate level.

Delegation of authority

108. Usually field-based organizations are decentralized and the decision-making and recruitment processes are delegated to the departments and field offices. Thus delegated departments and offices are responsible for ensuring compliance with rules and regulations regarding the use of consultants. At some organizations, the use of consultants at the headquarters is still subject to the approval of human resource management. Headquarters-based normative organizations split responsibilities between hiring managers and the human resources department. In these organizations, the hiring departments/units initiate the consultancy process, including the request for a consultancy and the identification of a suitable candidate; and the human resources department reviews the appropriateness of process from the perspective of policy and procedures and gives final approval for recruitment, including remuneration. Thus, accountability is spread across hiring managers and human resources departments.

109. The interviews reflected that there is the perception that when the decision to use consultancies is delegated to the substantive departments and field offices, the relevant human resources or procurement departments at headquarters has no further responsibility. Those departments seem to believe that enforcement of proper implementation and compliance, internal control, monitoring and assessment are the functions of internal audit departments. Organizations need to correct this misperception by clarifying that those functions are the responsibility of management. When delegated authority has been granted, human resources and procurement departments should establish proper internal control procedures as well as implementation monitoring and assessment mechanisms to facilitate proper implementation and minimize risks in the process.

110. An important internal control element to be considered is the separation of duties. In headquarters-oriented organizations, hiring managers, finance and human resources officers are involved in the consultancy hiring process. However, in decentralized or field-based organizations, field office managers take the decisions and this can pose problems. Some organizations require human resources officers in the field offices to review and approve the process from a procedural

perspective before completing the process. The signature of two senior officials may also be required to complete the process. These are good practices to be considered in order to reduce risk.

Built-in control measures

111. An important element to ensure better control of compliance with rules and regulations in the selection and use of consultants is to introduce built-in control and monitoring measures into the information systems. When the entire consultant recruitment and management processes are integrated into information systems at the transactional level, such built-in controls can play a critical role as the information systems can detect and block many improper transactions (e.g., excessive remuneration, excessive contract duration, including accumulated maximum duration, and overuse of retirees) which otherwise go undetected.

Involvement of contract committees

112. In some organizations, even if the process is delegated, the approval of human resources or procurement boards or contract committees is required for consultancies at certain levels. Furthermore, when there is an exception to the rules, like waiving competition, exceeding remuneration ceiling, or recruiting a retiree beyond the terms of relevant regulations, human resources department or contracts committees must review it. For instance, at UNICEF, UNOPS and WHO, the contracts committees at headquarters or at regional level play a key role in monitoring the use of consultancies above a certain value. The involvement of contract committees and human resources or procurement departments in the process reinforces internal control and proper implementation of policies.

113. Organizations need to ensure that a department (human resources or procurement) at headquarters has the responsibility for both policy guidance and compliance monitoring throughout the organization. Although it is understandable that “case-by-case” monitoring and enforcement is not rational at headquarters level, the overall monitoring, assessment and compliance checks can contribute to the proper use of contracts and hence the efficient use of resources. When human resources or procurement departments are involved, they can enforce accountability for policy compliance, but often they have little capacity to monitor, assess, and enforce a proper process. Therefore, these departments should be furnished with the necessary information management tools and resources.

114. Internal controls with respect to the rules of engagement and the management of consultants need to be strengthened. In most cases, line or programme managers have primary responsibility for using consultants. Therefore, the hiring manager has a major role to play with regards to policy compliance when selecting, recruiting, managing, and evaluating a consultant. As this is an accountability requirement to ensure the proper use of consultants, this aspect should be a part of the performance assessment of those managers. Policy documents should not only stress accountability, but should also indicate ways to implement and enforce it. During the interviews, ILO managers stated that there was an annual self-certification process for managers in place to confirm their compliance with policy provisions.

The following recommendation is expected to enhance accountability.

Recommendation 7

The executive heads of the United Nations system organizations should ensure that roles and responsibilities for the use of consultants are clearly established and proper monitoring and internal control measures are introduced for the effective implementation of relevant policies.

B. Competition process and roster management

Use of in-house expertise

115. The assessment of the capacity of the existing workforce is central to deciding on the need for consultancies, as emphasized by the General Assembly in its resolutions requesting the Secretary-General “to make the greatest possible use of in-house capacity”¹⁶. Only some organizations have policies with an explicit requirement to assess in-house expertise before resorting to consultancies. In practice, however, there is little evidence that organizations have mechanisms in place or even make an effort to assess in-house competencies and expertise before turning to individual consultancies. This is a lost opportunity. A more proactive attitude towards using internal expertise, combined with an updated inventory of the skills of the current workforce, would likely reduce recourse to consultancies.

116. The review found that in the United Nations system, there are a few initiatives in this respect. UNHCR policy requires that prior to seeking outside expertise, an attempt should be made to identify qualified staff within UNHCR. The career management support unit is tasked with checking whether there are qualified staff members in the workforce in between assignments before resorting to consultants. At WFP, the Human Resources Division reviews consultancy requests and considers whether internal staff members with the requisite skills and experience are available to perform the defined duties; the Human Resources Recruitment Branch compiles and maintains an internal placement list to facilitate this process.

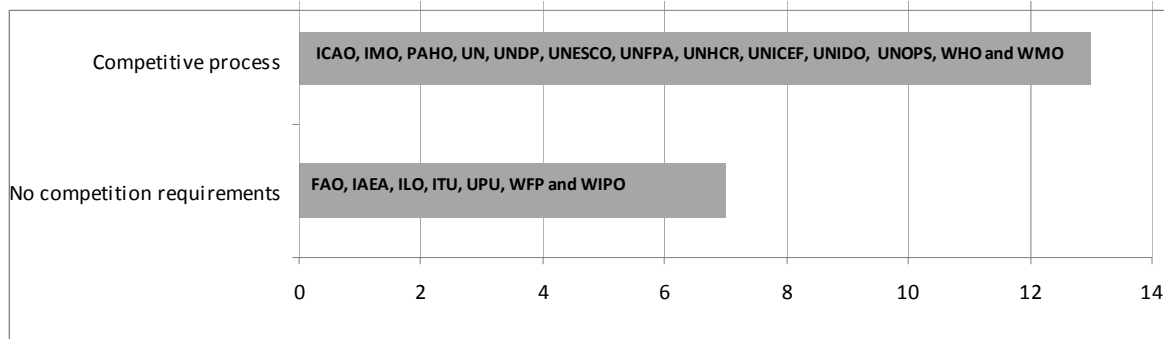
117. Managers often state that they are already short staffed and that it is unlikely that they will find internal staff to mobilize. Nevertheless, there is always room for efficiency and one of the main reasons why consultants are used for longer than three or six months is the inflexibility of internal staffing policies. It is often difficult to move staff or staff posts across organizational units and locations. More flexibility in the use of staff resources would likely reduce the use of consultancies and consultancy-related expenditure. There is need for both corporate policies and the internal management culture to allow for and motivate the optimal use of existing staff. **Organizations should explore opportunities to better utilize in-house expertise with a view to reducing consultancy-related expenditure.**

Competition requirements

118. The requirements and modalities of a competitive process and their implementation in practice for the selection of consultants vary among the organizations (see Figure 2 and Annex V).¹⁷ Some policies have no competition requirements and therefore create the risk for discretionary practices. Many organizations that use competitions generally consider three candidates before the final decision is made. However, some have more rigorous requirements depending on the value of the consultancy contracts (external advertising, involvement of interview panels, selection reports, etc.).

¹⁶ General Assembly resolutions 61/244, 63/250 and 65/247.

¹⁷ UNICEF was the only organization to provide information concerning the types of selection processes: in 2009, 78 per cent of the recruitments were competitive, while 22 per cent were single source.

Figure 2: Competition requirements in the recruitment process

Source: JIU questionnaire and desk review

119. Consultants are normally hired as temporary personnel for a specific purpose, and in many cases, they have to be on board immediately. Therefore, engaging a consultant should not require the same recruitment procedures as a staff member. However, since the use of consultants and the financial resources allocated to them are increasing, competition for consultancies is an important issue. Organizations need to ensure transparency of the selection process and recruit the best qualified candidate for the assignment. Therefore, while maintaining relative flexibility, the organizations need to introduce measures to ensure more transparency, objectivity, and competition in the selection and recruitment of consultants.

120. From the perspective of ensuring value for money, it would be good practice to set the level of competition requirements according to the remuneration and duration of the consultancy assignment. Some organizations have already adopted this approach. UNDP considers three progressive threshold amounts based on (a) no competition; (b) review of three candidates; and (c) effective competition with advertisement. The highest threshold requires advertisement, comparative desk review and mandatory interviews.

121. UNICEF often advertises consultancy positions and uses interview panels to ensure competition. A review of UNICEF case files¹⁸ indicated the rigorous use of interview panels and proper records of the processes. PAHO adjusts the modalities of competition according to the expected duration of the assignment and/or the potential extension in the context of a long-term project. In such cases, a public advertisement is issued for 15 days, and a selection committee composed of three staff members at the professional level assesses the short-listed candidates and submits a selection report to the Human Resources Division.

122. During the interviews, many line managers reported that they had difficulties finding qualified candidates and that the time spent on bureaucratic procedures including interview panels was too long. They usually objected to competition, citing immediate need. Advance planning of consultancy needs and value-based competition, rather than across board competition for all assignments, would reduce the administrative burden and also provide for meaningful competition. For instance, any consultancy with a term of over six months and/or above a certain remuneration threshold could be advertised for competition. Contract duration and value considerations should be based on the work to be performed. Therefore, using successive short-term contracts for the same work should not preclude the use of effective competition methods. In the case of urgent needs and scarcity of qualified candidates, the policies of most of the organizations contain rules for waiving competition.

