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Продовольственная и сельскохозяйственная организация Объединенных Наций

Organización de las Naciones Unidas para la Agricultura y la Alimentación

FINANCE COMMITTEE

Hundred and Twenty-third Session
Rome, 6 – 10 October 2008
FAO Use of Contractors and Retirees

I. Background

1. At the 122nd session of the Finance Committee held in May 2008, an oral presentation was made to the Committee on the Organization's use of Contractors and Retirees, collectively referred to as Non-staff Human Resources (NSHR). The Committee noted the information provided and requested that a full document on the subject be presented for discussion at its next session.

2. The use of contractors is a common practice throughout the UN Common System. The primary reason is the flexibility this type of arrangement offers for the recruitment of individuals to carry out specific tasks or services that are to be delivered within a defined period of time. Typically, NSHR undertake very specific time-bound tasks of a specialised nature – they do not carry out functions that are normally undertaken by regular staff. As such, they are a cost-effective means of providing the necessary skills as and when the need arises, without creating a longer term financial liability for the Organization, as is the case with the establishment of a fixed-term post.

3. The employment of retirees, generally as consultants on a short-term basis, is also a common phenomenon and widespread practice throughout the UN Common System. This practice allows organizations such as FAO to employ, though only to a limited degree, the most experienced and qualified former members of staff whose expertise is considered valuable. Again, these arrangements are cost-effective because of limits on remuneration with respect to former UN staff.

4. This paper will outline the FAO use of contractors and retirees. The statistical information in the body of the document is based on the most up-to-date information, covering the first semester of 2008. More detailed information is contained in the annexes, which provide figures for the five-and-a-half year period from 1 January 2003 to 30 June 2008.

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II. Types of NSHR

5. The Organization uses three main categories of contractors: Consultants, Subscribers to Personal Services Agreements (PSAs) and holders of service contracts used to employ National Project Personnel (NPPs). Each category has its own specific contractual instrument.

6. **Consultants**, as defined under Section 317 of the FAO Administrative Manual, are persons who are recognised authorities or specialists in a specific field and whose services are utilised in an advisory, consultative or demonstrative capacity. They are considered officials of the Organization. They are engaged when the assignment in question requires the provision of assistance of an advisory or consultative nature to the recruiting Department or Division and have duties that are envisaged as requiring them to represent the Organization in either of the following capacities; (i) Assume management responsibilities impacting on the Organization's financial and human resources; or (ii) Coordinate activities with external entities and take decisions on behalf of the Organization.

7. **PSAs** are defined by Section 319 of the Administrative Manual as individuals required to perform, without direct supervision, specific tasks or services of an intermittent or discontinuous nature and of limited duration, different from those performed by staff members on a continuing basis, and which do not require them to travel regularly on behalf of FAO, to work regularly on FAO premises, or to represent the Organization. The individuals are considered independent contractors (or in the case of a PSA with a Lending Employer, an employee-on-loan from that Employer); they are not considered officials of the Organization and are not authorised to commit the Organization's financial and human resources.

8. **NPPs** are recruited under the Service Contract referred to in Section 375 of the Administrative Manual. This contract is restricted to national independent contractors recruited locally to an FAO field project. The tasks to be performed are clearly defined and the terms of reference identify the elements requiring national expertise or knowledge. Unlike a PSA, they are directly supervised by a representative of the Organization (e.g. FAO Representative, project manager or team leader.

9. The Organization recruits retirees as NSHR, using the provisions applicable to either Consultants or Subscribers to Personal Services Agreements. Retirees are divided into three categories – UN pensioners i.e. former FAO/UN Common system staff members who are over 55 years and eligible to receive a pension from the United Nations Joint Staff Pension Fund (UNJSPF); Retired National Experts under the Partnership programme, described as individuals who have retired from national civil services, national research institutions, or parastatal bodies and who receive a pension; and individuals aged 62 years or more who do not fall within either of the other two categories.

10. The contractual arrangements under which NSHR are recruited reflect the time-bound task-based nature of their employment. In the case of Consultants and PSAs, contracts cannot exceed a period of 11 months in any 12-month period, after which a mandatory "break-in-service" of at least one month is necessary. Furthermore, their employment may not exceed 44 months in a 48-month period, at which point they must take a mandatory six month break-in-service. NPPs may be renewed repeatedly when employed on the same project, although no single contract may be for more than 12 months. However, an NPP may not be employed on a different project unless a mandatory 6 month break in service has been observed.