¹⁸ UNICEF New York office.

123. Recruitment of the best qualified candidate can be accomplished through good planning, targeting many candidates and effective competition. Wider dissemination of consultancy opportunities would contribute to netting more qualified candidates for recruitment. To this end, dynamic roster databases could provide more candidates for a faster selection process and also facilitate the competition. They would facilitate speedy recruitment of consultants who already have good track records, and require more rigorous competition for newcomers.

Roster management

124. The governing bodies of several organizations requested that a central roster of consultants be created. This was also suggested by some internal and external oversight bodies in a number of organizations. Roster management at most of the United Nations system organizations is mostly fragmented at departments, units and office levels without any policy guidance. Each establishes informal rosters with information on known consultants and, in most cases, the rosters are outdated. Only a few organizations have invested in developing and maintaining a formal central roster (see Box 3).

Box 3: Examples of central rosters

- *FAO's "iRecruitment" online system allows consultants and staff members to create an account and maintain their professional profile in a centralized repository. Managers can search for candidates with a specific set of requirements based on a combination of parameters, such as education, languages, nationality, gender, grade, and technical skills. At the time of the review, the pilot phase of the project had ended and the system was opening to public, with the expectation that it would improve the quality and diversity of external expertise used by the organization.*
- *UNOV/UNODC initiated a comprehensive roster to support the organizations in identifying and selecting candidates. It is accessible by both human resources officers and line managers at headquarters and in the field. Information recorded includes gender, nationality, previous working experience, and performance evaluations. Interested external candidates can also apply online and human resources officers validate candidates before including them on the list. However, dynamic updating of the roster is still an issue.*
- *UNOPS invested significant resources to enhance and merge its existing rosters. The new Global Personnel Recruitment System launched in 2012 is considered as an important tool for recruitment strategy. It is accessible by human resources managers at headquarters and in field offices. This new system is aimed at identifying and selecting candidates mainly for project management, finance, procurement and human resources, for short- and fixed-term contracts. The system contains 65 generic profiles which can be viewed by applicants. Furthermore, the system automatically evaluates and ranks candidates within these generic profiles. Managers can adjust the ranking criteria according to the job requirements.*

125. The diverse and dynamic nature of the activities of United Nations agencies does not allow a single best approach in this matter. In particular, the frequency of using consultancy and the nature of the expertise required are key factors for taking a hiring decision. The establishment and maintenance of a central roster require significant human resources and information technology capacity. In each case, a cost-benefit analysis of resource investment to create and maintain such a roster should be conducted. For organizations that use consultancies frequently, it would be useful to establish a central roster, as the benefits would offset the maintenance costs.

126. The intended objective of consultant rosters is to facilitate and ensure the timely selection and recruitment of the best qualified candidates among an expanded pool of suitable candidates. This can only be achieved if the roster adequately captures pertinent information about many potential candidates and managers have practical searching and filtering capabilities to access the information. In order to provide optimum benefit, the rosters must be maintained and kept up-to-date. Dynamic roster management can facilitate effective competition, and quick and timely recruitment of the best qualified candidates for a job.

127. The complexity and level of investments for establishing and managing of rosters should be proportional to the level of consultancy used in the organizations. While organizations that use consultants frequently may choose to establish a central roster, other organizations could consider strengthening roster management in the relevant departments and offices in an integrated way and also try to benefit from the rosters of larger organizations. The benefits of rosters would increase if they are maintained in the main information system in a dynamic and integrated way like a central roster and are accessible by all organizational units, including field offices.

128. During the interviews, a number of difficulties concerning the management of rosters were mentioned. The question of governance and ownership of the roster at each organization is central to roster management. Unclear and fragmented responsibilities between human resources departments and line managers for feeding and maintaining the database is one of the main points to be dealt with as a matter of priority. Whether or not the organizations have a central roster, a roster policy and related guidance material are necessary to ensure the expected value added of rosters.

129. Most of the United Nations system organizations do not have a roster management policy. A roster policy should establish the rules and criteria for populating and maintaining the consultant database, and should assign roles and responsibilities to that effect. Possible candidates to be included in the rosters could be consultants with good performance records within the organization and other United Nations system organizations, consultants who have had prequalification screenings, such as interviews and verification of credentials, and candidates who have been short-listed during staff selection processes. The policy should also provide guidance on when and how the academic and professional credentials of candidates should be checked.

130. Other problems identified in the current practice were the lack of control over populating the database; the lack of a proactive attitude towards ensuring a larger candidate database; the challenge of roster maintenance, in particular in specialized and fast-changing areas (in many cases, rosters are outdated and have a limited number of available candidates); the persistence of informal networks in parallel to the roster; and insufficient information technology tools, which leads to limited use of existing rosters.

131. Possible elements for a dynamic and effective roster management are as follows:

- *Corporate policy guidance and governance framework for roster management;*
- *Establishment of a dynamic roster database accessible online by all;*
- *Adequate information technology tools, such as enabling online research, sorting and ranking;*
- *Adequate categorization of consultancy areas aligned to normative, technical and operational needs;*
- *Allocation of sufficient resources for its maintenance.*

132. The existing cooperation efforts regarding many aspects of the use of consultants in the system are ad hoc and informal. Roster sharing, at least in some areas, would be useful in commonly used consultancy areas and performance evaluation of consultants. Some managers interviewed voiced the need for increased inter-agency cooperation and information sharing mechanisms, at least in common technical areas. For instance, a roster of nutrition experts could be shared among WFP, UNICEF, FAO and WHO, as these organizations often use such expertise. Likewise, a common inter-agency IT consultant roster could be useful. Organizations may choose to establish common rosters in specific technical areas in the United Nations global marketplace or allow other organizations to access their internal rosters.

Use of consultancies in emergency situations

133. Organizations that often deal with emergency humanitarian assistance find the use of consultants a cost-efficient solution to ensure a level of agility and flexibility to fulfil their operational needs. UNHCR and WFP have introduced mechanisms to recruit and deploy qualified consultants at short notice, sometimes within one day. For instance, there was an urgent need for consultants in 2004 when WFP had to respond quickly to the Indian Ocean tsunami, and again in 2008 with the food price crisis. WFP appointed far more consultants to support its emergency response in comparison to previous years. UNHCR uses stand-by agreements and deployment schemes with various partners to ensure operational support by providing personnel, equipment and technical packages. A deployment scheme is a stand-by arrangement under which deployees are selected jointly by UNHCR and a partner agency from a deployment roster.

The implementation of the following recommendation is expected to enhance the efficiency of the United Nations system organizations.

Recommendation 8

The executive heads of the United Nations system organizations should review their roster and competition policy and practices regarding the use of consultants with a view to expanding the available pool of qualified candidates and adopting adequate competition measures, preferably adjusted to the duration and value of contracts.

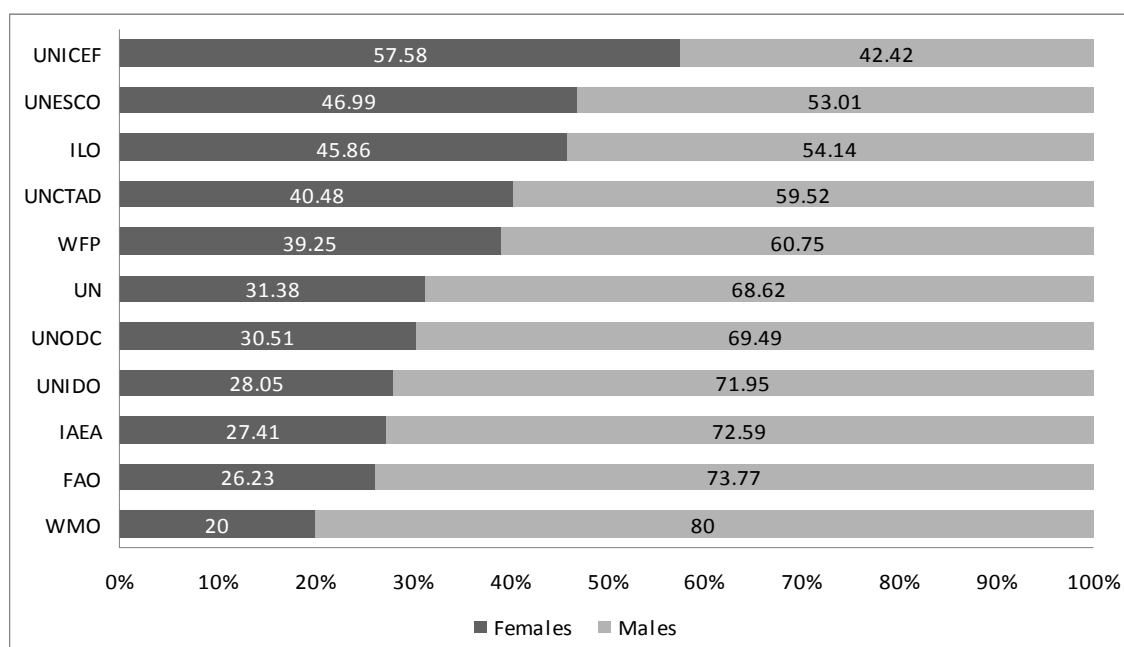
C. Geographical diversity and gender balance

134. In order to create a balanced international workforce, most United Nations system organizations have policies concerning geographical representation and gender balance of their staff. In the same spirit, the governing bodies of some organizations requested that the geographical distribution and gender balance of external expertise should be enhanced by selecting consultants on a wider geographical basis and by considering more women. The United Nations General Assembly, UNEP Governing Council, UNESCO Executive Board, and FAO Finance Committee have adopted resolutions on this matter. In the light of the substantial number of consultants used in the organizations, it would be relevant to consider the geographical diversity and gender balance for this segment of the workforce as well.

135. Ten organizations do not have any policy on the matter. During the interviews, many managers demonstrated a positive attitude to these issues, but the review itself found that very little attention is paid to promoting geographical diversity and gender balance. Annex VII to this report shows the policies of the organizations on these issues.

Gender balance

136. Available statistics (see Figure 3 below) indicate that, with the exception of UNICEF, a large number of individual consultants used in the United Nations system organizations are men. During the review, some organizations pointed out that their areas of expertise remained male-dominated. The Inspector noted, however, that there were no particular efforts deployed to find and recruit female candidates. Organizations should develop proactive strategies to improve gender balance, such as outreaching to a wider pool of available consultants.

Figure 3: Gender balance of consultants in the United Nations system organizations, June 2010 (%)

Source: Data collected by the JIU.

Geographical diversity

137. From the data available (see Table 1 below), it is obvious that geographical imbalance persists and contributes to undermining the international character of the United Nations system. Officials stated that the location of the organizations determines, to a certain extent, the diversity of the workforce as consultants are often recruited locally where services to be provided. This may explain the lack of diversity, to some extent, at headquarters, but not at the level of the whole organization. Given the fact that the use of consultancies has reached high levels, the organizations need to adopt a more proactive approach to improving geographical diversity by introducing a policy in this respect and accompanying implementation measures.

138. Available figures show that often a significant part of consultants originates from a limited number of western countries. UNICEF, UNCTAD, UNODC and WMO have relatively less diverse pool of experts. UNIDO has a better distribution in comparison to other organizations with 150 nationalities providing consultancy (and the biggest share of one nationality only at 4.45 per cent).

Table 1: Diversity of consultants in the United Nations organizations, June 2010

	Countries represented	Share of top 5 nationalities (%)	Share of top 10 nationalities (%)
United Nations	28	74.41	90.17
UNICEF	63	73.72	81.72
WMO	41	57.44	73.33
UNCTAD	31	58.82	70.59
ILO	82	48.48	62.84
IAEA	85	45.03	60.07
WFP	118	43.14	59.18
UNESCO	104	48.73	59.02
FAO	133	40.10	55.09
UNIDO	150	16.91	27.83

Source: Based on figures provided to JIU

139. Having a dynamic roster policy is an important element for improving both geographical diversity and gender balance as it would provide managers with a larger pool of qualified candidates for selection. Organizations need to be more proactive in reaching out to candidates from developing countries. This could be achieved through various methods, including the following:

- *Planning consultancy needs well in advance so as to be able to expand consultancy pool;*
- *Exploring more innovative ways to reach out to candidates from developing countries, such as advertising vacancies on the web pages of relevant occupational groups in those countries;*
- *Requiring that at least one of the short listed candidates be from a developing country;*
- *Setting indicative diversity and gender balance goals and monitoring their achievements regularly.*

140. As the goals of many organizations strongly relate to development issues, including capacity development, the use of qualified consultants from developing countries would contribute to the achievement of these goals. Taking into consideration the significant amount of consultancies across the United Nations system, it would be advisable to pay more attention to this issue now.

The following recommendation is expected to improve the management of consultancies through dissemination of best practices.

Recommendation 9

The executive heads of the United Nations system organizations should ensure that geographical diversity and gender balance are addressed in the consultancy policies of their respective organizations and promoted proactively.

D. Remuneration

141. There are significant discrepancies and inconsistencies in remuneration across the system and within each organization. Annex VI to this report provides summary information on the remuneration schemes within the United Nations system together with the respective authorities that determine remunerations and grant exceptions to rules and remuneration ceilings.

142. Across the system, various elements are taken into consideration when determining remuneration/fees, such as profile and experience of the consultant as stated in the curriculum vitae, complexity of services or products to be delivered and consultant's previous remuneration, among others. In practice, managers tend to establish the remuneration mainly on the basis of the profile and experience of the consultant, which may lead to a higher remuneration than necessary. Furthermore, some policy documents on determining remuneration place emphasis on the experience and background of the consultant rather than on the nature and complexity of the work to be performed.

143. In addition, the lack of adequate funding often leads managers to choose a lower level of remuneration. This is often the case when the available fund/budget is not sufficient to provide a corresponding level of remuneration. If there is a scrutiny on remuneration in the organizations, it is to prevent the provision of high consultancy fees; there is no attempt to prevent the provision of a low remuneration.

144. The primary factor in determining remuneration should be the complexity of tasks and deliverables as described in the terms of reference (TOR), rather than personal profile or experience. Equal work should be remunerated at comparable levels. The preparation of detailed and specific TOR with clear deliverables is crucial for the recruitment of the best qualified consultants, the determination of an equitable remuneration, monitoring and execution of contracts and proper

performance assessment. The interviews with consultants and review of case files indicated that sometimes the content of the TOR and the work assigned in practice did not match, particularly when consultants are given successive contracts and work on the premises of the organization for a long period of time. Sometimes the TOR are too general and include vague provisions on the work to be delivered.

145. In order to provide a framework for determination of remuneration levels, organizations usually establish remuneration bands based on staff salary scales. Managers are supposed to decide which band is applicable, based on the complexity of the work and the expected deliverables to determine the final remuneration within the range of the band, taking into account the experience of the consultant. The decision on the final remuneration is taken either by the hiring manager or by the human resources officer in consultation with the hiring manager.

146. During the interviews, many hiring managers and consultants complained about the lack of clear and comprehensive guidelines regarding remuneration. While some organizations do not have any policy and guidelines at all, available guidelines in other organizations are usually outdated or include only a list of remuneration bands. This often results in significantly different remuneration levels for similar tasks within the same organization or sometimes even variable remuneration for successive contracts involving the same tasks. This is detrimental to a consistent, fair, and transparent application of remuneration bands. Organizations need to update their remuneration schemes, adopt detailed implementation guidelines, and maintain dynamic consultancy databases with remuneration records.

147. In some cases, it may be difficult to determine an appropriate remuneration due to difficulties establishing equivalency with regard to staff work and lack of information on market rates. The interviews indicated that existing remuneration schemes need more flexibility in order to address higher remuneration needs in certain technical areas such as IT and ERP consultancies. Sometimes market rates for a qualified consultant in these areas are much higher than the maximum remuneration level set by the United Nations system organizations. In such cases, it is important to objectively justify the proposed remuneration; the organizations need to find creative objective methods for these cases. For instance, hiring managers at UNICEF present prevailing remuneration levels on the web pages of relevant occupational groups/associations as one of the elements to justify their remuneration proposals.

148. The Inspector found that proper market research was only conducted in a few cases to determine the remuneration at a given location or within a specialized area of expertise (such as information technology). It is understood that conducting systematic market surveys would be neither feasible nor appropriate in most of the cases. However, organizations may consider conducting joint surveys in some common consultancy areas based on the cost-benefit analysis.

149. Some programme managers highlighted the lack of competitiveness of the remuneration levels currently applicable in their organizations. The remunerations levels in their organizations were established years ago and are no longer aligned to the realities of the market, especially in some areas which require complex expertise. The managers argued that the United Nations system faced the risk of not being able to hire the best available expertise or was exposed to substandard delivery performance. It was also mentioned that sometimes, in order to overcome low remuneration rates, hiring managers resort to inappropriate practices such as fictitiously increasing the contract duration for certain deliverables in order to compensate for the inadequacy of remuneration rates.

The following recommendation is expected to enhance the effectiveness of consultancy management.

Recommendation 10

The executive heads of the United Nations system organizations should ensure that their respective organization has an up-to-date remuneration policy for the use of consultants supported by adequate guidelines for consistent implementation.

E. Oversight

Performance evaluation of consultants

150. Due to the nature of their work and their status, individual consultants are supposed to work independently and in an individual capacity. However, assessing their performance is important both for remuneration purposes and for tracking work performance for future engagement. In the United Nations system, the vast majority of organizations, except IAEA, ILO, WIPO, and WMO, have established standard performance evaluation procedures.

151. Some organizations evaluate consultants' performance using standard forms with elaborate questions, while other organizations do not use any forms but require a statement of satisfactory delivery of tasks by the hiring manager. Well elaborated and structured forms for assessment of overall work delivery and quality, including the technical and personal abilities of the consultant, are used in UNICEF, WFP, and WHO. These standard forms are useful for enforcing effective performance assessment. The Inspector encourages all organizations are encouraged to use similar assessment forms.

152. The timing of the evaluation should be considered in accordance with the length of the contract. For example, UNICEF conducts the evaluation upon completion of the assignment for contracts of less than six months; but conducts an interim evaluation at six months for longer contracts.

153. Based on the consultancy case files reviewed, the quality and seriousness of the performance evaluations fluctuate greatly among organizations and from one department to another within the same organization, depending on the managers involved. Evaluation documents lack the qualitative component of the work performed or the product delivered. There is a risk that the performance evaluation is considered as a bureaucratic exercise and forms are filled out carelessly so that the practical value added of the assessment is neglected. In cases where a performance evaluation is not a criterion for final payment, the quality of the assessment and the use of evaluation forms are particularly undermined. The requirement for a mandatory performance evaluation for final payment would improve the process.

154. To enable a proper performance evaluation, the TOR for the consultancy contract should include a clear description of tasks to be performed, the expected deliverables and specific indicators for achievement. In a number of case files reviewed, the TOR was vague, too general or only focusing on the activities to be undertaken by the consultants. In some cases, the TOR was drafted as a job description for a regular staff post and included the requirement to perform "other tasks as needed." In the absence of performance criteria, the performance assessment procedure is often considered complete with the statement of "satisfactory work."