11. In the case of retirees, the limits on contract duration are more restrictive. UN pensioners and Retired National Experts may not be employed for periods in excess of six months in any 12-month period. Furthermore, their rates of daily honoraria are limited to specific amounts.

12. It is these limits on duration, and additionally in the case of retirees the limits on remuneration, that ensure that NSHR are not used for work of a continuous nature which would be more suitably carried out by a regular staff member.

13. It is noted that the flexibility of NSHR has been acknowledged and endorsed in the report of the IEE, which recommended a greater use of what it terms 'call down' contracts, to *"...allow for the rapid access of specialized expertise by pre-qualifying individuals and then entering into service contract arrangements with them against agreed fees and on either a retainer or call down arrangement, often for a specified number of days per year."* The Organization has already taken measures to implement this recommendation through the greater use of When-actually-Employed (WAE) contracts for Consultants/PSAs. In this regard, the rules regarding the use of WAE contracts have already been revised to allow for greater flexibility in their implementation.

III. Present numbers and location of NSHR in FAO

14. This section details the number of NSHR employed by the Organization as at 30 June 2008, and gives an analysis of their relationship to vacant posts, as well as the overall cost they represent to the Organization's budget.

15. As at 30 June 2008, the total number of NSHR employed by the Organization was 1744, down from 1791 at 31 December 2007 and well below the peak of 1961 as at 31 December 2006. Of these 1744, just over 9% were retirees (160). For further information see Annex 1.

16. With regard to the location of NSHR, as indicated in Annex 2, at 30 June 2008 63% of NSHR were recruited to serve in locations away from Headquarters. An examination of the individual categories of NSHR revealed the following percentages serving in locations outside of Italy - Consultants 59%; PSA 50%; NPP 100%; Retiree 55%. These statistics indicate a strong link in the use of NSHR in areas such as temporary field projects, where the nature of the assignment is ideal for the use of such contracts rather than recruiting staff members.

IV. Funding of NSHR

17. A breakdown of the funding for the various NSHR is contained in Annex 3. It reveals that as at 30 June 2008, approximately 65% of total NSHR (including Retirees) are utilized for extra-budgetary programmes while the balance is funded from the regular budget.

18. From 1 January to 30 June 2008, US$45,369,118 was spent on NSHR, for services that amounted to a total number of 876 person years, i.e. the sum of contract days each year divided by 365 – Annex 4. By dividing the total expenditure by the number of person years for the same period, the average annual cost of a NSHR thus far in 2008 can be estimated as US$51,772. Annex 5 expresses the 'person year' cost for the different categories of NSHR as a corresponding staff member grade, based on the standard costs of different categories and grades of staff.

ANNEX 1

Staff and Non-Staff HR Year-End Snapshot 2003 through 2008

Person Type		31 December					30 June
		2003	2004	2005	2006	2007	2008
NSHR	Consultant	258	287	105	238	282	344
NSHR	PSA	1209	1286	1526	1597	1043	858
NSHR	NPP		3	1	6	331	382
NSHR	Retired Expert	63	96	103	120	135	160
NSHR (a)	**Sub Total**	**1530**	**1672**	**1735**	**1961**	**1791**	**1744**
NSHR	Retired Expert - Consultant	38	56	40	51	74	96
NSHR	Retired Expert - PSA	25	40	63	69	61	64
Staff (b)	**Sub Total**	**3881**	**3802**	**3777**	**3552**	**3457**	**3447**
Staff + NSHR (c)	**Grand Total**	**5411**	**5474**	**5512**	**5513**	**5248**	**5191**
% NSHR	**(a) / (c)**	**28%**	**31%**	**31%**	**36%**	**34%**	**34%**

Staff: Continuous or fixed-term appointments

ANNEX 2

Non-Staff HR Year-End Snapshot 2003 through 2008 by Location

All Locations

NSHR Type	31 December					30 June
	2003	2004	2005	2006	2007	2008
Consultant	258	287	105	238	282	344
PSA	1209	1286	1526	1597	1043	858
NPP		3	1	6	331	382
Retired Expert	63	96	103	120	135	160
Total	**1530**	**1672**	**1735**	**1961**	**1791**	**1744**
Retired Expert - Consultant	38	56	40	51	74	96
Retired Expert - PSA	25	40	63	69	61	64