155. Performance evaluations are not generally shared with the consultants. During the interviews, many consultants, in particular those working for longer periods, expressed an interest to see the evaluation forms and to discuss their performance with their supervisors. Sharing the performance evaluations with the consultants can contribute to enhancing their performance and improving the

quality of their work. The review also found that no sanction mechanism is used in cases of poor performance; partially or fully retaining payment is extremely rare. It seems also that managers are reluctant to acknowledge poor or unsatisfactory services.

Absence of knowledge sharing on performance

156. In many organizations, there is no adequate mechanism for sharing information on performance evaluations. Records of consultants' previous performance are rarely kept in an electronic central database. Therefore, it is not unusual for consultants to be recruited by different departments despite a negative performance evaluation for previous job in another department.

157. There is a potential benefit to be gained from ensuring an electronic linkage between consultant rosters and their performance evaluation records, and making it accessible to hiring managers. This can facilitate the selection of the best qualified candidates for future consultancies. Furthermore, **information systems should automatically bring to the attention of hiring managers the names of consultants whose previous performance was considered as not satisfactory.**

158. Some organizations are already taking steps towards making better use of performance evaluations. Managers at UNOV/UNODC are authorized to review past performance records during the selection process. WHO keeps evaluation documents in a repository of documentation database, which can facilitate their use by hiring managers.

Monitoring, auditing and reporting

159. The most important asset of the United Nations system organizations is their human resources. While the recruitment and management of staff are closely monitored in every aspect, the recruitment and management of consultants are often overlooked or ignored. The substantial level of consultancy inevitably exposes the organizations to significant financial and reputational risks, therefore consultancies should be closely monitored and overseen, not only by senior management and internal audit bodies, but also by the legislative/governing bodies.

Need for organization-wide focused audit

160. The internal audit reports studied during this review indicated the lack of competition in the selection of consultants, misuse of consultancy contracts to perform staff functions, and unjustified high remuneration practices. Although there are consultancy-related audit reports these are usually limited to some departments. Organization-wide comprehensive audits of consultancies or non-staff arrangements are not common in the organizations. Considering the substantial level of resources involved and the high level of delegation of authority, consultancies and other non-staff arrangements may constitute a major risk area for many organizations.

161. **There is a potential benefit to be gained from organization-wide focused audits on this issue, particularly in organizations where consultancies are significantly used.** FAO officials informed the Inspector that the auditors have included in their risk-based audit plan for 2012-2013 a dedicated review of the organization's general policies and procedures on the use of non-staff human resources, including consultants. IAEA also reported that its internal oversight service had undertaken an organization-wide evaluation of consultancy practices in 2011. The United Nations Office of Internal Oversight Services also conducted a number of consultancy audits in various departments of the Secretariat.

Need for better monitoring

162. As highlighted above, the use of consultants in many organizations is delegated. Senior managers often consider that the monitoring and enforcement of proper implementation of consultancy policies is the responsibility of internal audit departments. The lack of ownership

coupled with the lack of adequate information systems create significant risks for the organizations. The Inspector would like to emphasize that monitoring and internal control is the responsibility of management. Therefore, executive heads must assume their management responsibility and establish adequate mechanisms to that effect.

163. Information management systems have a central role in the effective monitoring function. Many information systems currently do not offer the capability to extract relevant information on individual consultants, in particular from field offices. As such, available information is often fragmented or incomplete and produced only on request. Information on consultants is often kept in different parts of the system, which does not facilitate aggregate reporting and analysis of the global use of consultants. This situation has negative consequences on the effective management, monitoring and oversight of the use of consultants, as well as on the efficient planning of the entire workforce.

164. Some organizations already have ERP systems in place, which comprise a wide range of consultancy records, including performance assessments. FAO, UNOV/UNODC, ICAO, IFAD, PAHO, and UNICEF all have information systems capable of producing various types of relevant information on consultants. IFAD's information records include various relevant data, such as unique identification, name, gender, country of origin, hiring periods, remuneration, travel, consultancy area, and waivers (e.g. exception to remuneration ceiling). PAHO's system produces monthly reports containing information on the duration of ongoing contracts, personnel approaching retirement and contract expiry date, which alert managers and enable better planning.

165. UNIDO is integrating a new human resources module in its information system to cover non-staff personnel. Its policy envisages the preparation of annual reports on various aspects of the utilization of external expertise, including applied fees structure, cases requiring special authorization, geographical balance, and various indicators derived from evaluation reports. These reports would then be distributed to senior managers.

166. UNICEF provided comprehensive data on the use of consultancies, which include name, gender, nationality, previous relation with the organization, local or international consultancy status, administrative and financial data of contracts, dates of contracts, sources of financing, invoices and available balance of fund/budget and operational information, such as name of manager and functional area.

167. Although the capabilities of information systems of the United Nations system organizations vary and do not capture all aspects of the use of consultants, it should be noted that the organizations do not make full use of the information already available for monitoring, controlling and decision-making with regard to consultancies. Most of the organizations do not practise analytical internal reporting and exchange of views on findings at the senior management level. The Inspector recalls that information systems are designed not only for operational needs at the transactional level, but also to serve as a management and monitoring tool. Organizations tend to produce consultancy statistics only when requested to by the governing bodies, rather than using them for effective internal monitoring and efficient use of resources.

168. Senior managers and governing bodies should be provided with both statistical data and analytical information and assessments, such as on developing and changing trends in the use of consultants, levels of exceptions and justifications, locations of exceptions, mapping of the use of consultants on the premises of the organizations, and programmes which enable the establishment of relevant measures to mitigate the risks identified. The United Nations system organizations need to adopt a planned and structured approach to collecting and using information.

169. During the interviews, officials of two organizations stated that, based on the review of consultancy statistics, the heads of the respective organizations questioned the use of consultancies and drew the attention of managers to this issue, which subsequently led to a drastic decline in the

use of consultancies. This is an example of how even a simple monitoring exercise at the top management level can have impact on the proper use of resources.

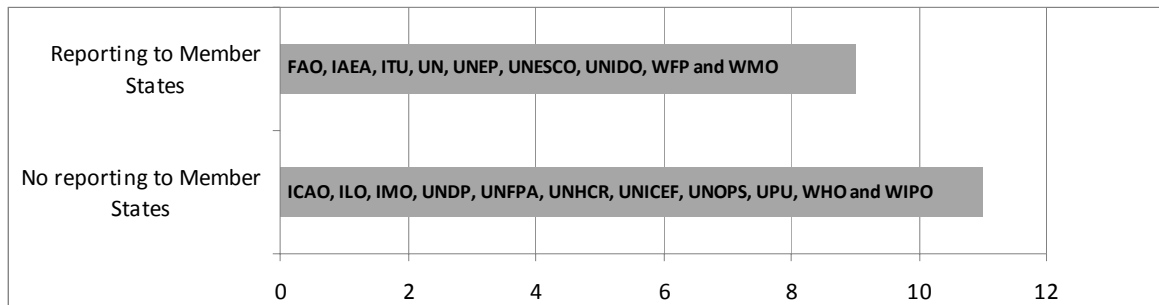
Box 4: Elements to be recorded, analyzed and reported

- *Assessment of relative weight of non-staff personnel/consultancies in total workforce;*
- *Total consultancy expenditure breakdown by contract type, department/office, location and programme;*
- *Number of contracts by type and fees in each business unit, location and globally;*
- *Breakdown of contracts by remuneration bands and professional/occupational groups;*
- *Geographical diversity and gender balance;*
- *Duration of contracts by category and average duration;*
- *Source of funding (regular or extra-budgetary);*
- *Statistics on waivers to rules and regulations (e.g. exceeding remuneration ceiling, duration limits) and breakdown of waivers by department/office and country;*
- *Number of retired staff rehired, level, duration and location;*
- *Number and list of consultants on contract for longer than one year within a 2-year period, location and area of use;*
- *Analysis of above information, including justification for waivers, trends and comparison with previous years.*

Strengthening the oversight role of legislative/governing bodies

170. FAO, IAEA, the United Nations Secretariat, UNEP, UNESCO, UNIDO, WFP and WMO regularly report on the use of consultancies to their governing/legislative bodies. These reports focus either on consultants and other types of non-staff personnel or deal with human resources management in general, with a section on consultancies.

Figure 4: Reporting to Member States on non-staff personnel/consultants



Source: JIU questionnaire and desk review

171. In general, these reports do not provide complete analytical statistics or informative assessment of these statistics, nor practical conclusions for decision-making, and only a few of them include a sufficient level of analysis and practical conclusions for Member States' attention.

172. The UNESCO report includes relatively good statistics and analysis¹⁹ and provides information on overall spending on consultancy contracts as an amount and percentage of overall budget, comparison with previous year's figures, breakdown of contracts by headquarters and field offices, average spending per contract, source of funding of contracts at headquarters and in the

¹⁹ Report of the Director-General of UNESCO on the use of consultant contracts by the Secretariat in 2010. 186 EX/6 Part IX.

field by regular and extra-budgetary resources, breakdown of consultancy contracts by amount and duration and by sector/bureau, thematic activity and regional groups; number of retired staff hired, and amount spent by headquarters and field offices.

173. In view of the structural policy implications on increasing the level of consultants, it is imperative that the legislative/governing bodies of the organizations exercise their oversight function. To this end, this issue should be included in the agenda of meetings of the legislative/governing bodies, either as a dedicated agenda item or as part of human resources management issues. In order to facilitate the oversight function of the legislative/governing bodies, the heads of the organizations should periodically provide them with good quality analytical reports.

The following recommendations are expected to enhance control and compliance of consultancies.

Recommendation 11

The executive heads of the United Nations system organizations should strengthen oversight on the use of consultants through effective performance evaluation, audits, monitoring and analytical internal and external reporting, with a view to ensuring proper use of contracts and efficient use of resources.

Recommendation 12

The legislative/governing bodies of the United Nations system organizations should exercise their oversight function on the use of consultants through regular reviews of analytical information provided by the executive heads of the respective organizations.

V. NEED FOR A SYSTEM-WIDE APPROACH

174. The review found that policies lack overarching principles and related criteria to guide managers in choosing between staff and non-staff contracts. From the perspective of international labour principles and practice, the United Nations system organizations should better consider the existence, or the absence, of an employment (employer-employee) relationship to determine the appropriate contractual modality and related social security benefits. In the case of an established employment relationship, irrespective of whether the work to be performed is part of the core functions or not, or whether the work is continuous or not, the contractual modality has to be a staff contract. In the case of an independent contractor relationship, the contractual modality has to be a non-staff contract.

175. The United Nations system organizations need to align their policies with international labour principles and best practices so as to create the conditions to clarify the functional definition of and the distinction between staff and non-staff personnel categories composing their workforce. Such clear delineation would help managers to select the appropriate contractual modality based on established guidelines and agreed indicators. Furthermore, managers should be instructed that their choice of contract must be based on the employment relationship criteria rather than any other factors.

176. The present report includes 13 recommendations aimed at improving the policies and practices of the organizations in the use of consultants. Eleven recommendations are addressed to the executive heads of the organizations. While the executive heads of the organizations have primary responsibility for implementing these recommendations, the HLCM/HR network can greatly facilitate their implementation in a harmonized way by discussing and preparing common policies and guidance in relevant areas.

177. The United Nations system organizations face similar challenges and problems in the use of consultants and other non-staff personnel. Recommendations 1, 2, 3, 4, 5, 6 and 10, in particular should be the subject of system-wide discussion and a common approach to facilitate coherent and consistent implementation thereof across the system. To this effect, **a dedicated working group/task force should be set up under the HLCM, with the mandate to develop a common approach to guide the implementation of these recommendations in the organizations.**

The implementation of the following recommendation is expected to enhance the management of consultancies through the dissemination of best practices.

Recommendation 13

The Secretary-General of the United Nations, as the Chairperson of the CEB, should, through the HLCM/HR network, initiate the development of a common policy approach for the implementation of recommendations 1, 2, 3, 4, 5, 6 and 10 of this report. For this purpose, the establishment of a specific task force should be considered.

Annex I: Policies relevant to individual consultants in the United Nations system organizations

Organization	Policy or other relevant document	Reference	Date
<i>United Nations, funds and programmes</i>			
UN Secretariat	Secretary-General Administrative Instruction on Consultants and individual contractors Secretary-General Administrative Instruction on Consultants and participants in advisory meetings	ST/AI/1999/7 ST/AI/296/Amend.1	1999, amend 2006
UNEP	Secretary-General Administrative Instruction on Consultants and individual contractors	ST/AI/1999/7	1999, amended 2006
UNHCR	Comprehensive policy guidelines for consultants in the Office of the UNHCR	IOM/021- FOM/021/2005	2005
UNDP	Management of Individual Contract	--	2010
UNFPA	Personnel Policies and Procedures Personnel of UNFPA: (a) Consultants at UNFPA Headquarters, (b) International consultants at UNFPA field duty stations and (c) Local consultants at UNFPA field duty stations.	--	2012
UNICEF	Human Resources Manual, Book I, Volume II, Chapter 6 Temporary Assistance, Section 2, Consultants and Individual Contractors	CF/MN/P.I/6.2	2004
UNOPS	Organizational Directive No. 21, Revision 3 on Instruction: Individual Contractor Agreements Policy and its administrative instruction	OD21/Rev.3 AI/HRPG/2012/01	(revised 2012)
WFP	FAO Manual, Section 317 on Consultants applies to WFP except when superseded by Directive WFP/HR/2000/01 on management of consultants or other provisions on delegation of authority in HR issues	FAO MS.III.317 WFP/HR/2000/01	2002 2000
<i>Specialized agencies and IAEA</i>			
ILO	Office Directive on External Collaboration Contracts	IGDS 224	2011
FAO	FAO Manual, Section 317 on Consultants	FAO MS.III.317	2002
UNESCO	UNESCO Human Resources Manual on Individual consultant and other specialists contracts and Appendix 13 F-1 on Individual Consultants Contracts Guidelines	HRM 13.10 and HR Appendix 13 F-1	2012
ICAO	ICAO Policy on Contract of Individual Consultants/Contractors Technical Cooperation Manual and other field manuals	--	2011 2000
WHO	Information Note on Consultants-policy and procedures, e-Manual (VI.2.4) and Procurement Services Guidance notes	Information Note 19/2008	2008
UPU	(UPU formulated some procedural methods documents and some detailed processes for consultancy. These documents have not been published and are intended for internal use by the managers of the consultants).	--	--
ITU	Internal memorandum on the Recruitment of Consultants and Experts under SSA including language assignments consultants and translators	--	2010

Organization	Policy or other relevant document	Reference	Date
WMO	WMO Standing instructions on Changes to Special Services Agreements	Service Note 15/2011	2011
IMO	Technical Cooperation Procedures Manual	--	2010
WIPO	-- (WIPO is reviewed all staff and non-staff contractual framework)	--	--
UNIDO	Director- General Administrative Instruction, "Framework for the Recruitment and Management of Consultants and Short-term Experts Recruited under Special Service Agreement (SSA) and Service Agreement (SA)	DG.AI.9/Addendum2 and its amendment	2002, amend 2011 and revised 2012
UNIDO	Framework for the Recruitment and Administration of Personnel under Individual Service Agreement (ISA)	UNIDO/AI/2012/02	2012
UNWTO	No information available		
IAEA	IAEA Administrative Manual, "Personnel Not Subject to Standard Recruitment Procedures, Part II, Section 11 and Annex IV"	AM.II/11 and its Annex IV	2011
<i>Other</i>			
PAHO	PAHO/WHO E-Manual, section III.16.2 on Consultants	E-Manual III.16.2	2011

Annex II: Definitions of “individual consultant” in the United Nations system organizations

Organization	Definition of individual consultant	Source
<i>United Nations, funds and programmes</i>		
UN Secretariat	A consultant is an individual who is a recognized authority or specialist in a specific field, engaged by the United Nations under temporary contract in an advisory or consultative capacity to the Secretariat. A consultant must have special skills or knowledge not normally possessed by the regular staff of the organization and for which there is no continuing need in the Secretariat. The functions of a consultant are results-oriented and normally involve analyzing problems, directing seminars or training courses, preparing documents for conferences and meetings or writing reports on the matters within their area of expertise on which their advice or assistance is sought.	ST/AI/1999/7
UNEP	An individual consultancy is a temporary contract offered by the organization to an individual who is recognized as an authority or specialist in a field in an advisory or consultative capacity. The types of contracts considered as a consultancy include subjects related to problem analysis, preparing analytical and scientific reports or conference papers, directing training events or seminars, undertaking reviews of programmes and projects in the areas of the consultants expertise which cannot be undertaken by staff either as a result of the lack of expertise or because the human resource capacity does not exist.	JIU questionnaire
UNHCR	Consultants fall into a special category as defined by Administrative Instruction ST/AI/1999/7. A consultant is a recognised authority or specialist in a specific field engaged by UNHCR under a temporary contract in an advisory or consultative capacity. Consultants must possess special skills or knowledge not readily available in the organisation and for which there is no continuing need.	UNHCR Policy on Individual Consultants (03/ 2005)
UNDP	Individual consultancy refers to the services rendered by an individual which are characterized by the following: (a) non-staff tasks; (b) time bound duration; and (c) payments are directly linked with the delivery of clear and quantifiable outputs.	JIU questionnaire
UNFPA	A consultant is an independent contractor who is neither a “staff member” nor an “official” under the Staff Regulations of the United Nations or the Convention on the Privileges and Immunities of the United Nations. It is a person whose services are required by UNFPA on a short-term basis to provide expertise, i.e., advisory or expert services, special skills or knowledge not present or unavailable when needed from the UNFPA staff, or skills for which there is no continuing need in UNFPA. UNFPA considers those with a “consultancy contract” as consultant. This includes Special Service Agreements (SSA) holders.	JIU questionnaire
UNICEF	A consultant is an individual who is a recognized authority or specialist in a specific field engaged by UNICEF under a temporary contract, within a specific period of time, in an advisory or consultative capacity. A consultant must have special skills or knowledge not readily available within UNICEF or not normally possessed by the regular staff of UNICEF and for which there is no continuing need in UNICEF. They should not perform any of the existing functions or responsibilities of regular staff.	HR Manual Book I, Volume II, Chapter 6, Section 2 CF/MN/P.I/6.2)
UNOPS	The ICA is used to avail of services provided by a person engaged in his/her individual capacity to perform a specific task or deliver a defined piece of work within specific project-based deliverables of time-limited nature.	Office Directive OD.21/Rev.3
WFP	A consultant is an employee recruited for a limited period not to exceed 11 months, to provide expert advice in a specialized field not readily available in the Programme. On occasion, consultants may also be employed on a temporary basis to perform staff functions when staff resources are not immediately available for emergency or operational areas.	HR Directive (HR/2000/001)