Headquarters

NSHR Type	31 December					30 June
	2003	2004	2005	2006	2007	2008
Consultant	84	101	36	85	111	142
PSA	348	344	469	492	376	427
NPP						
Retired Expert	32	45	53	64	65	72
Total	464	490	558	641	552	641
Retired Expert - Consultant	18	24	22	25	29	35
Retired Expert - PSA	14	21	31	39	36	37
Distribution of NSHR in % of total - Headquarters						
Consultant	33%	35%	34%	36%	39%	41%
PSA	29%	27%	31%	31%	36%	50%
NPP		0%	0%	0%	0%	0%
Retired Expert	51%	47%	51%	53%	48%	45%
Total	**30%**	**29%**	**32%**	**33%**	**31%**	**37%**
Retired Expert - Consultant	47%	43%	55%	49%	39%	36%
Retired Expert - PSA	56%	53%	49%	57%	59%	58%

Outside Headquarters

NSHR Type	31 December					30 June
	2003	2004	2005	2006	2007	2008
Consultant	174	186	69	153	171	202
PSA	861	942	1057	1105	667	431
NPP		3	1	6	331	382
Retired Expert	31	51	50	56	70	88
Total	1066	1182	1177	1320	1239	1103
Retired Expert - Consultant	20	32	18	26	45	61
Retired Expert - PSA	11	19	32	30	25	27
Distribution of NSHR in % of total - Outside Headquarters						
Consultant	67%	65%	66%	64%	61%	59%
PSA	71%	73%	69%	69%	64%	50%
NPP		100%	100%	100%	100%	100%
Retired Expert	49%	53%	49%	47%	52%	55%
Total	**70%**	**71%**	**68%**	**67%**	**69%**	**63%**
Retired Expert - Consultant	53%	57%	45%	51%	61%	64%
Retired Expert - PSA	44%	48%	51%	43%	41%	42%

ANNEX 3

Non-Staff HR Year-End Snapshot 2003 through 2008 by Sources of Fund

Fund	NSHR Type	31 December					30 June
		2003	2004	2005	2006	2007	2008
Regular Budget	Consultant	60	76	30	49	61	69
Regular Budget	PSA	450	476	648	548	577	427
Regular Budget	NPP					1	7
Regular Budget	Retired Expert	31	59	73	83	86	88
Regular Budget	**Sub-Total**	**541**	**611**	**751**	**680**	**725**	**591**
Regular Budget	Retired Expert - Consultant	17	31	24	31	43	50
Regular Budget	Retired Expert - PSA	14	28	49	52	43	38
Extra Budget	Consultant	198	211	75	189	221	275
Extra Budget	PSA	759	810	878	1049	466	431
Extra Budget	NPP		3	1	6	330	375
Extra Budget	Retired Expert	32	37	30	37	49	72
Extra Budget	**Sub-Total**	**989**	**1061**	**984**	**1281**	**1066**	**1153**
Extra Budget	Retired Expert - Consultant	21	25	16	20	31	46
Extra Budget	Retired Expert - PSA	11	12	14	17	18	26
Total (Regular Budget + Extra Budget)		**1530**	**1672**	**1735**	**1961**	**1791**	**1744**

ANNEX 4

Non-Staff HR Person year 2003 - 2008 Yearly Aggregation

NSHR Type	1 January through 31 December					1 January through 30 June	Total
	2003	2004	2005	2006	2007	2008	
Consultant	341	335	192	197	305	159	1,528
PSA	1,341	1,318	1,388	1,488	1,092	429	7,055
NPP		5	1	11	239	205	460
Retired Expert	102	105	110	126	137	84	665
Total	**1784**	**1763**	**1690**	**1821**	**1773**	**876**	**9707**
Retired Expert - Consultant	69	75	61	67	82	49	404
Retired Expert - PSA	33	30	49	59	55	36	261