Organization	Definition of individual consultant	Source
<i>Specialized agencies and IAEA</i>		
ILO	Consultants fall under external collaboration contracts concluded with persons acting in their individual capacity to perform a specific task or set of tasks within a limited and specified period of time.	Office Directive IGDS 224 (2011)
FAO	Persons who are recognized authorities or specialists in a specific field and whose services are utilized in an advisory, consultative, or demonstrative capacity are normally engaged as consultants	FAO Manual Section 317.2.1
UNESCO	Individuals (...) working either in an advisory or consultative capacity, or providing the skills, expertise and knowledge needed for the delivery of a specific service or product. They should possess specialist skills and knowledge not readily available within UNESCO, and for which there is a temporary short-term need, rather than continuing need.	HR Manual Item 13.10
UNIDO	The ISA holder is an individual provider of services who is engaged by UNIDO to provide expertise, advisory services, skills or knowledge in a substantive or support capacity, for the performance of specific tasks during an established period of time.	UNIDO/AI/2012/02
ICAO	An individual consultant is a person who is a recognized authority or specialist in a specific field engaged by ICAO in an advisory or consultative capacity for a finite period of time and linked to deliverables. An individual consultant must have special skills or knowledge not readily available within ICAO or not normally possessed by the regular staff of ICAO and for which there is no continuing need in ICAO. An individual contractor may be engaged by ICAO from time to time to provide expertise, skills or knowledge in the performance of a specific task or piece of work. The work assignment may involve full-time or part-time functions similar to those of staff members. The functions of an individual consultant or contractor shall not include any representative, certifying, supervisory or approving responsibilities.	ICAO Policy on Contract of Individual Consultants/Contractors
WHO	A consultant is an individual who is a recognized authority or specialist in a specific field, engaged under a temporary contract in a technical advisory or consultative capacity. A consultant must have special skills or knowledge not normally possessed by the staff of the Organization and performs functions for which there is no continuing need in WHO.	Consultants-policy and procedures, (Note 2008)
UPU	All contracts that are non-core contracts are considered as consultancy contracts. No formal definition.	JIU questionnaire
ITU	No formal definition	Internal Memo 2011
WMO	Consultants fall under the term of Individual Contractors that applies to persons or institutions appointed by the organization either in an advisory or consultative capacity to perform specific duties under the supervision of an official of the secretariat.	Service Note 15/2011, WMO Standing Instruction, Chapter 4
IMO	Individual consultancy for Technical Co-operation activities refers to an individual who is a freelance consultant or who has, for the purpose of the assignment, taken leave from the company/organization from where he/she currently holds a job.	JIU questionnaire
WIPO	--	--
IAEA	Consultants may be engaged to: (a) provide advice in a field where the required expertise or training is not available within the Secretariat; or (b) provide specific services for a limited period of time or on a project basis; or (c) support other programmatic needs. Under Special Service Agreements (SSA), a consultants is granted the status of expert in accordance with Article XVI of the Headquarters Agreement and Article VII of the Agreement on the Privileges and Immunities of the IAEA Under CSAs, a consultant has the status of an independent outside contractor who is not protected by any of the aforementioned agreements.	Administrative Manual, Personnel not subject to standard recruitment procedures (AM.II./1.1) and Annexes
<i>Other</i>		
PAHO	A PAHO consultant is an individual who is a recognized authority or specialist in a specific field, engaged under a temporary contract in a technical advisory or consultative capacity. A consultant must have special skills or knowledge not normally possessed by the staff of the Organization and performs functions for which there is no continuing need in PAHO	PAHO/WHO E-Manual III.16.2 Consultants (2011)

Annex III: Contractual modalities and related benefits provided by the United Nations system organizations

Organization	Type of contracts	Malicious Act insurance	Service-incurred death, injury or illness compensation	Life, health and other forms of insurance	Annual leave	Sick leave	Others
<i>United Nations, funds and programmes</i>							
UN Secretariat	Consultants contracts under ST/AI/1999/7	Yes	Yes	No	No	No	n/a
UNHCR	Consultancy Contract	Yes	Yes	No	No	No	No
UNDP	Individual Contract (IC)	Yes	Yes	No	No	No	No
UNFPA	Individual Contractor Agreement (ICA) through UNOPS to consultants at Headquarters	UNOPS policy is applied					
	Special Service Agreements (SSAs) to international consultants at a field duty stations	n/a	n/a	n/a	1 day/month if contract of 6 months and over	n/a	No official holidays paid if less than 30 day-contract
	Special Service Agreements (SSAs) through UNDP to local consultants at a field office	UNDP policy is applied					
UNICEF	Consultants contracts under HR manual	Yes	Yes	No	No	No	No official holidays paid
UNOPS	Individual Contractor Agreement (ICA)	Yes	Yes	Yes	Yes	Yes	n/a

Organization	Type of contracts	Malicious Act insurance	Service-incurred death, injury or illness compensation	Life, health and other forms of insurance	Annual leave	Sick leave	Others
WFP	Consultancy contracts under FAO manual Section 317	Yes	Yes	Medical insurance Life, Accident and Disability Insurance (optional) for contract of 6 months and over	No	Uncertified sick leave at discretion of managers Payment certified sick leave by WFP and medical insurance	10 official holidays/year) Commissary privileges in certain cases for Headquarters consultants
<i>Specialized agencies and IAEA</i>							
ILO	External Collaboration Contract	No	No	No	No	No	n/a
FAO	Consultancy contracts under Section 317 FAO Manual	Yes.	Yes	Medical insurance Life, Accident and Disability Insurance (optional) for contract of 6 months and over	No but unpaid absence maybe authorized	No but honorarium paid if certified sick leave (by FAO and medical insurance)	Commissary privileges in certain cases for Headquarters consultants
UNESCO	Contract for individual consultants	Yes	Yes	No	No	No	n/a
UNIDO	Individual service Agreement (International consultants): regular or WAE	Yes	Yes (who are authorized to travel at UNIDO expense or while working in a UNIDO office on official UNIDO business)	No	2.5 days/month for "regular" ISA contracts of 6 months and over. Max 18 days of AL may be accrued and carried over at the end of calendar year.	For "regular" ISA contracts of six months or longer up to 2 days of sick leave full pay per calendar month (cannot be accrued)	n/a

Organization	Type of contracts	Malicious Act insurance	Service-incurred death, injury or illness compensation	Life, health and other forms of insurance	Annual leave	Sick leave	Others
	Individual service Agreement (National consultants/Local support personnel): Regular or WAE	Yes	No	Yes (for “regular” ISA contracts)	2.5 days /month for “regular” ISA contracts of 6 months and over. Maximum 18 days of AL may be accrued/carried.	For “regular” ISA contracts of six months or longer up to 2 days of sick leave full pay per calendar month (cannot be accrued)	Maternity leave for up to a maximum of 16 weeks and paternity leave of maximum of 4 weeks subject to budget limitations for “regular” ISA contracts of 12 months or longer
ICAO	Consultant or Individual Contractor Contracts	Only for holders of contracts who serve in or travel to designated hardship duty stations	Yes	n/a	n/a	n/a	n/a
WHO	Consultancy contracts	Yes	Yes	Yes	No	No	Some rest and recuperation entitlements
UPU	All non core contracts are considered as consultancy contracts	n/a					
ITU	Special Service Agreement (SSA)	n/a	n/a	n/a	n/a		Official holidays
WMO	Special Service Agreements (SSA)	Yes	Yes	n/a	n/a	n/a	n/a
IMO	Technical Cooperation Contracts under UNDP nomenclature	n/a					
WIPO	Special Service Agreements (SSA)	Yes	Yes	No	No	No	n/a
UNWTO	n/a						
IAEA	Special Service Agreement (SSA)	Yes	Yes	n/a	Some days granted, not exceeding 2,5 days/month for contract of 6 months and over	n/a	For initial contract of 1 year, shipment of personal effects, travel cost for recognized primary dependant

Organization	Type of contracts	Malicious Act insurance	Service-incurred death, injury or illness compensation	Life, health and other forms of insurance	Annual leave	Sick leave	Others
	Contractual Services Agreements (CSA)	n/a					
	Letter of Invitation	n/a					
<i>Other</i>							
PAHO	International consultants	Yes	Yes	Some health insurance coverage	No	No	n/a
	National consultants	n/a	n/a	Some health insurance coverage	No	No	Maternity leave

n/a: information not available

Annex IV: Duration of contracts and breaks applied by the United Nations system organizations

Organization	Type of contracts	Maximum duration	Mandatory breaks	Extension
<i>United Nations, funds and programmes</i>				
UN Secretariat	Consultants contracts under ST/AI/1999/7	No	No break required	Maximum 24 months in a 36-month period
UNHCR	Consultancy Contract	11 months	1 month	Maximum of 24 months in a 36-month period
UNDP	Individual Contract (IC)	1 year	No break required	Maximum 3 years
	Individual Contractor Agreement (ICA) through UNOPS to consultants at Headquarters	11 months	1 month	Maximum 3 years
UNFPA	Special Service Agreements (SSAs) to international consultants at a field duty stations	11 months	4 months	No limit for extension
	Special Service Agreements (SSAs) through UNDP to local consultants at a field duty stations	11 months	1 month	No limit for extension
UNICEF	Consultants contracts under HR manual	11 months within the same office, and the same work plan and/or project	1 month	Maximum 44 months within 48-month period
UNOPS	Individual Contractor Agreement (ICA)	1 year	No	Formal review of any contract over 4 years
WFP	Consultancy contracts under FAO Manual Section 317	11 months	1 month	Maximum 44 months within 48 months
<i>Specialized agencies and IAEA</i>				
ILO	External Collaboration Contract	No	No	No limit
FAO	Consultancy contracts under Section 317	11 months	1 month	Maximum 44 months within 48 months
UNESCO	Contract for individual consultants	11 months	1 month	No limits
ICAO	Consultant and Individual Contractor contracts	11 months	1 month	33 months within 36 months An additional final extension may be granted not to exceed 11 months
WHO	Consultancy contract	2 years	No	Extension granted by HRD as appropriate.