Note: Sum of contract days each year divided by 365 days

ANNEX 5

Non-Staff HR Average Yearly Cost expressed in corresponding Staff Grade

NSHR Type	1 January through 31 December					1 January through 30 June	Average
	2003	2004	2005	2006	2007	2008	
Consultant	P -1	P-1	P-1	P-1	P-1	P-1	P-1
PSA	G-3	G-3	G-5	G-5	G-5	G-5	G-4
NPP		G-1	G-1	G-2	G-1	G-1	G-1
Retired Expert	G-4	G-3	G-4	G-5	G-6	G-6	G-5
Average	G-5	G-5	G-5	G-5	G-6	G-5	G-5
Retired Expert - Consultant	G-5	G-3	G-4	G-5	G-6	G-7	G-5
Retired Expert - PSA	G-2	G-3	G-5	G-5	G-5	G-6	G-5

Note: Hypothetical matches between Non-Staff HR Average Yearly Cost and the Staff Standard Yearly Cost.

Non-Staff HR Average Yearly Cost

NSHR Type	1 January through 31 December					1 January through 30 June	Average
	2003	2004	2005	2006	2007	2008	
Consultant	$ 70,829	$ 68,811	$ 71,766	$ 76,289	$ 79,272	$ 84,325	$ 74,292
PSA	$ 27,007	$ 29,162	$ 37,805	$ 41,013	$ 44,800	$ 53,099	$ 36,827
NPP		$ 9,761	$ 10,167	$ 26,483	$ 17,802	$ 17,478	$ 17,768
Retired Expert	$ 29,917	$ 28,075	$ 35,355	$ 45,948	$ 51,659	$ 66,997	$ 42,749
Average	**$ 35,543**	**$ 36,588**	**$ 41,483**	**$ 45,079**	**$ 47,620**	**$ 51,772**	**$ 42,227**
Retired Expert - Consultant	$ 32,559	$ 28,534	$ 33,320	$ 47,262	$ 56,228	$ 74,035	$ 44,177
Retired Expert - PSA	$ 24,384	$ 26,916	$ 37,914	$ 44,439	$ 44,926	$ 57,346	$ 40,544

Note: Sum of Honorarium each year divided by Person Year

Staff Standard Yearly Cost

Average Yearly figures , All locations

Grade2	2003	2004	2005	2006	2007	2008	Average
ADG	$ 199,552	$ 223,066	$ 223,066	$ 248,587	$ 248,587	$ 284,692	$ 237,925
D-2	$ 186,764	$ 213,166	$ 213,166	$ 233,566	$ 233,566	$ 265,393	$ 224,270
D-1	$ 173,210	$ 197,152	$ 197,152	$ 213,655	$ 213,655	$ 241,233	$ 206,010
P-5	$ 156,664	$ 171,146	$ 171,146	$ 189,646	$ 189,646	$ 216,474	$ 182,454
P-4	$ 137,562	$ 147,795	$ 147,795	$ 167,375	$ 167,375	$ 193,426	$ 160,221
P-3	$ 115,846	$ 127,891	$ 127,891	$ 144,242	$ 144,242	$ 167,798	$ 137,985
P-2	$ 92,760	$ 105,704	$ 105,704	$ 121,526	$ 121,526	$ 142,458	$ 114,947
P-1	$ 78,335	$ 84,992	$ 84,992	$ 98,676	$ 98,676	$ 119,447	$ 94,186
G-7	$ 53,652	$ 59,818	$ 59,818	$ 67,294	$ 67,294	$ 77,548	$ 64,237
G-6	$ 45,429	$ 52,278	$ 52,278	$ 59,382	$ 59,382	$ 68,988	$ 56,289
G-5	$ 37,524	$ 42,522	$ 42,522	$ 47,419	$ 47,419	$ 56,076	$ 45,581
G-4	$ 32,128	$ 35,965	$ 35,965	$ 39,837	$ 39,837	$ 48,206	$ 38,656
G-3	$ 29,265	$ 30,710	$ 30,710	$ 34,202	$ 34,202	$ 41,504	$ 33,432
G-2	$ 26,115	$ 26,823	$ 26,823	$ 29,029	$ 29,029	$ 35,233	$ 28,842
G-1	$ 23,501	$ 22,535	$ 22,535	$ 24,091	$ 24,091	$ 28,646	$ 24,233