Organization	Type of contracts	Maximum duration	Mandatory breaks	Extension
UPU	All non core contracts are considered as consultancy contracts	n/a		
ITU	Special Service Agreement (SSA)	No	No	No limit
WMO	Special Service Agreements (SSA)	9 months	n/a	18 months within 24 months period
IMO	Technical Cooperation Contracts	n/a		
WIPO	Special Service Agreements (SSA)	No	No	No limit
UNIDO	Individual Service Agreement (ISA)	1 year at a time	No (up to four years of continuous service or total service in a six year period)	May be extended up to 4 years of continuous employment or up to the total duration of 4 years in a 6-year period. Further employment is subject to mandatory review by HRM in consultation with project manager
IAEA	Special Service Agreement (SSA)	1 year	1 month	Up to 2 years
	Contract Services Agreements (CSA)	1 year	1 month	up to 2 years
	Letter of Invitation	10 days	Yes	No
<i>Other</i>				
PAHO	International consultants	1 year renewable once	After continuous contracts equalling 24 months, at least one break of 30 day	
	National consultants	1 year renewable	After continuous or non-continuous contracts equalling 48 months, at least one year break	

n/a: information not available

Annex V: Policies regarding competition in the United Nations system organizations

Organization	Policy provisions	Policy extracts or comments received from Participating organizations through questionnaires or interviews
<i>United Nations, funds and programmes</i>		
UN Secretariat	Required but sole source accepted	Policy extract: Departments and offices shall consider several qualified candidates for each assignment. On an exceptional basis, and only in case of <i>force majeure</i> , a consultant may be engaged even though he or she was the only candidate considered, provided a reasoned and documented justification for such exception is recorded prior to the selection.
UNHCR	Required but sole source accepted	Policy extract: The preferred procedure for selection of a consultant is through competitive selection on the basis of a reasoned and documented process. The hiring manager is responsible for documenting the selection process. The principle factors in the selection of a consultant are: (a) documented competence and experience, (b) academic qualifications and expertise, including demonstrable knowledge and experience, (c) proficiency in the relevant working languages of the UN or other language(s) required according to the terms of reference, and (d) value for money.
UNDP	Required but sole source accepted according to the amount of contract to be procured	Policy extract: Requesting Managers are responsible for the competitive selection. Such process must ensure that minimum of three qualified candidates who fulfil the conditions were reviewed/interviewed/considered for the service. UNDP comment: While the competitive selection process is the norm for all contracts valued above 2,500 USD. Policy also allows sole sourcing based on justification under UNDP Financial Rules and Regulation as: (a) Direct contracts or sole sourcing with a value equal to USD 2,500 but below USD 100,000 require approval of the RR/Head of the Business Unit, or other UNDP staff who have been delegated procurement authority up to such amount and (b) Direct contracts or sole sourcing with a value of or greater than USD 100,000, require Regional Advisory Committee on Procurement (RACP) approval (ACP for HQ units).
UNFPA	Required with adjustment according to the type of consultant	UNOPS Policy applies to Individual Contractor Agreement (ICA) through UNOPS to consultants at Headquarters, UNDP Policy governs the case of Special Service Agreements (SSAs) for local consultants at a field duty stations and
UNICEF	Required, but sole source accepted	For the selection of candidates, each office should establish competitive selection procedures. Such procedures should ensure that several candidates are considered for any job. In selecting the right candidate, there should be careful scrutiny of the TOR, the estimated cost and duration of the contract, and the competence of all suitable candidates. In addition, a Note for the Record must be on file (attached to the contract) showing the basis on which the successful candidate has been selected. Notwithstanding the factors involved in a competitive selection process, under certain circumstances, it may be appropriate to consider a single candidate as the sole suitable source for selection. This is only acceptable in the following instances: a) where it can be demonstrated that the consultant or individual contractor is the only available source of the required service at an acceptable level of quality and cost; and/or b) where it can be demonstrated that a true emergency situation prevents a competitive selection process. Competitive selection may not be waived solely on the argument that the proposed consultant enjoys a good relationship with UNICEF and has performed satisfactorily
UNOPS	Required (roster review) but sole source accepted	Policy extract: UNOPS comment: Competitive selection process is always the preferred selection method.
WFP	Not required	WFP HR managers indicated that as the recruitment of consultants is delegated to managers, there is no formal requirement of a competition but has to be conducted on the basis of clear terms of references checked by HRM.

Organization	Policy provisions	Policy extracts or comments received from Participating organizations through questionnaires or interviews
<i>Specialized agencies and IAEA</i>		
ILO	Not required	Policy extract: External collaborators should be selected from among highly qualified candidates in a specific field of expertise, on the basis of a reasoned and documented process.”
FAO	Not required	FAO comment: Recruiting divisions are strongly encouraged whenever possible to engage in a competitive selection process. However, a pragmatic approach is adopted in emergency operations where time-limitations would not allow for a competitive selection. If case of a consultancy mission expected to be “long term” (like 11 months, renewable for IT projects), it is announced on internet of the hiring department.
UNESCO	Required with difference according to amount of contract	Policy extract: UNESCO HR Manual states that “to ensure that the selection process is transparent, fair and secures value for money for the Organization, individuals must be selected in a competitive and objective manner”. UNESCO distinguishes contracts of less than 20 000 USD for which at least three suitably qualified candidates should be reviewed from contracts of 20 000 USD or more for which at least three suitably qualified candidates should be asked to submit, in writing: (a) an up-to-date <i>curriculum vitae</i> ; (b) a statement indicating how their qualifications and experience make them suitable for the assignment, (c) an indication of the approach he/she would adopt to carry out the assignment, including any inputs that may be required from UNESCO; and (d) the overall cost of the assignment, expressed as an overall lump-sum. Any travel and subsistence requirements should be indicated separately.
ICAO	Required, but sole source accepted	Policy extract: Individual consultants/contractors must be selected from among the most highly qualified candidates in the specified field of work. The selection of individual consultants/contractors shall be carried out through a competitive process, managed by the hiring Bureau/Office and involving consideration of several candidates. . The hiring Bureau or Office must complete and attach to its submission an individual consultants/contractor’s Selection Report showing the basis on which the successful candidate has been selected. Submitting the name of a single candidate for a contract is acceptable only in the following instances: (a) where it can be demonstrated that the individual consultant/contractor is the sole qualified person to provide the required service at an acceptable level of quality and cost; and/or (b) where it can be demonstrated that an emergency situation precludes the implementation of a competitive selection process.
WHO	Required, but sole source accepted	WHO Policy: Consultants will be selected through a competitive process. In selecting the right candidate there should be careful scrutiny of the TORs, the estimated cost and duration of the contract, and the skills and competence of all suitable candidates, as well as past performance, if applicable. At least three qualified candidates shall normally be considered. On an exceptional basis, only one candidate may be considered, provided that a reasoned and documented justification for such an exception is recorded and approved by the CRC prior to the selection
UPU	Not required	--
WMO	Required	WMO Standing instructions states that several candidates should be considered for each SSA and that in the absence of a roster, a comparative evaluation of at least three candidates has to be prepared. However interview highlighted the absence of competition in practice due to the limited pool of expertise available worldwide
IMO	Only in Technical Cooperation Programmes	IMO comment: The implementing officer is expected to submit more than one candidate for each case for consideration by the Advisory Panel on the Co-ordination of Technical Co-operation Activities.
WIPO	Not required	WIPO comment: Consultants are mostly hired on ad-hoc basis but competition is foreseen in the reform process.

Organization	Policy provisions	Policy extracts or comments received from Participating organizations through questionnaires or interviews
UNIDO	Required, but sole source accepted	UNIDO policy includes distinguishes: (a) a competitive process for contracts with total value of more than EUR 200,000 (through a vacancy announcement and mandatory HRM signature), (b) a non-competitive selection when the candidate is selected from the Resource Pool if the total value of the contract is up to and including EUR 200,000 and (c) a limited competitive process when a suitable candidate is not available in the Resource Pool requiring at least three candidates identified from the Talent Pool provided the total value of the contract is up to and including EUR 200,000.
IAEA	Not required	IAEA comment: Introducing competition requirement was envisaged at the time of the JIU review.
<i>Other</i>		
PAHO	Required, with specific modalities according to duration of functions.	Policy extract: in case of (a) function lasting for one year or less, hiring managers may select a candidate after a careful review and analysis of at least three qualified candidates and (b) functions lasting for more than one year, competition requirements include a 15-day advertisement period, a selection committee and a selection report.

Annex VI: Remuneration schemes in the United Nations system organizations

Organization	Responsibility for fees definition	Remuneration scheme	Applicable guidelines	Exceptions
<i>United Nations, funds and programmes</i>				
UN Secretariat	HR officers	UN distinguishes 3 levels of consultants' fees from USD 5,200 to USD 13,800 monthly, each level has a band range	Guideline on consultant remuneration-effective 01/2010 currently under revision.	Supplementary amount may be authorized by the office of Human Resources Management when expertise required and market rates leads to exceeding the remuneration levels
UNHCR	Hiring managers, HR officers may advise	4 categories	Some elements included in policy document	HR department clears exceptions and Contract Committee clears above USD 100,000
UNDP	Bidding process based on TORs, included travel expenses	Bidding process with a maximum daily rate at USD 1,000. There is also a ceiling of USD 100,000 in 12 consecutive months	Not applicable	n/a
UNFPA	Hiring managers	UNFPA has 3 levels of daily fees from USD 300 to USD 750	A set of benchmarks are used to ensure equity and consistency such as prevailing market forces, responsibilities and complexity of the assignment, difficult and/or hazardous conditions, qualifications and years of experience of the consultant, length of the assignment, fees previously paid	Prior approval from the Chief, HR
UNICEF	Hiring managers Contract Review Committee above certain amounts	From USD 190 per day to USD 630 per day	A set of benchmarks is used such as the level of work in terms of responsibilities and complexity, the degree of specialization required, knowledge, qualifications, experience and skills required as well as fees paid to the consultant for previous assignments with UNICEF or other United Nations agency.	Heads of Offices/Division Directors may approve higher rates where market rates are more competitive than the amounts of the fee ranges. Contract Review Committee approves rates above certain amounts
UNOPS	Hiring unit	The minimum monthly fee is USD 4,000 and the maximum monthly fee is USD 40,000	n/a	Director of Human Resources Practice Group
WFP	HR officers at Headquarters, Regional Offices and Country Offices	WFP distinguishes Junior consultants (3 levels of honoraria ranging from USD 2,760 to 3,630) and consultants honoraria (4 levels ranging from USD 3,900 to 13,200 with a band system according to years of experience) Daily fees are applied on the basis of USD 21.75 days/month	Some guiding elements in the HR directives	Country Directors and Regional Directors approve honorarium up to 10% higher than the maximum for the applicable level and Director HR approves honorarium between 10%-20% higher than stipulated level

Organization	Responsibility for fees definition	Remuneration scheme	Applicable guidelines	Exceptions
<i>Specialized agencies and IAEA</i>				
ILO	Hiring managers	No corporate scheme	No corporate guidelines	Not applicable
FAO	Human resources officers of Shared Services centres	No corporate scheme	No corporate guidelines	Not applicable
UNESCO	n/a	n/a	Some guiding elements in the policy document.	To be completed
ICAO	Hiring Bureau or office	Pay band system ranging from USD 2,160 to 13,520 per month at the highest band	Guidelines annexed to the policy document include elements such as the nature of services (complexity, difficulty and extent) and the degree of expertise required.	The use of the highest pay band require prior approval by the Secretary General before any offer
WHO	Hiring managers and HR officers	WHO has 4 pay band levels from USD 4970 to 13070 by month	Policy guidelines include some elements such as the nature of work including in terms of responsibilities and complexity; the degree of specialization required, the knowledge, qualifications, experience and skills required and the fees paid previously.	The approval of Director, HRD through the Regional Director or the ADG concerned, as applicable, is required for payment of a rate in excess of the Pay Band Ranges
UPU	n/a	n/a	n/a	n/a
ITU	n/a	ITU has only daily rates from USD 145 to 550 corresponding to P1 to D levels.	ITU has a set of general criteria to be applied in fees determination but the effective methodology remain vague	Approval of the Chief HR
WMO	n/a	The scheme refers to professional and higher categories salary scale	No corporate guidelines	Consultancies of P5 and above levels require approval from executive HR validation and clearance by Secretary-General)
IMO	n/a	n/a	n/a	n/a
WIPO	Hiring managers (?)	No corporate scheme	No corporate guidelines	n/a
UNIDO	HRM determines fee/fee range for the first based on policy. Hiring managers for subsequent contracts within established fee rang and subject to ERP system controls.	There are 4 bands of international consultants with fees ranging from USD 3,800 to 16,000 (gross per month) There are five bands of national consultants and local support personnel corresponding to the five service bands under UNDP SC salary scale	Policy guidelines include standards/principles such as minimum amount necessary to obtain quality services; nature, complexity, impact and independence of the assignment; educational background, level of expertise as well as years of relevant working experience; level of remuneration paid during the last two years by UNIDO or by other UN	Managers should refer the case to HRM through the respective managing Director for review and decision.

Organization	Responsibility for fees definition	Remuneration scheme	Applicable guidelines	Exceptions
			Organizations for similar tasks; equal pay for equal work; gross fee shall not be higher than gross salary of a staff member performing functions at a similar level of complexity.	
IAEA	Head of recruiting department in consultation with the Director of HRM	The fee for each working day shall be a maximum of 600 euros. A revision of the fee structure was carried out at the time of the JIU review.	Some guiding elements in the policy document	The Deputy Director General, Head of the Department of Management (DDG-MT) may exceptionally authorize the payment of fees exceeding the maximum amount, in case of a need for highly specialized expertise.
<i>Other</i>				
PAHO	n/a	n/a	Corporate guidelines on determination of remuneration for international and for national consultants	PAHO Director approves higher band remuneration and rate augmentation above 20% compared to previous contract

n/a: information not available

Annex VII: Geographical diversity and gender balance provisions in the United Nations system organizations

Organization	Geographical Diversity	Gender Balance	Policy provisions / Comments received from Participating organizations through questionnaires or interviews
<i>United Nations, funds and programmes</i>			
UN Secretariat	Recommended	Recommended	Policy extract: Every effort shall be made to select consultants from the widest possible geographical base. Travel costs may be considered but may not distort the geographical balance in the awarding of contracts and Due regard shall be paid in the selection process to the need to achieve gender balance, without prejudice to the requirement of a wide geographical distribution.
UNCTAD	Recommended	Recommended	UNCTAD comment: It is established in UNCTAD's Consultancy Guidelines and Procedures that (...) every effort should be made to select consultants from the widest possible geographical base and giving the same importance to the gender balance. In practice, this is often difficult to implement due to the specialized nature of the work of consultants and thus limited field of candidates.
UNODC	Recommended	Recommended	UNODC comments: The online Consultant Engagement Request contains corresponding information. When submitting lists of candidates to offices following an announcement, HRMS reminds requesting officers to give special consideration to nationals from developing countries as well as female representation of consultant
UNHCR	Recommended	Recommended	Policy extract: In selecting Consultants due consideration shall be given to UNHCR priorities with regard to(a) improvement of the status of women in UNHCR, (b) expanding the use of expertise from developing countries; and (c) hiring on as wide a geographical basis as possible.
UNDP	Not addressed	Not addressed	--
UNFPA	Recommended (international Consultants)	Recommended (international Consultants)	UNFPA comment: There is no dedicated gender balance and geographical diversity policies are in place at UNFPA for the use of consultants. UNFPA policy is that when selecting international consultants, the focus is on the competence of the candidates. Policy reference: For international consultants hired at field duty stations, the focus should be on the competence of the candidates. In addition, gender and geographic (nationality) diversity should be taken into account when selecting candidates.
UNICEF	Recommended	Recommended	Policy extract: In selecting consultants and individual contractors, due consideration will be given to UNICEF's priorities with regard to: improvement in the status of women in UNICEF; expanding the use of expertise from developing countries; and recruitment on as wide a geographical basis as possible.
UNOPS	Recommended	Recommended	Administrative instruction extract: In the selection of individual contractors, every effort must be made to ensure that women and men have equal opportunities for selection and that a geographical balance among qualified candidates is achieved
WFP	Not addressed	Not addressed	--

Organization	Geographical Diversity	Gender Balance	Policy provisions / Comments received from Participating organizations through questionnaires or interviews
<i>Specialized agencies and IAEA</i>			
ILO	Not addressed	Not addressed	--
FAO	Not addressed	Not addressed	FAO comment: Managers are encouraged to consider these factors when undertaking the recruitment of consultants.
UNESCO	Recommended	Recommended	Policy extract: The staff member responsible for the contract should consider geographical distribution and gender balance when selecting an individual where there is an equal level of competence amongst individuals from different geographical regions. They should also make every effort to tap into local expertise, and to select locally, for local projects
ICAO	Not addressed	Not addressed	ICAO comment: ICAO does endeavour to ensure that persons are selected from the various regions and the selection of qualified female consultants is encouraged.
WHO	Recommended	Recommended	Policy extract: As far as possible, every effort should be made to select consultants from the widest possible geographical base and due regard shall be paid in the selection process to the need for gender balance.
UPU	Not addressed	Not addressed	--
ITU	Not addressed	Not addressed	--
WMO	Recommended	Recommended	WMO Standing Instruction: In order to respect WMO policy on geographical and gender balance, every effort should be made to select candidates for SSA from the widest possible geographical base. The same importance should be given to the gender balance.
IMO	Not addressed	Not addressed	IMO comment: Due to the specialized nature of IMO consultancies, there are very few women in the maritime field and the roster is mainly composed of men. IMO does strive to get more women on its roster of consultants
WIPO	Not addressed	Not addressed	--
UNIDO	not addressed	Not addressed	UNIDO comment: Consultancies required by UNIDO are in male dominated areas of expertise.
IAEA	Under review	Under review	IAEA comment: The desirability of achieving a gender balance and a wider geographical diversity among the consultants hired by the IAEA was envisaged at the time of the JIU review.
<i>Other</i>			
PAHO	Recommended	Recommended	Policy extract: In the hiring of consultants, due regard shall be paid in the selection process to the need for gender balance. For international consultant assignments, every effort should be made to select consultants from the widest possible geographical base.

Annex VIII: Overview of action to be taken by participating organizations on JIU recommendations

JIU/REP/2012/5

Report	Intended impact	United Nations, its funds and programmes													Specialized agencies and IAEA														
		CEB	United Nations*	UNCTAD	UNODC	UNEP	UN-Habitat	UNHCR	UNRWA	UNDP	UNFPA	UNICEF	WFP	UN Women	UNOPS	ILO	FAO	UNESCO	ICAO	WHO	UPU	ITU	WMO	IMO	WIPO	UNIDO	UNWTO	IAEA	
Report	For action	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	For information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recommendation 1	d		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 2	e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 3	e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 4	d		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 5	d		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 6	e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 7	a		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 8	g		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 9	b		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 10	e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 11	d		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 12	d		L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L
Recommendation 13	b	E																											

Legend: L: Recommendation for decision by legislative organ E: Recommendation for action by the executive head

■ : Recommendation does not require action by this organization **Intended impact:** a: enhanced accountability b: dissemination of best practices c: enhanced coordination and cooperation d: enhanced controls and compliance e: enhanced effectiveness f: significant financial savings g: enhanced efficiency o: other.

* Covers all entities listed in ST/SGB/2002/11 other than UNCTAD, UNODC, UNEP, UN-Habitat, UNHCR, and UNRWA.